



# **Comprehensive Annual Financial Report**

## **City of Copperas Cove, Texas**

### **Fiscal Year Ended September 30, 2009**

**John Hull, Mayor**

**Frank Seffrood, Mayor Pro Tem**

Cheryl L. Meredith, Council Member

Charlie Youngs, Council Member

Chuck Downard, Council Member

Danny Palmer, Council Member

Bill L. Stephens, Council Member

Willie C. Goode, 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***

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# **INTRODUCTORY SECTION**



“The City Built for Family Living”

March 17, 2010

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, 2009, 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 Pattillo, Brown & Hill, L.L.P., 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, 2009, 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, 2009, 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 bylaws 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 35 (IH-35). Copperas Cove is fortunately located on a main east-west line of the Santa Fe Railroad. There are approximately 17.1 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 copper-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; and 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. 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 44,000. 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 City's economy is primarily service-oriented, virtually tied in every way to the operations at Fort Hood.

Effects of the slumping national economy are having a slight impact on the City of Copperas Cove. The City is not encountering significant decreases in revenue or growth, but is experiencing significantly reduced growth from what was occurring in prior years.

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 2009 academic school year, the District had nine recognized and three exemplary campuses. The District's peak enrollment rate increased by approximately 61 students during fiscal year 2008-09, primarily due to the return of military personnel to Fort Hood. The peak enrollment for fiscal year 2008-09 was 7,932 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 Texas A&M University-Central Texas 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.

Effects of a slumping national economy appear to be slightly affecting residential and non-residential construction in the City of Copperas Cove. Total value of building permits issued from FY 2007-08 to FY 2008-09 decreased by \$6,585,214; however the City's Sales Tax revenues only reflected a slight decrease of \$12,401 below the FY 2007-08 revenue. Overall the City is maintaining adequate funding for expenditures and reserves as required by the fund balance policy. The total building permits issued during fiscal year 2008-09 totaled \$29,127,185. New residential construction made up \$18,637,515 of this amount while \$8,250,816 was related to new non-residential buildings, and new construction additions totaled approximately \$2,238,854.

Commercial development planned for 2010 includes the construction of a sixty unit assisted living facility valued at \$6 million and a 108 unit apartment complex on Constitution Drive. Residential development within the City includes the House Creek North Phase II and III development consisting of 295 and 320 lots respectively, Summers Place development located off Summers Road and adjoining the south side of House Creek North with 71 lots, Skyline Flats, Phase II single family development along west Big Divide Road south of Grimes Crossing Road with 103 lots, Skyline Ridge, Phase I with 45 lots, the single family development of Walker Place Phase 7, Sections 1 and 2 located off west U. S. 190 and consisting of 60 and 115 lots respectively, Thousand Oaks Addition III consisting of 52 single family lots located in the middle of the City just off U. S. Highway 190, and 130 lots are planned in the single family residential development known as Tonkawa Phase III located just west of the Walker Place Development on west U. S. Hwy 190.

Ad Valorem Taxes. Total assessed value within the City has increased by approximately 66 percent since fiscal year 2004. The fiscal year 2009 projections, based on data provided by the Coryell County Appraisal District, indicate a 10.0 percent growth in assessed value over fiscal year 2008 levels. However, fiscal year 2010 projections reflect a slight decline in assessed value which is partially attributed to the new property tax exemption for disabled veterans.

Sales Tax. Sales tax collections have increased by approximately 26.8 percent since fiscal year 2004. Collections for fiscal year 2009 have decreased by approximately 0.5 percent below fiscal year 2008 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 2008-09 fiscal year, the City of Copperas Cove had a number of major projects ongoing that are worth noting. Additional information related to the capital improvement projects and funding for those improvements is located in the new Five-Year Capital Improvement Plan that was adopted by City Council in October 2009.

Currently, City Council and City staff are working to ensure completion of ongoing projects that will provide infrastructure improvements to the City's water/wastewater system, roadways and drainage systems. For numerous years, the City of Copperas Cove has pursued State funding for the construction of a Southeast Bypass that would reduce traffic congestion on U. S. Highway 190. The total cost of the 6.2 mile two-lane roadway is anticipated to be approximately \$55 million. The right-of-way purchases are expected to be complete in FY 2010. Continual progress is also being made to complete a land swap with neighboring Fort Hood. The land swap and Southeast Bypass are expected to be catalysts for major retail economic development on the east end of Copperas Cove.

Fort Hood, the Texas Department of Transportation and the City of Copperas Cove are working together to connect Tank Destroyer Boulevard with U. S. Highway 190 providing a northeast bypass from east U. S. Highway 190 to north FM 116. The project is funded and a groundbreaking ceremony is planned for the summer of 2010 and let of the construction contract in August/September 2010.

The water and sewer infrastructure needs for the retail development expected to result from the completion of the land swap and SE Bypass will be partially met with the recent completion of the East Pump Station project and the planned Northeast Sewer Line project, which was approved by voters in November 2008 as a general obligation bond proposition. A temporary funding agreement between the City and the Copperas Cove Economic Development Corporation and a reimbursement resolution approved by the City Council allowed the project to begin in February 2010, six months prior to the issuance of the general obligation bonds.

The land purchase for construction of a new police facility was completed in fiscal year 2006-07 with funding from the 2006 Limited Tax Notes and the design of the new station was completed in fiscal year 2007-08 with funding from the 2006 Limited Tax Notes and the 2007 Certificate of Obligation funds. Construction began in January 2009 with funding from the 2007 Certificate of Obligation funds and the completion of the City's new police facility was possible in February 2010 due to the 2009 General Obligation Bonds.

The 2008 Limited Tax Notes include funding for library renovations, land purchase for the relocation of fire station number two, a new golf cart storage facility and a Rolling Heights drainage project.

The 2008A Limited Tax Notes include funding for Bradford Drive road extension, CitySmart lighting upgrade, wastewater clarifier retrofit, Martin Walker area drainage, recycling center expansion and water tank rehabs.

The Lutheran Church Road street reconstruction and drainage project will be completed by August 2010 with the 2009 General Obligation Bonds.

Included in the 2009 Limited Tax Notes issue is funding for South Park Pool renovations, Wastewater West Clarifier Retrofit, Long Mountain Tank Rehab, Transfer Station Renovations and Transfer Station Tipping Floor Resurfacing, Recycling Center Expansion, and renovations to the Allin House and the Civic Center.

## **ACCOMPLISHMENTS**

During fiscal year 2009, 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 Police involvement with the Copperas Cove Optimist Club.
- ◆ 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, the Justice Assistance Grant (JAG) and was awarded a Texas STEP – Click It or Ticket Grant.
- ◆ 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 for the construction of the new police facility.
- ◆ Held groundbreaking ceremony for the construction of new police facility.

### Fire

- ◆ Coordinated the replacement of a fire engine with Coryell County.
- ◆ Provided free immunizations through the “Shots through the Firehouse” program.
- ◆ Identified and corrected life and fire safety hazards during annual inspections.
- ◆ Completed multiple training and certification courses for employee career development.
- ◆ Created an Arson Task Force to begin the process of clearing unsolved arsons from the annual uniform crime report.
- ◆ Created, in partnership with the Library, the “Fired Up About Reading Program” and the “Big Trucks Day.”

### Community Services

- ◆ Implemented new ActiveNet Software for online registration and credit card payments.
- ◆ Installed new playground equipment at City Park and Kate Street Park.
- ◆ Installed four new shade structures, ten grills and ten picnic tables within the park system.
- ◆ Expanded adult recreational programming opportunities.
- ◆ Conducted two youth soccer leagues with 933 participants.
- ◆ Conducted Youth Baseball / Softball program with over 766 participants.
- ◆ Coordinated the 2009 Rabbit Festival Adult Softball Tournament.
- ◆ Installed new ball field lighting system on Fields 5 and 8.
- ◆ Conducted Youth Flag Football and Youth Tackle Football with 648 participants.
- ◆ Conducted Youth Basketball with 474 participants.
- ◆ 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.
- ◆ Maintained accreditation by the Texas State Library & Archives Commission.
- ◆ Added 2,934 items to Library collection.
- ◆ Planned and conducted children’s programs for 8,502 attendees.
- ◆ Conducted a Summer Reading Program for children with 590 registered children.
- ◆ Provided computer access for 28,117 patrons and 1,541 WiFi users.
- ◆ Planned and conducted senior outreach for 2,304.
- ◆ Improved the library’s collection of genealogy materials with a special genealogy section.
- ◆ Created a designated Teen Area with books and materials of interest to Teens and Young Adults.

## Public Works

- ◆ Continued to maintain a "Superior Water System" rating recognized by the Texas Commission on Environmental Quality (TCEQ).
- ◆ Continued to ensure all Federal, State and Local requirements were met.
- ◆ Completed the repairs / rehabilitation of the Water Storage Tank on Hughes Mountain.
- ◆ Completed Turkey Run Pump Station Rehabilitation (except for pump service).
- ◆ Completed construction of the East Pump Station and Tank.
- ◆ Completed effluent water line installation at the Golf Course.
- ◆ Completed rehabilitation of South Wastewater Plant Clarifier #1.
- ◆ Completed Repairs / Renovations to the Allin House.

## **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 combined financial statement.

**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 revenues 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 \$185,076 on all investments for the fiscal year 2008-09.

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, 2009, are classified in the best category of credit risk as defined by the Governmental Accounting Standards Board. Note III-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 consultations.

## **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, 2008. This was the nineteenth 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 Pattillo, Brown & Hill, L.L.P. is greatly appreciated.

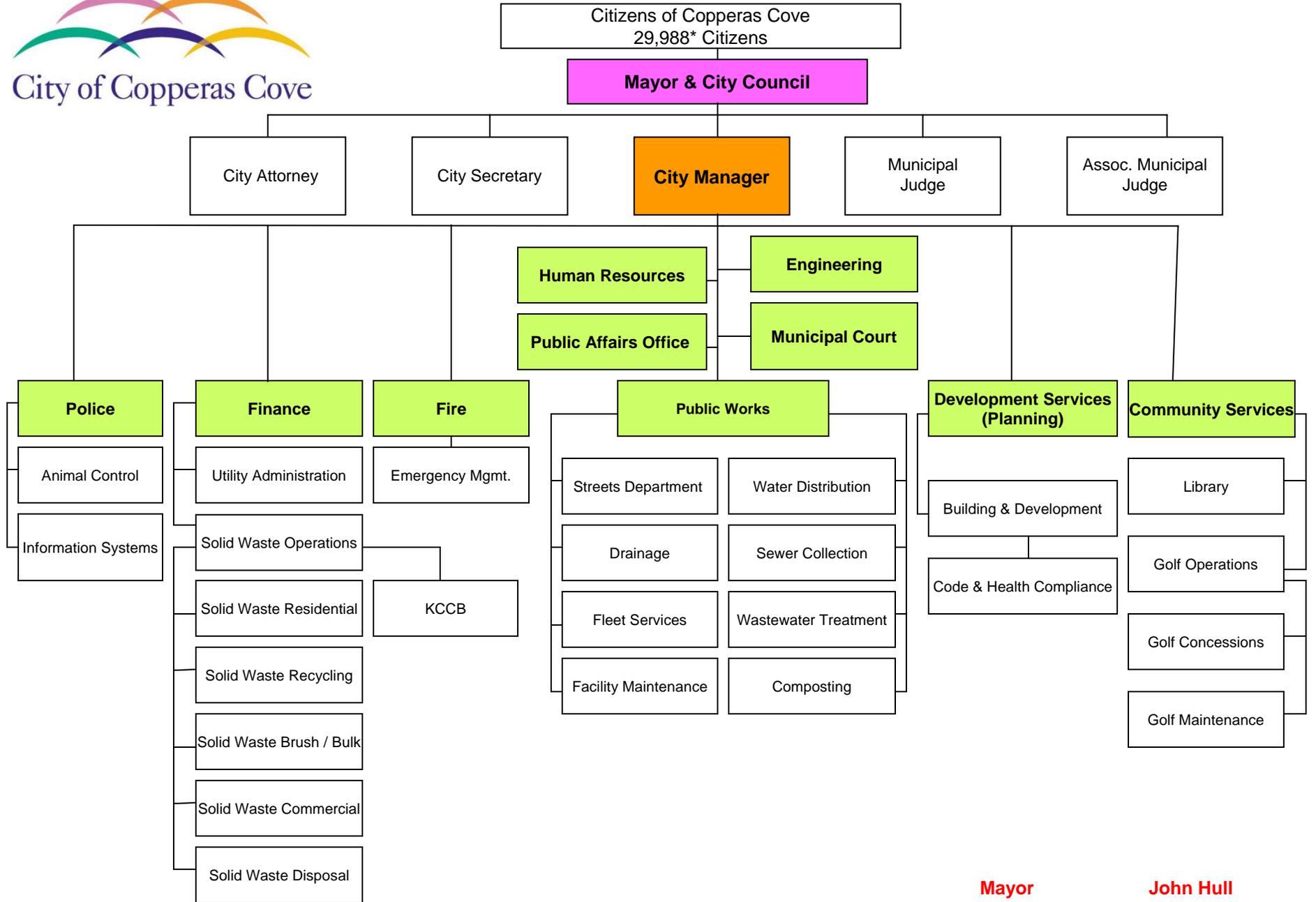
Respectfully submitted,



Andrea M. Gardner  
City Manager



Wanda Bunting, CPA  
Director of Financial Services



**Mayor**  
**City Manager**

**John Hull**  
**Andrea M. Gardner**

# City of Copperas Cove, Texas

## List of Principal Officials

---

### City Council

John Hull - Mayor  
Frank Seffrood - Mayor Pro Tem

Cheryl L. Meredith - Council Member  
Charlie Youngs - Council Member  
Chuck Downard - Council Member

Danny Palmer - Council Member  
Bill L. Stephens - Council Member  
Willie C. Goode - 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  
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  
Joseph Pace, Municipal Court Administrator  
Lisa Wilson, Secretary to the City Manager

# 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, 2008

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President

Executive Director

# **FINANCIAL SECTION**

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and  
Members of 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, as of and for the year ended September 30, 2009, 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 of Copperas Cove, Texas' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Copperas Cove, Texas, as of September 30, 2009, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2010, on our consideration of the City of Copperas Cove, Texas' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 14 and 55 through 56, are not a required part 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Copperas Cove, Texas' basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied by us 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 and statistical sections have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Pattillo, Brown & Hill, L.L.P.*

March 16, 2010

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**



## 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, 2009. 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 \$53.1 million from the prior years \$50.6 million, an increase of 5.0 percent.
- As of September 30, 2009, the City of Copperas Cove's governmental funds reported combined ending fund balances of \$13.1 million, a decrease of \$1.4 million in comparison with prior year.
- At September 30, 2009, unreserved fund balance for the General Fund was \$5.0 million, or 36.5 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 35.5 percent. The unreserved and undesignated fund balance was \$4.0 million, or 29.2 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 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 15-17 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, 2007 Capital Improvement Certificates of Obligation Fund, and the 2009 Capital Improvement General 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 the General Fund. Budgetary comparison statements have been provided for the General Fund to demonstrate compliance with the budget. The budgetary comparison schedules can be found on pages 55, and 69-84.

The basic governmental fund financial statements can be found on pages 18-21 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: Water and Sewer Fund, Solid Waste Fund and 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 22-25 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 26-54 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 58-68 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, 2009.

### Net Assets

The following table reflects the Condensed Statement of Net Assets as of September 30, 2009.

#### Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 15,884,806	\$ 18,726,820	\$ 10,313,303	\$ 11,323,706	\$ 26,198,109	\$ 30,050,526
Capital assets	33,322,474	23,419,849	48,177,204	45,530,047	81,499,678	68,949,896
<b>Total Assets</b>	<b>49,207,280</b>	<b>42,146,669</b>	<b>58,490,507</b>	<b>56,853,753</b>	<b>107,697,787</b>	<b>99,000,422</b>
Other liabilities	1,929,572	2,880,280	1,972,867	3,782,776	3,902,439	6,663,056
Long-term liabilities	22,814,412	16,064,848	27,893,272	25,701,451	50,707,684	41,766,299
<b>Total Liabilities</b>	<b>24,743,984</b>	<b>18,945,128</b>	<b>29,866,139</b>	<b>29,484,227</b>	<b>54,610,123</b>	<b>48,429,355</b>
Net assets:						
Invested in capital						
assets net of related debt	11,374,872	15,403,434	25,553,411	23,052,050	36,928,283	38,455,484
Restricted	5,812,263	709,379	1,075,085	901,595	6,887,348	1,610,974
Unrestricted	7,276,161	7,088,728	1,995,872	3,415,881	9,272,033	10,504,609
<b>Total Net Assets</b>	<b>\$ 24,463,296</b>	<b>\$ 23,201,541</b>	<b>\$ 28,624,368</b>	<b>\$ 27,369,526</b>	<b>\$ 53,087,664</b>	<b>\$ 50,571,067</b>

The City's combined net assets were \$53.1 million as of September 30, 2009. Of the \$53.1 million, \$24.5 million was in the governmental activities and \$28.6 million was in the business-type activities. The City's total net assets increased when compared to the prior year with an increase of \$2.5 million or 5.0 percent. The increase includes increases in governmental and business-type 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 (\$36.9 million or 69.5 percent) reflects the City's investment in capital assets, less any related debt used to acquire or construct the assets that are still outstanding. Compared to last year, the City's investment in capital assets net of related debt decreased \$1.5 million or 4.0 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 \$6.9 million at September 30, 2009 or 13.0 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 increased \$5.3 million or 327.5 percent compared to September 30, 2008.

The third portion consists of unrestricted net assets totaled \$9.3 million or 17.5 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 decreased \$1.2 million or 11.7 percent compared to September 30, 2008.

**Changes in Net Assets.** The City's total revenues for the fiscal year ended September 30, 2009 were \$29.3 million. Total revenues decreased when compared to the prior year by \$4.4 million or 13.0 percent. The City's total cost of all programs and services increased from the prior year's \$27.4 million to \$28.2 million, an increase of 3.0 percent. The following table presents a summary of the changes in net assets for the fiscal year ended September 30, 2009.

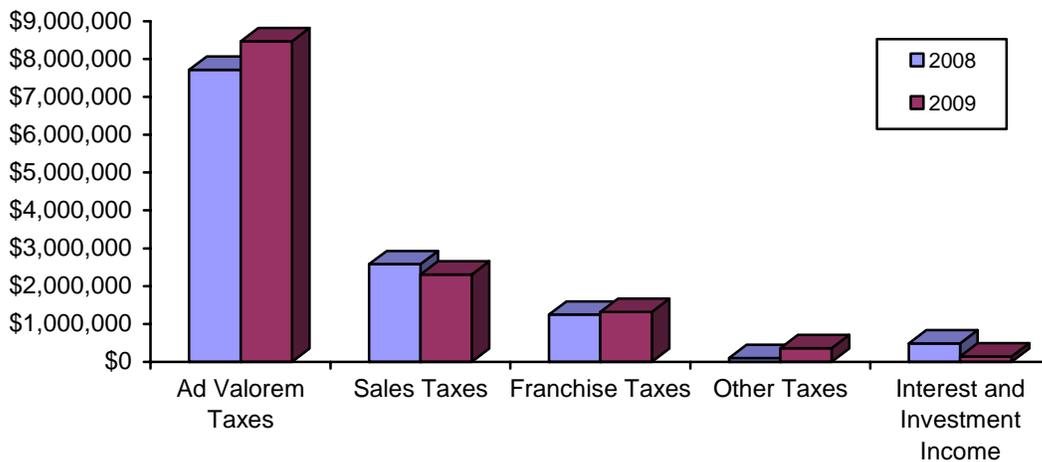
### Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 3,197,611	\$ 4,730,596	\$ 12,304,707	\$ 12,599,838	\$ 15,502,318	\$ 17,330,434
Operating Grants and contributions	299,511	821,392	-	-	299,511	821,392
Capital Grants and contributions	507,970	1,805,607	-	1,345,220	507,970	3,150,827
General Revenues:						
Ad valorem taxes	8,468,730	7,717,778	-	-	8,468,730	7,717,778
Franchise taxes	1,321,777	1,246,655	-	-	1,321,777	1,246,655
Sales taxes	2,309,693	2,582,748	-	-	2,309,693	2,582,748
Other taxes	362,779	103,775	-	-	362,779	103,775
Miscellaneous	344,326	-	-	-	344,326	-
Interest and investment income	143,829	489,974	60,154	260,206	203,983	750,180
<b>Total Revenues</b>	<b>\$ 16,956,226</b>	<b>\$ 19,498,525</b>	<b>\$ 12,364,861</b>	<b>\$ 14,205,264</b>	<b>\$ 29,321,087</b>	<b>\$ 33,703,789</b>
<b>Expenses:</b>						
General Government	\$ 3,034,581	\$ 2,175,856	\$ -	\$ -	\$ 3,034,581	\$ 2,175,856
Community services	2,289,134	2,344,074	-	-	2,289,134	2,344,074
Fleet and Facility Maintenance	354,495	414,669	-	-	354,495	414,669
Highways and Streets	1,178,405	1,598,678	-	-	1,178,405	1,598,678
Public Safety	9,165,778	8,893,527	-	-	9,165,778	8,893,527
Interest on Long-term debt	765,655	679,576	-	-	765,655	679,576
Water and Sewer	-	-	8,380,368	8,095,813	8,380,368	8,095,813
Solid Waste	-	-	2,329,168	2,435,324	2,329,168	2,435,324
Golf Course	-	-	741,818	789,415	741,818	789,415
<b>Total Expenses</b>	<b>16,788,048</b>	<b>16,106,380</b>	<b>11,451,354</b>	<b>11,320,552</b>	<b>28,239,402</b>	<b>27,426,932</b>
Increase (decrease) in net assets before transfers	168,178	3,392,145	913,507	2,884,712	1,081,685	6,276,857
Transfers	1,049,271	1,065,087	(1,049,271)	(1,065,087)	-	-
Increase in net assets after transfers	1,217,449	4,457,232	(135,764)	1,819,625	1,081,685	6,276,857
Prior Period Adjustment	-	-	-	-	-	-
Net Assets - October 1	23,245,847	18,744,309	28,760,132	25,549,901	52,005,979	44,294,210
<b>Net Assets - September 30</b>	<b>\$ 24,463,296</b>	<b>\$ 23,201,541</b>	<b>\$ 28,624,368</b>	<b>\$ 27,369,526</b>	<b>\$ 53,087,664</b>	<b>\$ 50,571,067</b>

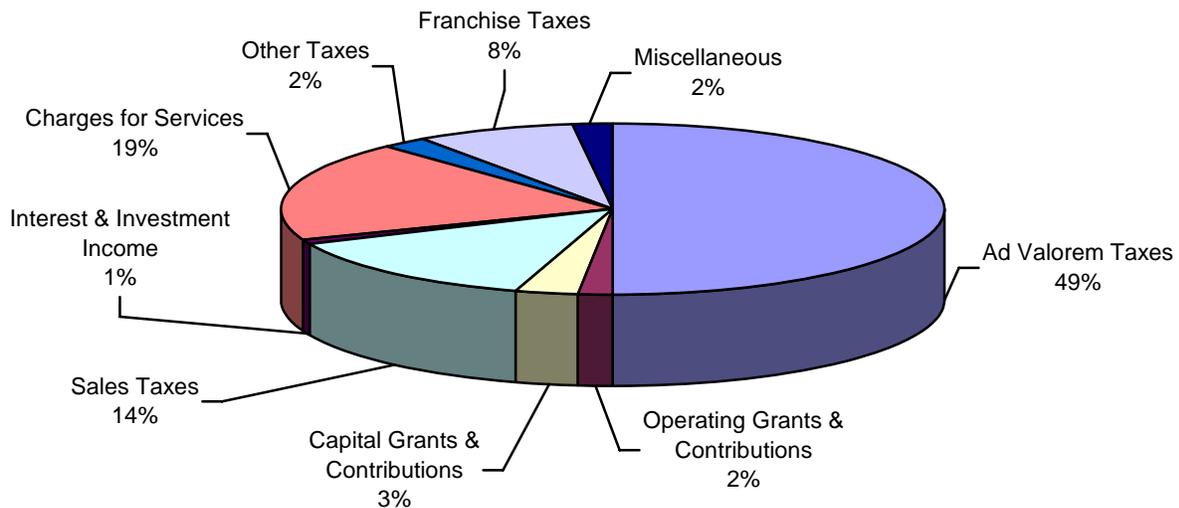
## Program Revenues – Governmental Activities

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 decrease when compared to the prior year with a decrease of \$1,532,985 or 32.4 percent. The specific decreases were in public safety and community service activities. Ad valorem taxes increased \$750,952, which is an increase of 9.7 percent compared to last year. Sales tax decreased by \$273,055 or 10.6 percent compared to last year partially due to proper recording of sales tax revenues and receivables in 2009. Interest and investment income showed a decrease compared to the prior year. Franchise taxes and other taxes showed increases compared to the prior fiscal year.

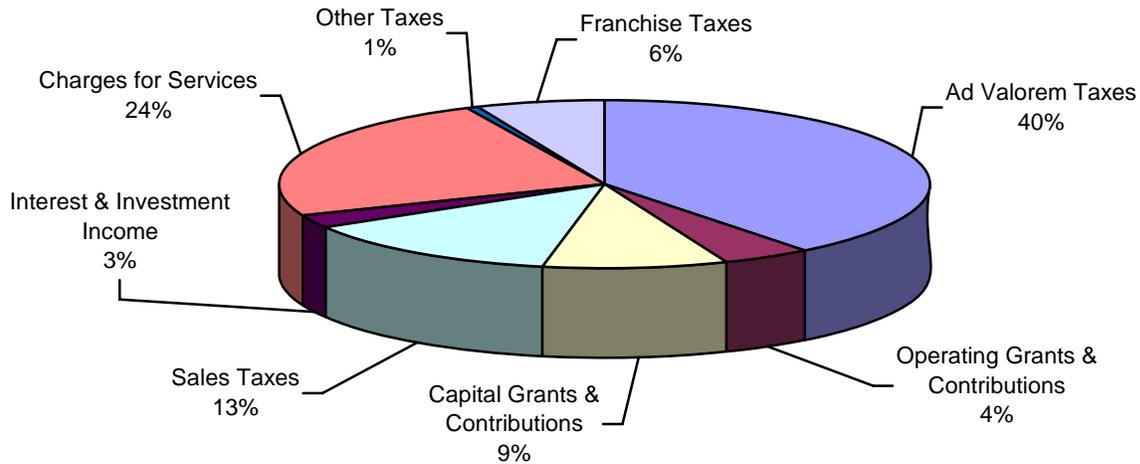
**General Revenues - Governmental Activities**



**Revenues by Source – Governmental Activities - FY 2009**



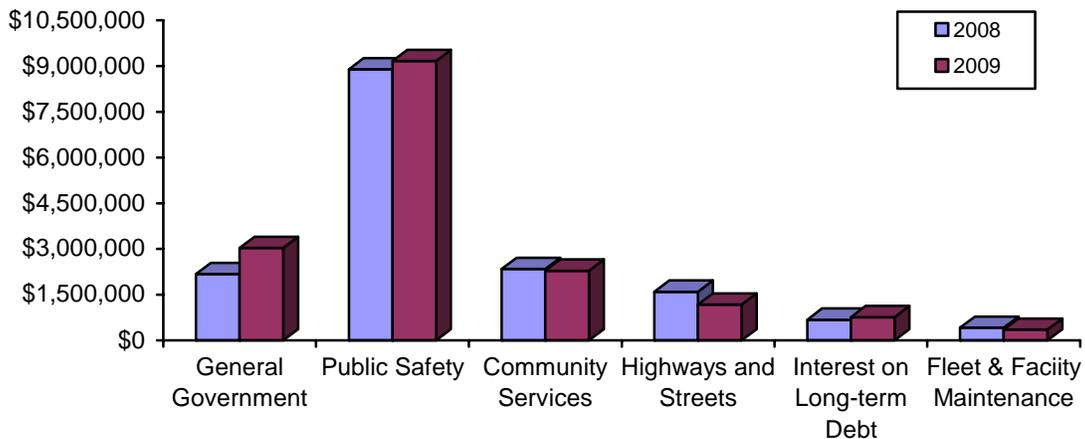
### Revenues by Source – Governmental Activities - FY 2008



### 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 \$9.2 million or 54.6 percent compared to the prior years \$8.9 million or 55.2 percent, followed by General Government \$3.0 million or 18.1 percent compared to prior year’s \$2.2 million or 13.5 percent. Community Services recorded \$2.3 million or 13.6 percent compared to prior year’s \$2.3 million or 14.6 percent. Highways and Streets recorded \$1.2 million or 7.0 percent compared to prior year’s \$1.6 million or 9.9 percent.

### Expenditures - Governmental Activities

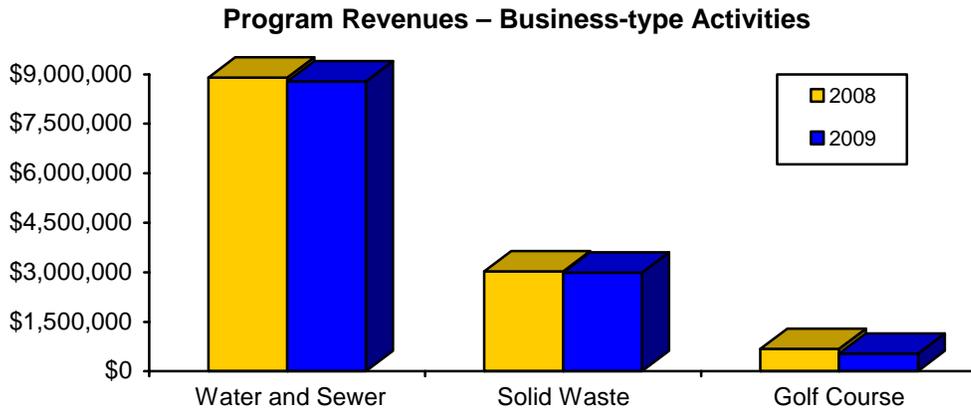


### Business-type Activities - Revenues

Business-type activities increased the City’s net assets by \$1.3 million. Charges for services provided the largest share of revenues at 99.5 percent, followed by interest earnings at 0.5 percent for all business-type activities.

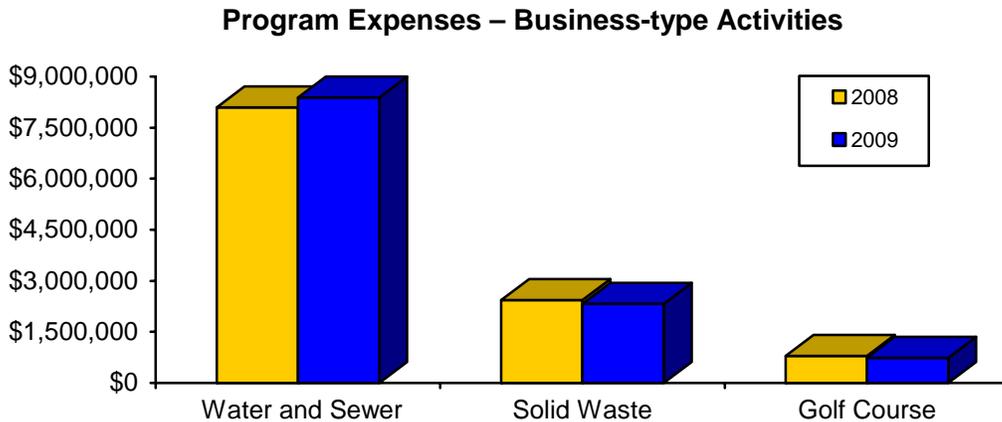
Water and sewer fees are the major revenue source for the business-type activities of the City, which recorded \$8.8 million in revenue. Compared to the prior year, water and sewer revenues decreased \$119,276 or 1.3 percent. Solid Waste revenues decreased \$32,067 or

1.1 percent. The Golf Course fund also decreased from \$674,696 in 2008 to \$530,908 in 2009 a decrease of \$143,788 or 21.3 percent.



### Business-type Activities - Expenses

Total expenses for business-type activities were \$11.5 million, an increase of \$130,802 or 1.2 percent compared to the prior year. Water and Sewer, the largest proprietary fund recorded \$8.4 million in expenses, an increase of \$284,555 or 3.5 percent compared to the prior year. Solid Waste expenses decreased \$106,156 or 4.4 percent. Golf Course expenses also decreased from \$789,415 in 2008 to \$741,818 in 2009, a decrease of \$47,597 or 6.0%.



## 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 \$13.1 million, a decrease of \$1,943,402 in comparison with the prior year. The primary reason for the decrease is the net effect of the 2007 Capital Improvement Certificate of Obligation expenditures and the issue of the 2009 General Obligation Bonds for Capital Improvements with only a small portion expended as of September 30, 2009.

The General Fund is the chief operating fund of the City. At September 30, 2009, unreserved fund balance of the General Fund was slightly below \$5.0 million, while total fund balance reached just over \$5.2 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 36.5 percent of total General Fund expenditures, while total fund balance represents 38.1 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 \$1,322,685 a decrease of \$1,201,322 or 47.6 percent. The decrease is due to a significant increase in the investments in capital assets. The Solid Waste Fund was \$885,690, an increase of \$83,570 or 10.4 percent. Unrestricted net assets for the Golf Course Fund decreased from prior year's \$89,754 to (\$212,503) in 2009. The golf course had a decrease in operating revenues and a decrease in operating expenses. The decrease in operating revenues was significantly greater than the decrease in operating expenses which contributed to the decrease in unrestricted net assets.

The total increase in net assets for the three funds was \$1,255,823, \$242,155, and (\$243,136), respectively. Total operating revenues in fiscal year 2008-09 were \$12.3 million, a decrease of 2.3 percent below the year ending September 2008. Total operating expenses totaled \$10.2, million, an increase of 1.0 percent. Total operating income was \$2.1 million, a decrease of \$392,652 or 15.7 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 page 56 for more information on budget policies).

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of September 30, 2009, the City has \$81.5 million invested in various capital assets, net of accumulated depreciation. Of the \$81.5 million, \$33.3 million is invested in governmental activities and \$48.2 million is invested in business-type activities. Compared to last year, total capital assets increased \$12.5 million or 18.2 percent. Included in the \$12.5 million is a \$2.1 million adjustment that was necessary due to a reconciliation between the general ledger and the fixed asset register. Capital assets in Governmental Activities increased \$9,902,625 or 42.3 percent from the prior year. The largest increase is identified within the construction in progress line item with an increase of \$8.0 million from prior year primarily due to the construction of the new police facility. Facilities/infrastructure line item increased \$1,734,813 or 11.5%. Capital assets in Business-type Activities increased \$2,647,157 or 5.8 percent from the prior year with the construction in progress line item increased by \$2.9 million from prior year.

The following table provides a breakdown of the capital asset balances net of accumulated depreciation at September 30, 2009. Additional information on the City's capital assets may be found in Note III-E on pages 40-41.

#### Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 1,332,322	\$ 1,541,055	\$ 850,386	\$ 850,686	\$ 2,182,708	\$ 2,391,741
Buildings / Improvements	3,810,555	3,345,797	126,481	144,894	3,937,036	3,490,691
Furniture and Fixtures	8,728	160,129	-	34,761	8,728	194,890
Vehicles	886,594	557,721	1,055,656	482,387	1,942,250	1,040,108
Equipment	1,169,896	1,470,678	176,792	1,764,625	1,346,688	3,235,303
Facilities / Infrastructure	16,809,441	15,074,628	41,335,468	40,545,152	58,144,909	55,619,780
Construction in Progress	9,304,938	1,269,841	4,632,421	1,707,542	13,937,359	2,977,383
Total	\$ 33,322,474	\$ 23,419,849	\$ 48,177,204	\$ 45,530,047	\$ 81,499,678	\$ 68,949,896

### Long Term Debt

The City's total debt increased by \$6,665,000 during the current fiscal year. The key factor in the increase was the issuance of the following debt:

- 2008A Limited Tax Notes for various equipment and machinery for various City departments, fire station roof repair, new ambulance and Summers Road improvements, water and sewer projects, solid waste projects, and drainage projects;
- 2009 Limited Tax Notes for a fire apparatus, south park pool renovations, retrofit of west clarifier, Long Mountain tank rehab, vac con for sewer department, recycling center expansion, transfer station tipping floor renovations, rearloader and sideloader for the Solid Waste Department, and Allin House and Civic Center renovations; and
- 2009 General Obligation Bonds for construction of the Policy Facility and Lutheran Church Road and Lutheran Church Road Drainage.

The following schedule shows the outstanding debt of the City (both current and long-term) for September 30, 2009. Further details can be found in Note III-H on pages 44-47.

## Outstanding Debt

General Obligation Bonds and Tax/Revenue Certificates of Obligation

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
General Obligation	\$ 9,506,824	\$ 5,251,969	\$ 14,293,177	\$ 15,008,031	\$ 23,800,001	\$ 20,260,000
Tax/Revenue Certificates of Obligation	8,267,000	8,487,000	8,978,000	9,853,000	17,245,000	18,340,000
Tax Notes	4,235,000	2,460,000	3,660,000	1,215,000	7,895,000	3,675,000
<b>Total</b>	<b>\$ 22,008,824</b>	<b>\$ 16,198,969</b>	<b>\$ 26,931,177</b>	<b>\$ 26,076,031</b>	<b>\$ 48,940,001</b>	<b>\$ 42,275,000</b>

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

### Bonded Debt Ratings

September 30, 2009

Bond Type	Standard & Poor's	Moody's
General Obligation Bonds*	A+	A3
Certificates of Obligation	A-	A3
Revenue Bonds	BBB	Baa1

\*Standard & Poor's upgraded the City's General Obligation Bond rating from A- to A+ after review of credit strength in June 2009.

Additional information on the City's long-term debt can be found in Note III-H of the Notes to the Financial Statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The FY 2009-10 Budget may have an appearance identical to previous years, however; the process by which the budget was prepared is unique.

One of the factors considered when preparing the fiscal year 2009-10 budget was the economy (local, state and federal). With the state of the national economy, the executive team began its preparation for FY 2009-10 early in FY 2008-09 to ensure the economic downturn did not have drastic financial impacts on City operations. The executive team, realizing the impact one fiscal year has on another, worked together to ensure the expenses incurred in the current fiscal year were absolute to providing the necessary service levels the citizens expect and deserve. The economy and troop movement also impacted the FY 2008-09 revenues in multiple areas. The decrease in the number of utility connections (accounts) is indicative of the troop movement from Fort Hood which impacts water, sewer, solid waste and drainage revenues. In addition to the troop levels declining, new home construction continues to decrease. With both influences on the decline, the City is monitoring revenues and expenditures closely and continues to be optimistic and expects an increase in economic development.

The City's first ever Capital Improvement Plan (CIP) was introduced to the City Council in June 2009 and was adopted by the governing body in October 2009.

The unemployment rate for the City of Copperas Cove area as of September 30, 2009 was at 7.3 percent, which was up from 5.2 percent a year ago. The City's sales tax revenues in FY 2008-09 maintained at a rate only slightly (0.5%) below FY 2007-08 revenues. Residential home construction declined in the past year. Building permits issued in FY 2008-09 recorded a slight decrease from 1,354 in FY 2007-08 to 1,277 in FY 2008-09. The value of the permits issued in FY 2008-09 was \$29,127,185, which decreased from \$35,712,399 in FY 2007-08.

The factors considered in preparing the City's budget for FY 2009-10 include:

- Conservative projections of major revenue sources. For example, the decline in sales tax revenue over recent months created concern when considering future projected revenues, thus the increase in sales tax revenues for FY 2009-10 is projected with a 4 percent increase over FY 2008-09. Recent commercial development is anticipated to generate healthy sales tax revenue, thus providing the justification for the percentage increase over the current year.
- 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 18.1% in FY 2006-07, 12.5% in FY 2007-08, and 10.0% in FY 2008-09. The assessed valuation for FY 2009-10 was estimated by the appraisal district to decline by 0.1% which is significantly below the prior fiscal years.
- Essential expenditures to maintain current service levels.
- Employee benefits remain intact with moderate adjustments.

The ad valorem tax rate was increased from \$.7400 cents in FY 2008-09 to \$.7600 cents per \$100 of taxable assessed valuation in FY 2009-10. The increases realized in assessed valuation in prior fiscal years is a trend no longer expected to continue. The 2009 State Legislature granted property tax exemptions for disabled veterans. With the new legislation and the fact property taxes are a leading source of revenue for the general fund and tax supported debt for the City of Copperas Cove, revenues and expenditures will require significant controls and regular monitoring.

## **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>

**BASIC  
FINANCIAL STATEMENTS**

# CITY OF COPPERAS COVE, TEXAS

## STATEMENT OF NET ASSETS

SEPTEMBER 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and investments	\$ 13,580,788	\$ 2,306,103	\$ 15,886,891	\$ 2,062,602
Receivables (net of allowances for uncollectibles):				
Taxes	753,638	-	753,638	192,880
Ambulance fees	432,589	-	432,589	-
Accounts	223,048	2,772,540	2,995,588	-
Fines	100,067	-	100,067	-
Assessments	23,829	-	23,829	-
Grants	127,277	-	127,277	-
Internal balances	180,444	( 180,444)	-	-
Inventory	72,997	21,090	94,087	-
Prepaid items	2,559	8,800	11,359	-
Notes receivable	127,799	-	127,799	-
Restricted cash and investments	-	4,780,072	4,780,072	7,556
Deferred charges	259,771	605,142	864,913	-
Capital assets:				
Nondepreciable	10,637,260	5,482,807	16,120,067	2,787,601
Depreciable (net)	<u>22,685,214</u>	<u>42,694,397</u>	<u>65,379,611</u>	<u>110,871</u>
Total assets	<u>49,207,280</u>	<u>58,490,507</u>	<u>107,697,787</u>	<u>5,161,510</u>
<b>LIABILITIES</b>				
Accounts payable	613,440	1,072,925	1,686,365	17,101
Other accrued liabilities	580,664	233,607	814,271	27,957
Retainage payable	432,423	111,030	543,453	-
Unearned revenue	71,252	-	71,252	-
Other liabilities	120,275	-	120,275	-
Accrued interest payable	111,518	175,213	286,731	5,980
Customer deposits	-	380,092	380,092	-
Noncurrent liabilities:				
Due within one year	1,540,114	2,349,640	3,889,754	50,000
Due in more than one year	<u>21,274,298</u>	<u>25,543,632</u>	<u>46,817,930</u>	<u>650,000</u>
Total liabilities	<u>24,743,984</u>	<u>29,866,139</u>	<u>54,610,123</u>	<u>751,038</u>
<b>NET ASSETS</b>				
Investment in capital assets (net of related debt)	11,374,872	25,553,411	36,928,283	2,198,472
Restricted for:				
Debt service	424,487	1,075,085	1,499,572	1,576
Capital projects	5,387,776	-	5,387,776	-
Unrestricted	<u>7,276,161</u>	<u>1,995,872</u>	<u>9,272,033</u>	<u>2,210,424</u>
Total net assets	<u>\$ 24,463,296</u>	<u>\$ 28,624,368</u>	<u>\$ 53,087,664</u>	<u>\$ 4,410,472</u>

**The accompanying notes are an integral part of these financial statements.**

**CITY OF COPPERAS COVE, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental activities:				
General government	\$ 3,034,581	\$ 318,728	\$ -	\$ -
Community services	2,289,134	1,018,263	58,786	293,128
Fleet and facility services	354,495	-	-	-
Highways and streets	1,178,405	865,821	-	-
Public safety	9,165,778	994,799	240,725	214,842
Interest on long-term debt	765,655	-	-	-
Total governmental activities	<u>16,788,048</u>	<u>3,197,611</u>	<u>299,511</u>	<u>507,970</u>
Business-type activities:				
Water and sewer	8,380,368	8,782,371	-	-
Solid waste	2,329,168	2,991,428	-	-
Golf course	741,818	530,908	-	-
Total business-type activities	<u>11,451,354</u>	<u>12,304,707</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ 28,239,402</u>	<u>\$ 15,502,318</u>	<u>\$ 299,511</u>	<u>\$ 507,970</u>
<b>COMPONENT UNIT</b>				
Economic development	\$ <u>1,687,320</u>	\$ -	\$ -	\$ -
Total component unit	<u>\$ 1,687,320</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:  
Ad valorem taxes  
Sales taxes  
Franchise taxes  
Other taxes  
Miscellaneous  
Unrestricted investment earnings  
Special item - gain on sale of building  
Transfers  
Total general revenues, special items and transfers  
Change in net assets  
Net assets, beginning  
Prior period adjustment  
Net assets, beginning, restated  
Net assets, ending

**The accompanying notes are an integral part of these financial statements.**

Net (Expense) Revenue and Changes in Net Assets

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$( 2,715,853)	\$ -	\$( 2,715,853)	
( 918,957)	-	( 918,957)	
( 354,495)	-	( 354,495)	
( 312,584)	-	( 312,584)	
( 7,715,412)	-	( 7,715,412)	
( 765,655)	-	( 765,655)	
<u>( 12,782,956)</u>	<u>-</u>	<u>( 12,782,956)</u>	
-	402,003	402,003	
-	662,260	662,260	
-	( 210,910)	( 210,910)	
<u>-</u>	<u>853,353</u>	<u>853,353</u>	
<u>( 12,782,956)</u>	<u>853,353</u>	<u>( 11,929,603)</u>	
			\$( 1,687,320)
			<u>( 1,687,320)</u>
8,468,730	-	8,468,730	-
2,309,693	-	2,309,693	1,169,883
1,321,777	-	1,321,777	-
362,779	-	362,779	-
344,326	-	344,326	6,971
143,829	60,154	203,983	19,630
-	-	-	453,640
<u>1,049,271</u>	<u>( 1,049,271)</u>	<u>-</u>	<u>-</u>
<u>14,000,405</u>	<u>( 989,117)</u>	<u>13,011,288</u>	<u>1,650,124</u>
1,217,449	( 135,764)	1,081,685	( 37,196)
23,201,541	27,369,526	50,571,067	4,250,793
44,306	1,390,606	1,434,912	196,875
<u>23,245,847</u>	<u>28,760,132</u>	<u>52,005,979</u>	<u>4,447,668</u>
<u>\$ 24,463,296</u>	<u>\$ 28,624,368</u>	<u>\$ 53,087,664</u>	<u>\$ 4,410,472</u>

**CITY OF COPPERAS COVE, TEXAS**

**GOVERNMENTAL FUNDS**

**BALANCE SHEET**

**SEPTEMBER 30, 2009**

	General	2007 Capital Improvement Certificates of Obligation	2009 Capital Improvement General Obligation	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 5,379,779	\$ 46,475	\$ 3,109,403	\$ 5,045,131	\$ 13,580,788
Receivables (net of allowances for uncollectibles):					
Taxes	687,110	-	-	66,528	753,638
Ambulance fees	432,589	-	-	-	432,589
Accounts	54,405	-	-	168,643	223,048
Fines	91,261	-	-	8,806	100,067
Assessments	23,829	-	-	-	23,829
Grants	2,860	-	-	124,417	127,277
Due from other funds	304,417	-	3,125	3,897	311,439
Inventory	72,903	-	-	94	72,997
Prepaid items	2,559	-	-	-	2,559
Notes receivable	-	-	-	127,799	127,799
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	\$ <u>7,051,712</u>	\$ <u>46,475</u>	\$ <u>3,112,528</u>	\$ <u>5,545,315</u>	\$ <u>15,756,030</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 449,244	\$ 2,170	\$ -	162,026	613,440
Due to other funds	3,453	-	-	127,542	130,995
Deferred revenue	731,116	-	-	42,409	773,525
Other accrued liabilities	541,292	-	-	39,372	580,664
Retainage payable	-	-	358,794	73,629	432,423
Other liabilities	120,275	-	-	-	120,275
Total liabilities	<u>1,845,380</u>	<u>2,170</u>	<u>358,794</u>	<u>444,978</u>	<u>2,651,322</u>
Fund balances:					
Reserved for:					
Debt service	-	-	-	424,487	424,487
Notes receivable	-	-	-	127,799	127,799
Encumbrances	147,926	-	-	64,805	212,731
Inventory and prepaid items	75,462	-	-	94	75,556
Unreserved, designated for contingencies	1,000,000	-	-	-	1,000,000
Unreserved, undesignated, reported in:					
General fund	3,982,944	-	-	-	3,982,944
Special revenue funds	-	-	-	1,893,415	1,893,415
Capital projects funds	-	44,305	2,753,734	2,589,737	5,387,776
Total fund balances	<u>5,206,332</u>	<u>44,305</u>	<u>2,753,734</u>	<u>5,100,337</u>	<u>13,104,708</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	\$ <u>7,051,712</u>	\$ <u>46,475</u>	\$ <u>3,112,528</u>	\$ <u>5,545,315</u>	\$ <u>15,756,030</u>

**The accompanying notes are an integral part of these financial statements.**

**CITY OF COPPERAS COVE, TEXAS**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS**

**SEPTEMBER 30, 2009**

Total fund balances - governmental funds balance sheet	\$	13,104,708
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.		33,322,474
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.	(	22,666,159)
Other long-term assets/liabilities are not available to pay for current period expenditures and, therefore, are deferred in the funds.		<u>702,273</u>
Net assets of governmental activities - statement of net assets	\$	<u><u>24,463,296</u></u>

**The accompanying notes are an integral part of these financial statements.**

**CITY OF COPPERAS COVE, TEXAS**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	General	2007 Capital Improvement Certificates of Obligation	2009 Capital Improvement General Obligation	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 10,651,961	\$ -	\$ -	\$ 1,820,519	\$ 12,472,480
Charges for services	892,749	-	-	1,083,537	1,976,286
Intergovernmental	22,513	-	-	550,702	573,215
Fines	868,420	-	-	55,315	923,735
Licenses	51,347	-	-	-	51,347
Permits	143,658	-	-	-	143,658
Contributions	-	-	-	75,355	75,355
Investment income	43,019	38,428	553	61,829	143,829
Miscellaneous	313,686	-	-	83,497	397,183
Total revenues	<u>12,987,353</u>	<u>38,428</u>	<u>553</u>	<u>3,730,754</u>	<u>16,757,088</u>
<b>EXPENDITURES</b>					
Current:					
General government	2,432,167	3,923	-	303,886	2,739,976
Community services	1,597,105	-	-	506,179	2,103,284
Fleet and facility services	347,946	-	-	-	347,946
Highways and streets	542,810	-	-	272,387	815,197
Public safety	8,141,642	-	-	417,772	8,559,414
Capital outlay	412,655	5,506,072	1,858,030	2,254,468	10,031,225
Debt service:					
Principal retirement	166,075	-	-	1,111,426	1,277,501
Interest and fiscal charges	11,654	-	-	718,104	729,758
Bond issuance costs	-	-	53,789	37,283	91,072
Total expenditures	<u>13,652,054</u>	<u>5,509,995</u>	<u>1,911,819</u>	<u>5,621,505</u>	<u>26,695,373</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 664,701)</u>	<u>( 5,471,567)</u>	<u>( 1,911,266)</u>	<u>( 1,890,751)</u>	<u>( 9,938,285)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of bonds	-	-	4,665,000	2,230,000	6,895,000
Issuance of capital leases	-	-	-	50,612	50,612
Transfers in	1,250,500	-	-	135,852	1,386,352
Transfers out	<u>( 122,070)</u>	<u>-</u>	<u>-</u>	<u>( 215,011)</u>	<u>( 337,081)</u>
Total other financing sources (uses)	<u>1,128,430</u>	<u>-</u>	<u>4,665,000</u>	<u>2,201,453</u>	<u>7,994,883</u>
<b>NET CHANGE IN FUND BALANCES</b>	463,729	( 5,471,567)	2,753,734	310,702	( 1,943,402)
<b>FUND BALANCES, BEGINNING</b>	4,191,908	5,515,872	-	4,771,817	14,479,597
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>550,695</u>	<u>-</u>	<u>-</u>	<u>17,818</u>	<u>568,513</u>
<b>FUND BALANCES, BEGINNING, RESTATED</b>	<u>4,742,603</u>	<u>5,515,872</u>	<u>-</u>	<u>4,789,635</u>	<u>15,048,110</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 5,206,332</u>	<u>\$ 44,305</u>	<u>\$ 2,753,734</u>	<u>\$ 5,100,337</u>	<u>\$ 13,104,708</u>

**The accompanying notes are an integral part of these financial statements.**

## 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, 2009

Net change in fund balances - total governmental funds \$( 1,943,402)

Amounts reported for governmental activities in the statement of activities are different because:

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.

8,669,107

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.

( 5,572,447)

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.

( 117,234)

Some revenues in the statement of activities do not provide current financial resources and are not included in the governmental funds.

( 9,501)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.

190,926

Change in net assets of governmental activities - statement of activities

\$ 1,217,449

**The accompanying notes are an integral part of these financial statements.**

# 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 provide 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, 2009**

	Business-type Activities			Total Funds
	Water and Sewer	Solid Waste	Nonmajor Golf Course	
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 758,594	\$ 1,531,216	\$ 16,293	\$ 2,306,103
Accounts receivable, net	1,834,908	935,620	2,012	2,772,540
Due from other funds	3,453	-	-	3,453
Inventory	-	-	21,090	21,090
Prepaid expenses	8,800	-	-	8,800
Restricted cash and investments	4,599,442	114,225	66,405	4,780,072
Total current assets	<u>7,205,197</u>	<u>2,581,061</u>	<u>105,800</u>	<u>9,892,058</u>
Noncurrent assets:				
Deferred charges	578,126	15,007	12,009	605,142
Property and equipment:				
Land	345,933	204,453	300,000	850,386
Buildings	189,590	64,029	132,722	386,341
Vehicles	1,152,698	1,962,073	25,473	3,140,244
Equipment	1,162,986	458,845	414,763	2,036,594
Facilities	63,897,648	3,433,356	1,232,311	68,563,315
Construction in progress	4,589,441	-	42,980	4,632,421
Less: accumulated depreciation	( 28,028,669)	( 2,759,014)	( 644,414)	( 31,432,097)
Net property and equipment	<u>43,309,627</u>	<u>3,363,742</u>	<u>1,503,835</u>	<u>48,177,204</u>
Total noncurrent assets	<u>43,887,753</u>	<u>3,378,749</u>	<u>1,515,844</u>	<u>48,782,346</u>
Total assets	<u>\$ 51,092,950</u>	<u>\$ 5,959,810</u>	<u>\$ 1,621,644</u>	<u>\$ 58,674,404</u>
<b>LIABILITIES AND NET ASSETS</b>				
Current liabilities:				
Accounts payable	\$ 863,697	\$ 157,557	\$ 51,671	\$ 1,072,925
Customer deposits	380,092	-	-	380,092
Retainage payable	111,030	-	-	111,030
Due to other funds	-	-	183,897	183,897
Accrued liabilities	120,122	102,616	10,869	233,607
Accrued interest	167,365	2,721	5,127	175,213
Long-term debt, current portion	1,861,428	339,034	149,178	2,349,640
Total current liabilities	<u>3,503,734</u>	<u>601,928</u>	<u>400,742</u>	<u>4,506,404</u>
Noncurrent liabilities:				
Compensated absences	151,796	31,655	11,159	194,610
Capital leases	75,641	189,924	56,343	321,908
Bonds payable	22,953,653	885,516	734,121	24,573,290
Net pension obligation	31,122	12,167	5,416	48,705
Net OPEB obligation	5,149	2,015	895	8,059
Estimated landfill postclosure care costs	-	397,060	-	397,060
Total noncurrent liabilities	<u>23,217,361</u>	<u>1,518,337</u>	<u>807,934</u>	<u>25,543,632</u>
Total liabilities	<u>26,721,095</u>	<u>2,120,265</u>	<u>1,208,676</u>	<u>30,050,036</u>
Net assets:				
Investment in capital assets (net of related debt)	22,146,867	2,842,351	564,193	25,553,411
Restricted for:				
Debt service	902,303	111,504	61,278	1,075,085
Unrestricted	1,322,685	885,690	( 212,503)	1,995,872
Total net assets	<u>\$ 24,371,855</u>	<u>\$ 3,839,545</u>	<u>\$ 412,968</u>	<u>\$ 28,624,368</u>

**The accompanying notes are an integral part of these financial statements.**

**CITY OF COPPERAS COVE, TEXAS**

**PROPRIETARY FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Business-type Activities			Total Funds
	Water and Sewer	Solid Waste	Nonmajor Golf Course	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 8,531,284	\$ 2,754,030	\$ 466,274	\$ 11,751,588
Miscellaneous	251,087	237,398	64,634	553,119
Total operating revenues	<u>8,782,371</u>	<u>2,991,428</u>	<u>530,908</u>	<u>12,304,707</u>
<b>OPERATING EXPENSES</b>				
Personnel services	1,930,996	757,122	369,747	3,057,865
Supplies and materials	2,200,529	161,522	42,103	2,404,154
Services and charges	1,392,359	951,601	179,800	2,523,760
Maintenance and repairs	290,623	132,341	22,418	445,382
Depreciation	<u>1,383,140</u>	<u>296,295</u>	<u>87,188</u>	<u>1,766,623</u>
Total operating expenses	<u>7,197,647</u>	<u>2,298,881</u>	<u>701,256</u>	<u>10,197,784</u>
<b>OPERATING INCOME (LOSS)</b>	<u>1,584,724</u>	<u>692,547</u>	<u>( 170,348)</u>	<u>2,106,923</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	51,425	8,143	586	60,154
Interest expense	( 1,181,744)	( 28,500)	( 40,562)	( 1,250,806)
Bond agent fees	( 977)	-	-	( 977)
Loss on sale of asset	<u>-</u>	<u>( 1,787)</u>	<u>-</u>	<u>( 1,787)</u>
Total nonoperating revenues (expenses)	<u>( 1,131,296)</u>	<u>( 22,144)</u>	<u>( 39,976)</u>	<u>( 1,193,416)</u>
<b>NET INCOME (LOSS) BEFORE TRANSFERS</b>	453,428	670,403	( 210,324)	913,507
<b>TRANSFERS</b>				
Transfers in	20,000	-	101,229	121,229
Transfers out	<u>( 742,500)</u>	<u>( 428,000)</u>	<u>-</u>	<u>( 1,170,500)</u>
<b>CHANGE IN NET ASSETS</b>	( 269,072)	242,403	( 109,095)	( 135,764)
<b>NET ASSETS, BEGINNING</b>	23,116,032	3,597,390	656,104	27,369,526
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>1,524,895</u>	<u>( 248)</u>	<u>( 134,041)</u>	<u>1,390,606</u>
<b>NET ASSETS, BEGINNING, RESTATED</b>	<u>24,640,927</u>	<u>3,597,142</u>	<u>522,063</u>	<u>28,760,132</u>
<b>NET ASSETS, ENDING</b>	<u>\$ 24,371,855</u>	<u>\$ 3,839,545</u>	<u>\$ 412,968</u>	<u>\$ 28,624,368</u>

**The accompanying notes are an integral part of these financial statements.**

**CITY OF COPPERAS COVE, TEXAS**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Business-type Activities			Total Funds
	Water and Sewer	Solid Waste	Nonmajor Golf Course	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 8,877,688	\$ 2,754,030	\$ 465,062	\$ 12,096,780
Payments to suppliers	( 3,611,921)	( 1,201,608)	( 151,050)	( 4,964,579)
Payments to employees	( 1,992,141)	( 765,308)	( 377,327)	( 3,134,776)
Net cash flows provided (used) by operating activities	<u>3,273,626</u>	<u>787,114</u>	<u>( 63,315)</u>	<u>3,997,425</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income received	<u>51,425</u>	<u>8,143</u>	<u>586</u>	<u>60,154</u>
Net cash flows provided by investing activities	<u>51,425</u>	<u>8,143</u>	<u>586</u>	<u>60,154</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Cash received from other funds	20,000	-	285,126	305,126
Cash paid to other funds	( 745,953)	( 428,000)	-	( 1,173,953)
Net cash provided (used) by noncapital financing activities	<u>( 725,953)</u>	<u>( 428,000)</u>	<u>285,126</u>	<u>( 868,827)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from issuance of long-term debt	1,570,000	975,000	30,000	2,575,000
Principal paid on long-term debt	( 1,619,658)	( 306,340)	( 222,738)	( 2,148,736)
Interest paid on long-term debt	( 1,110,625)	( 25,779)	( 39,499)	( 1,175,903)
Acquisition of property and equipment	( 3,110,266)	( 208,382)	( 76,104)	( 3,394,752)
Proceeds from sale of capital assets	<u>-</u>	<u>-</u>	<u>91,852</u>	<u>91,852</u>
Net cash provided (used) by capital and related financing activities	<u>( 4,270,549)</u>	<u>434,499</u>	<u>( 216,489)</u>	<u>( 4,052,539)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>( 1,671,451)</u>	<u>801,756</u>	<u>5,908</u>	<u>( 863,787)</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>7,029,487</u>	<u>843,685</u>	<u>76,790</u>	<u>7,949,962</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 5,358,036</u>	<u>\$ 1,645,441</u>	<u>\$ 82,698</u>	<u>\$ 7,086,175</u>

(continued)

**CITY OF COPPERAS COVE, TEXAS**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**(Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Business-type Activities			
	Water and Sewer	Solid Waste	Nonmajor Golf Course	Total Funds
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 1,584,724	\$ 692,547	\$( 170,348)	\$ 2,106,923
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,383,141	296,295	87,188	1,766,624
Decrease (increase) in assets:				
Accounts receivable	( 20,210)	( 206,451)	( 1,212)	( 227,873)
Inventory	-	-	6,586	6,586
Increase (decrease) in liabilities:				
Accounts payable	210,445	19,744	22,447	252,636
Retainage payable	61,145	-	-	61,145
Accrued interest	-	-	45	45
Accrued liabilities	( 45,437)	( 8,186)	( 7,845)	( 61,468)
Landfill closure costs	-	( 12,440)	-	( 12,440)
Accrued compensated absences	( 19,993)	( 8,577)	( 6,487)	( 35,057)
Net pension obligation	31,122	12,167	5,416	48,705
Net OPEB obligation	5,149	2,015	895	8,059
Customer deposits	83,540	-	-	83,540
Total adjustments	<u>1,688,902</u>	<u>94,567</u>	<u>107,033</u>	<u>1,890,502</u>
Net cash provided (used) by operating activities	<u>\$ 3,273,626</u>	<u>\$ 787,114</u>	<u>\$( 63,315)</u>	<u>\$ 3,997,425</u>

**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, 2009**

**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 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.

***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. However, interfund services provided and used are not eliminated. 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.

(continued)

## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **B. Government-wide and Fund Financial Statements**

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function. Also included in program revenues are grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. 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. Nonmajor funds are combined in a separate column in the fund financial statements. The nonmajor 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 using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities, business-type activities and activities of its discretely presented component unit. Amounts reported as program revenues include 1) charges to customers 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.

The fund financial statements 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. 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 City 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, claims and judgments are recorded only when payment is due.

(continued)

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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.

**2007 Capital Improvement Certificate of Obligation Fund** – This Capital Projects Fund is used to account for the proceeds from debt issued primarily for the construction of a new police facility.

**2009 Capital Improvement General Obligation Fund** – This Capital Projects Fund is used to account for the proceeds from debt issued for the new police station and Lutheran Church Road street improvements.

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 Projects 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.

(continued)

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Those revenues susceptible to accrual are taxes, grants, fines, investment income and charges for services. Licenses, permits, and contributions are not susceptible to accrual because, generally, they are not measurable until received in cash. Deferred revenue arises when potential revenue 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. These revenues are 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 proprietary 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 expenses.

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

**(continued)**

## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **D. Assets, Liabilities and Net Assets or Equity**

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

The City is authorized to invest its future 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 deposit 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.

#### **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.

**(continued)**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**Interfund Transactions and Receivables and Payables (Continued)**

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. Nonreciprocal interfund transactions are reported as transfers.

**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 Revenue 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.

**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 the government-wide and fund financial statements.

**Restricted Assets**

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

**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 City as assets with an initial individual cost of more than \$5,000 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.

**(continued)**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**Capital Assets (Continued)**

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.

Capital assets of the primary government, as well as the component unit, are 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

**Compensated Absences**

The City's vacation policy grants employee vacation depending on longevity, from 10 days after one year to 20 days after 20 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 80 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.

**(continued)**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**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. 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 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 expenditures.

**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.

**II. RECOGNITION 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 \$22,666,159 difference are as follows:

(continued)

**II. RECOGNITION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**  
(Continued)

**A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets** (Continued)

Bonds payable	\$ 22,008,824
Bond issuance costs	( 259,772)
Unamortized bond discounts	( 13,374)
Deferred loss on refunding	( 303,258)
Net pension obligation	137,315
Net OPEB obligation	22,723
Accrued interest payable	111,518
Capital leases	255,411
Compensated absences	<u>706,772</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ 22,666,159</u>

Another element of that reconciliation states, “Other long-term assets/liabilities are not available to pay for current period expenditures and, therefore, are deferred in the funds.” The details of this \$702,273 difference are as follows:

Property taxes	\$ 170,530
Ambulance charges for services	432,588
Municipal court fines	<u>99,155</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net - assets of governmental activities</i>	<u>\$ 702,273</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 \$8,669,107 difference are as follows:

Capital outlay	\$ 10,031,225
Depreciation expense	<u>( 1,362,118)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net - assets of governmental activities</i>	<u>\$ 8,669,107</u>

(continued)

**II. RECOGNITION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**  
 (Continued)

**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)

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. 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 \$5,572,447 difference are as follows:

Principal repayments	\$ 1,301,632
Issuance of debt	( 6,945,612)
Bond issuance costs	84,002
Discounts	4,278
Deferred loss on refunding	<u>( 16,747)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net - assets of governmental activities</i>	<u><u>\$ ( 5,572,447)</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 \$117,234 difference are as follows:

Compensated absences	\$ 59,162
Accrued interest	( 16,358)
Net pension obligation	( 137,315)
Net OPEB obligation	<u>( 22,723)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net - assets of governmental activities</i>	<u><u>\$ ( 117,234)</u></u>

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

Substantially all deposits and investments are maintained in consolidated cash and investment accounts. Investment income relating to consolidated deposits and investments is allocated to the individual funds monthly based on each fund’s pro rata share of total consolidated cash and investments. At year-end, the City’s deposits were fully collateralized by either FDIC insurance or securities held by the pledging financial institution’s trust department in the City’s name.

(continued)

### III. DETAILED NOTES ON ALL FUNDS (Continued)

#### A. Deposits and Investments (Continued)

The deposits for the Copperas Cove Economic Development Corporation, a discretely presented component unit, were also 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.

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* – 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. State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2009, the City's entire deposit balance was collateralized with securities held by the pledging financial institution or covered by FDIC insurance.

*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 external investment pools and therefore, not exposed to concentration risk.

(continued)

### III. DETAILED NOTES ON ALL FUNDS (Continued)

#### A. Deposits and Investments (Continued)

The City's investments at September 30, 2009, are shown below:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
State operated pools:		
TexPool	\$ 11,899,539	43
TexStar	<u>7,654,576</u>	46
 Total Fair Value	 <u>\$ 19,554,115</u>	 44

The City's investment pools are 2a7-like pools. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The City uses the following external investment pools:

#### **TexPool**

Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Lehman Brothers, Inc. and Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accountants. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool.

TexPool is rated AAAM by Standard & Poor's. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as the Office of the Comptroller of Public Accounts for review. 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. JP Morgan 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 the funds compliance weekly with its rating requirements.

(continued)

### **III. DETAILED NOTES ON ALL FUNDS (Continued)**

#### **A. Deposits and Investments (Continued)**

##### **TexStar (Continued)**

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.

**(continued)**

### III. DETAILED NOTES ON ALL FUNDS (Continued)

#### C. Receivables

Receivables at September 30, 2009, for the City's individual major and nonmajor funds including the applicable allowances for uncollectible accounts, consist of the following:

	General	Water and Sewer	Solid Waste	Golf Course	Nonmajor Funds	Total
Receivables:						
Taxes	\$ 687,110	\$ -	\$ -	\$ -	\$ 66,528	\$ 753,638
Ambulance	1,868,509	-	-	-	-	1,868,509
Assessments	23,829	-	-	-	-	23,829
Fines	1,825,215	-	-	-	158,794	1,984,009
Utilities	-	2,638,754	1,216,647	-	-	3,855,401
Miscellaneous	57,669	-	-	2,012	232,113	291,794
Grants	2,860	-	-	-	124,411	127,271
Notes	-	-	-	-	127,799	127,799
Gross receivables	4,465,192	2,638,754	1,216,647	2,012	709,645	9,032,250
Less: allowance for uncollectible	( 3,173,138)	( 803,846)	( 281,027)	-	( 213,452)	( 4,471,463)
Net total receivables	<u>\$ 1,292,054</u>	<u>\$ 1,834,908</u>	<u>\$ 935,620</u>	<u>\$ 2,012</u>	<u>\$ 496,193</u>	<u>\$ 4,560,787</u>

#### D. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Governmental funds:		
Taxes receivable	\$ 170,530	\$ -
Ambulance fees	432,588	-
Municipal court fines	99,155	-
Grants	-	3,000
Miscellaneous	-	68,252
Total	<u>\$ 702,273</u>	<u>\$ 71,252</u>

(continued)

### III. DETAILED NOTES ON ALL FUNDS (Continued)

#### E. Capital Assets

Capital asset activity for the year ended September 30, 2009, was as follows:

##### Primary Government

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 1,541,055	\$ -	\$ -	\$( 208,733)	\$ 1,332,322
Construction in progress	1,269,841	9,560,877	1,525,780	-	9,304,938
Total assets not being depreciated	<u>2,810,896</u>	<u>9,560,877</u>	<u>1,525,780</u>	<u>( 208,733)</u>	<u>10,637,260</u>
Capital assets, being depreciated:					
Buildings	7,063,634	-	-	1,456,827	8,520,461
Furniture and fixtures	566,876	6,908	-	( 279,217)	294,567
Vehicles	2,734,782	450,782	61,804	426,231	3,549,991
Equipment	5,468,621	220,824	36,340	( 2,388,892)	3,264,213
Facilities	17,812,035	1,525,780	12,556	( 53,618)	19,271,641
Total capital assets being depreciated	<u>33,645,948</u>	<u>2,204,294</u>	<u>110,700</u>	<u>( 838,669)</u>	<u>34,900,873</u>
Less accumulated depreciation:					
Buildings	3,717,837	279,936	-	712,133	4,709,906
Furniture and fixtures	406,747	3,599	-	( 124,507)	285,839
Vehicles	2,177,061	266,247	61,804	281,893	2,663,397
Equipment	3,997,943	364,427	28,846	( 2,239,207)	2,094,317
Facilities	2,737,407	447,908	2,811	( 720,304)	2,462,200
Total accumulated depreciation	<u>13,036,995</u>	<u>1,362,117</u>	<u>93,461</u>	<u>( 2,089,992)</u>	<u>12,215,659</u>
Total capital assets being depreciated, net	<u>20,608,953</u>	<u>842,177</u>	<u>17,239</u>	<u>1,251,323</u>	<u>22,685,214</u>
Governmental activities capital assets, net	<u>\$ 23,419,849</u>	<u>\$ 10,403,054</u>	<u>\$ 1,543,019</u>	<u>\$ 1,042,590</u>	<u>\$ 33,322,474</u>

(continued)

### III. DETAILED NOTES ON ALL FUNDS (Continued)

#### E. Capital Assets (Continued)

	Balance 09/30/08	Additions	Deletions	Adjustments	Balance 09/30/09
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 850,686	\$ -	\$ -	\$( 300)	\$ 850,386
Construction in progress	<u>1,707,542</u>	<u>2,929,860</u>	<u>-</u>	<u>( 4,981)</u>	<u>4,632,421</u>
Total assets not being depreciated	<u>2,558,228</u>	<u>2,929,860</u>	<u>-</u>	<u>( 5,281)</u>	<u>5,482,807</u>
Capital assets, being depreciated:					
Buildings	372,818	-	-	13,523	386,341
Furniture and fixtures	64,506	-	-	( 64,506)	-
Vehicles	2,707,250	219,674	38,721	252,041	3,140,244
Equipment	4,413,823	169,474	33,360	( 2,513,343)	2,036,594
Facilities	<u>67,425,522</u>	<u>79,828</u>	<u>-</u>	<u>1,057,965</u>	<u>68,563,315</u>
Total capital assets being depreciated	<u>74,983,919</u>	<u>468,976</u>	<u>72,081</u>	<u>( 1,254,320)</u>	<u>74,126,494</u>
Less accumulated depreciation:					
Buildings	227,924	15,454	-	16,482	259,860
Furniture and fixtures	29,745	-	-	( 29,745)	-
Vehicles	2,224,863	223,003	38,720	( 324,558)	2,084,588
Equipment	2,649,198	135,839	33,360	( 891,875)	1,859,802
Facilities	<u>26,880,370</u>	<u>1,392,326</u>	<u>-</u>	<u>( 1,044,849)</u>	<u>27,227,847</u>
Total accumulated depreciation	<u>32,012,100</u>	<u>1,766,622</u>	<u>72,080</u>	<u>( 2,274,545)</u>	<u>31,432,097</u>
Total capital assets being depreciated, net	<u>42,971,819</u>	<u>( 1,297,646)</u>	<u>1</u>	<u>1,020,225</u>	<u>42,694,397</u>
Business-type activities capital assets, net	<u>\$ 45,530,047</u>	<u>\$ 1,632,214</u>	<u>\$ 1</u>	<u>\$ 1,014,944</u>	<u>\$ 48,177,204</u>

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

Government activities:	
General government	\$ 284,605
Public safety	541,268
Community service	173,949
Highways and streets	359,229
Fleet maintenance	<u>3,066</u>
Total depreciation expense - governmental activities	<u>\$ 1,362,117</u>
Business-type activities:	
Water and sewer	\$ 1,383,139
Solid waste	296,295
Golf course	<u>87,188</u>
Total depreciation expense - business-type activities	<u>\$ 1,766,622</u>

(continued)

### III. DETAILED NOTES ON ALL FUNDS (Continued)

#### E. Capital Assets (Continued)

##### Discretely Presented Component Unit

Activity for the Copperas Cove Economic Development Corporation (CCEDC) for the year ended September 30, 2009, was as follows:

	Balance 10/01/08	Additions	Deletions	Balance 09/30/09
Capital assets, not being depreciated:				
Land	\$ 3,264,860	\$ -	\$ 477,260	\$ 2,787,600
Total assets not being depreciated	<u>3,264,860</u>	<u>-</u>	<u>477,260</u>	<u>2,787,600</u>
Capital assets, being depreciated:				
Buildings	945,295	-	767,916	177,379
Equipment	108,534	-	-	108,534
Total capital assets being depreciated	<u>1,053,829</u>	<u>-</u>	<u>767,916</u>	<u>285,913</u>
Less accumulated depreciation:				
Buildings	263,541	16,215	197,484	82,272
Equipment	86,375	6,395	-	92,770
Total accumulated depreciation	<u>349,916</u>	<u>22,610</u>	<u>197,484</u>	<u>175,042</u>
Total capital assets being depreciated, net	<u>703,913</u>	<u>( 22,610)</u>	<u>570,432</u>	<u>110,871</u>
Governmental activities capital assets, net	<u>\$ 3,968,773</u>	<u>\$ ( 22,610)</u>	<u>\$ 1,047,692</u>	<u>\$ 2,898,471</u>

#### F. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables at September 30, 2009, is as follows:

	Interfund Receivables	Interfund Payables
General fund		
Water and sewer	\$ -	\$ 3,453
Nonmajor governmental funds	124,417	-
Nonmajor enterprise funds	180,000	-
Total general fund	<u>304,417</u>	<u>3,453</u>
2009 Capital Improvement General Obligation		
Nonmajor governmental funds	3,125	-
	<u>3,125</u>	<u>-</u>
Water and sewer		
General fund	3,453	-
Total nonmajor governmental funds	<u>3,453</u>	<u>-</u>
Nonmajor governmental funds		
General fund	-	124,417
2009 Capital Improvement General Obligation	-	3,125
Nonmajor enterprise funds	3,897	-
Total nonmajor governmental funds	<u>3,897</u>	<u>127,542</u>
Nonmajor enterprise funds		
General fund	-	180,000
Nonmajor governmental funds	-	3,897
Total nonmajor enterprise funds	<u>-</u>	<u>183,897</u>
Total	<u>\$ 314,892</u>	<u>\$ 314,892</u>

(continued)

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Interfund Receivables, Payables, and Transfers (Continued)**

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

Transfers during the year ended September 30, 2009, were:

	<u>Transfers in</u>	<u>Transfers out</u>
Governmental activities:		
General fund	\$ 1,250,500	\$ 122,070
Nonmajor governmental funds	135,852	215,011
Business-type activities:		
Water and sewer	20,000	742,500
Solid waste	-	428,000
Nonmajor enterprise funds	<u>101,229</u>	<u>-</u>
Total	<u>\$ 1,507,581</u>	<u>\$ 1,507,581</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 to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**G. 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 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, 2009.

<u>Year Ending September 30,</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
2010	\$ 178,805	\$ 360,782
2011	79,596	236,586
2012	<u>7,939</u>	<u>94,053</u>
Total minimum lease payments	266,340	691,421
Less amount representing interest	<u>( 10,930)</u>	<u>( 26,135)</u>
Present value of future minimum lease payments	<u>\$ 255,410</u>	<u>\$ 665,286</u>

(continued)

### III. DETAILED NOTES ON ALL FUNDS (Continued)

#### H. Long-term Debt

A summary of long-term debt transactions, including current position, for the year ended September 30, 2009 is as follows:

	Balance 09/30/08	Additions	Deletions	Balance 09/30/09	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 5,251,969	\$ 4,770,000	\$( 515,145)	\$ 9,506,824	\$ 658,650
Certificates of obligation	8,487,000	-	( 220,000)	8,267,000	180,000
Limited tax notes	2,460,000	2,125,000	( 350,000)	4,235,000	420,000
Unamortized bond discounts	( 9,095)	( 5,234)	955	( 13,374)	-
Deferred amount on refunding	( 320,005)	-	16,747	( 303,258)	-
Total bonds payable	15,869,869	6,889,766	( 1,067,443)	21,692,192	1,258,650
Notes payable	23,032	-	( 23,032)	-	-
Capital leases	398,253	50,612	( 193,455)	255,410	170,290
Compensated absences	765,934	431,109	( 490,271)	706,772	111,174
Net pension obligation	-	137,315	-	137,315	-
Net OPEB obligation	-	38,904	( 16,181)	22,723	-
Governmental activities long-term debt	<u>\$ 17,057,088</u>	<u>\$ 7,547,706</u>	<u>\$( 1,790,382)</u>	<u>\$ 22,814,412</u>	<u>\$ 1,540,114</u>
Business-type activities:					
General obligation bonds	\$ 15,008,031	\$ -	\$( 714,854)	\$ 14,293,177	\$ 991,351
Certificates of obligation	9,853,000	-	( 875,000)	8,978,000	630,000
Limited tax notes	1,215,000	2,575,000	( 130,000)	3,660,000	350,000
Unamortized bond premiums	48,647	17,769	( 14,606)	51,810	-
Unamortized bond discounts	( 29,419)	( 17,615)	4,562	( 42,472)	-
Deferred amount on refunding	( 437,767)	-	41,893	( 395,874)	-
Total bonds payable	25,657,492	2,575,154	( 1,688,005)	26,544,641	1,971,351
Estimated landfill postclosure care costs	409,500	-	( 12,440)	397,060	-
Compensated absences	291,294	121,773	( 183,546)	229,521	34,912
Capital leases	1,144,983	-	( 479,697)	665,286	343,377
Net pension obligation	-	48,705	-	48,705	-
Net OPEB obligation	-	14,373	( 6,314)	8,059	-
Business-type activities long-term debt	<u>\$ 27,503,269</u>	<u>\$ 2,760,005</u>	<u>\$( 2,370,002)</u>	<u>\$ 27,893,272</u>	<u>\$ 2,349,640</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 that 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.

(continued)

### III. DETAILED NOTES ON ALL FUNDS (Continued)

#### H. Long-term Debt (Continued)

Bonds payable at September 30, 2009, includes the following individual issues:

	Interest Rate %	Issue Date	Maturity Date	Original Issue	Outstanding
Governmental activities:					
General obligation bonds:					
1998 various purpose	3.70 - 4.50	09/01/98	08/15/13	\$ 3,750,000	\$ 1,060,000
2005 refunding	3.68	11/29/05	08/15/07	1,892,800	1,308,324
2006 refunding	3.78	03/09/06	08/15/21	996,000	990,000
2007 refunding	3.94	05/31/07	09/30/23	1,408,500	1,378,500
2009 various purpose	3.00 - 4.875	09/10/09	08/15/34	4,770,000	4,770,000
Limited tax notes:					
2006	3.50 - 4.00	09/26/06	08/15/13	1,260,000	670,000
2008	2.78	05/01/08	02/15/14	1,640,000	1,470,000
2008A	3.611	10/28/08	08/30/15	1,235,000	1,205,000
2009	2.00 - 3.00	09/10/09	08/15/16	890,000	890,000
Tax/revenue certificates of obligation:					
2001 various purpose	3.00 - 5.25	06/15/01	08/15/21	1,915,000	295,000
2003 various purpose	2.00 - 5.00	08/05/03	09/30/23	4,190,000	2,692,000
2007 various purpose	3.94	05/31/07	09/30/27	<u>5,300,000</u>	<u>5,280,000</u>
Total				<u>\$ 29,247,300</u>	<u>\$ 22,008,824</u>
Business-type Activities:					
General obligation bonds:					
2003A refunding	2.00 - 5.00	08/05/03	09/30/23	\$ 4,720,000	\$ 3,280,000
2005 refunding	3.68	11/29/05	08/15/19	4,022,200	3,836,677
2006 refunding	3.78	03/09/06	08/15/21	3,984,000	3,960,000
2007 refunding	3.94	05/31/07	09/30/23	3,286,500	3,216,500
Limited tax notes:					
2008	2.78	05/31/08	02/15/14	1,215,000	1,125,000
2008A	3.611	10/28/08	08/15/15	955,000	915,000
2009	2.00 - 3.00	09/10/09	08/15/16	1,620,000	1,620,000
Tax/revenue certificates of obligation:					
2001 various purpose	4.00 - 5.25	06/15/01	08/15/21	6,485,000	920,000
2003 various purpose	2.00 - 5.00	08/05/03	09/30/23	9,820,000	5,368,000
2005 various purpose	3.63	11/10/05	08/15/25	<u>3,050,000</u>	<u>2,690,000</u>
Total				<u>\$ 39,157,700</u>	<u>\$ 26,931,177</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. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

(continued)

### III. DETAILED NOTES ON ALL FUNDS (Continued)

#### H. Long-term Debt (Continued)

##### Defeased Debt Outstanding

In prior years, the City defeased certain general obligation and revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide all future debt service payments on the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the City's financial statements. As of September 30, 2009, the amount of defeased debt outstanding amounted to \$10,870,000.

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

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2010	\$ 658,650	\$ 349,553	\$ 991,351	\$ 557,088
2011	728,269	335,519	1,061,731	518,629
2012	746,434	317,484	1,078,566	477,280
2013	411,627	300,703	1,513,372	433,276
2014	377,344	289,530	1,412,657	371,192
2015 - 2019	1,663,000	1,310,336	4,616,999	1,119,924
2020 - 2024	2,296,500	866,484	3,618,501	1,560,500
2025 - 2029	1,155,000	517,375	-	-
2030 - 2034	1,470,000	219,629	-	-
Total	<u>\$ 9,506,824</u>	<u>\$ 4,506,613</u>	<u>\$ 14,293,177</u>	<u>\$ 5,037,889</u>

##### Tax and Revenue Certificates of Obligation

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

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2010	\$ 180,000	\$ 333,936	\$ 630,000	\$ 401,962
2011	195,000	325,787	660,000	376,597
2012	200,000	316,599	695,000	349,996
2013	305,000	307,440	355,000	320,594
2014	410,000	296,276	480,000	304,172
2015 - 2019	3,321,500	1,128,058	4,063,500	990,329
2020 - 2024	2,310,500	547,010	1,874,500	261,687
2025 - 2027	1,345,000	107,364	220,000	7,986
Total	<u>\$ 8,267,000</u>	<u>\$ 3,362,470</u>	<u>\$ 8,978,000</u>	<u>\$ 3,013,323</u>

(continued)

### III. DETAILED NOTES ON ALL FUNDS (Continued)

#### H. Long-term Debt (Continued)

##### Limited Tax Notes

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

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2010	\$ 420,000	\$ 130,651	\$ 350,000	\$ 102,153
2011	535,000	116,796	415,000	92,015
2012	640,000	99,074	535,000	79,388
2013	750,000	76,923	590,000	64,092
2014	860,000	49,694	665,000	46,084
2015 - 2017	<u>1,030,000</u>	<u>40,302</u>	<u>1,105,000</u>	<u>46,419</u>
Total	<u>\$ 4,235,000</u>	<u>\$ 513,440</u>	<u>\$ 3,660,000</u>	<u>\$ 430,151</u>

### IV. 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 that 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. The Pool agrees to handle all liability, property and workers' compensation claims and provides any defense as is necessary.

The Pool makes available to the City loss control services to assist the City in following a plan of loss control that may result in reduced losses. The City agrees that it will cooperate in instituting any and all reasonable loss control recommendations made by the Pool. The City also carries 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. 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.

(continued)

**IV. OTHER INFORMATION (Continued)**

**B. Commitments and Contingencies (Continued)**

The City has active governmental and water and sewer construction projects as of September 30, 2009. At year-end, the City's commitments with contractors are as follows:

	<u>Contract Amount</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Governmental	\$ 2,834,004	\$ 1,339,497	\$ 1,494,507
Water and sewer	<u>414,825</u>	<u>158,605</u>	<u>256,220</u>
Total	<u>\$ 3,248,829</u>	<u>\$ 1,498,102</u>	<u>\$ 1,750,727</u>

**C. Employee Retirement Plan**

**Plan Description**

The City provides pension benefits for all of its fulltime employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the city are within the options available in the governing state statutes of TMRS. TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com). The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City 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 years of services with the City. The Service Retirement Eligibilities for the City are:	5 years/age 60 or 20 years/any age
Updated Service Credit	100% repeating, transfers
Annuity Increase (to retirees)	70% of CPI repeating

**(continued)**

**IV. OTHER INFORMATION (Continued)**

**C. Employee Retirement Plan (Continued)**

**Contributions**

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member’s projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases. The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City 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 serves as the basis for the rate and the calendar year when the rate goes into effect.

Beginning in 2009, certain eligible member cities could elect to contribute a minimum amount equal to their ARC less a “Phase In” of the increase from the change to the Projected Unit Credit cost method in the 2007 valuation. The City elected to contribute the “Phase In” rate. This election will cause the City to have an actual contribution different than the actuarially determined Annual Required Contribution (ARC), and therefore, accrue a net pension obligation (asset) on its balance sheet. The annual pension cost and net pension obligation/(asset) are as follows:

**Schedule of Actuarial Liabilities and Funding Progress**

Actuarial Valuation Date	12/31/08	12/31/07	12/31/06
Actuarial Value of Assets	\$ 17,320,997	\$ 15,913,254	\$ 15,430,911
Actuarial Accrued Liabilities	26,423,899	24,515,869	18,806,345
Percentage Funded	65.6%	64.9%	82.1%
Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)	9,102,902	8,602,615	3,375,434
Annual Covered Payroll	10,702,600	9,829,734	8,932,152
UAAL as a Percentage of Covered Payroll	85.1%	87.5%	37.8%
Net Pension Obligation (NPO) at the Beginning of Period	-	-	-
Annual Pension Cost:			
Annual Required Contribution (ARC)	1,175,778	831,512	718,866
Interest on NPO	-	-	-
Adjustment to the ARC	-	-	-
	<u>1,175,778</u>	<u>831,512</u>	<u>718,866</u>
Contributions Made (100%)	987,729	831,512	718,866
Increase in NPO	<u>188,049</u>	<u>-</u>	<u>-</u>
NPO at the End of Period	<u>\$ 188,049</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

**IV. OTHER INFORMATION (Continued)**

**C. Employee Retirement Plan (Continued)**

**Contributions (Continued)**

The required contribution rates for fiscal year 2009 were determined as part of the December 31, 2006 and 2007 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2008, also follows:

Valuation Date	12/31/08	12/31/07	12/31/06
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period	29 years; closed period	30 years; closed period	25 years; open period
Asset Valuation Method	Amortized Cost	Amortized Cost	Amortized Cost
Actuarial Assumptions:			
Investment Rate of Return*	7.0%	7.0%	7.5%
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service
* Includes Inflation at	3.00%	3.00%	3.00%
Cost-of-living Adjustments	2.1%	2.1%	NA

**D. Post-retirement Health Care Benefits**

The City provides certain health care benefits through a single-employer defined benefit OPEB plan. Regular, full-time employees are eligible to participate in the City's health care plan as a retiree at their own expense. The retiree pays 100% of the premiums for the insurance. Members are eligible at any age with 20 years of service or at age 60 with 5 years of service. Spouses and dependents of retirees are also eligible. Currently, the City has 278 active employees and 6 retirees eligible to participate in the plan.

When a regular, full-time employee retires they are eligible to continue to participate in the City's group health insurance plan. Members who terminate employment prior to retirement are not eligible for retiree health care benefits.

Retirees are eligible for health care until they become Medicare eligible. The retiree pays full Medicare premiums. The City's coverage ceases when the retiree becomes eligible for Medicare coverage.

Retirees who decide to opt-out for the health care plan are not eligible to opt back in when coverage from another entity ceases.

**(continued)**

**IV. OTHER INFORMATION (Continued)**

**D. Post-retirement Health Care Benefits (Continued)**

**Annual OPEB Cost and Net OPEB Obligation**

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The City's annual OPEB cost for the current year and the related information is listed below:

Annual Required Contribution (ARC)	\$ 53,277
Interest on Net OPEB Obligation	-
Adjustment to the ARC	-
Annual OPEB Cost	<u>53,277</u>
Employer Contributions with Interest	( 22,159)
Increase (Decrease) in Net OPEB Obligation	31,118
Net OPEB Obligation, beginning of year	<u>-</u>
Net OPEB Obligation, end of year	<u>\$ 31,118</u>

Expenses for post-retirement health care benefits are funded on a pay-as-you-go basis.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current year (4.5% discount rate, and level percent of pay amortization).

Fiscal Year Ended	Annual Required Contribution	Employer Contribution	Percentage Contributed	Net OPEB Obligation
09/30/09	\$ 53,277	\$ 22,159	42%	\$ 31,118

**Funding Status and Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (AAL) (UAAL)	Funded Ratio	Covered Payroll
12/31/08	\$ -	\$ 523,754	\$ 523,754	- %	\$ 10,702,600

This is the year of implementation for GASB Statement No.45 for the City. Accordingly, the two previous years of funding status and funding progress are not available.

(continued)

#### IV. OTHER INFORMATION (Continued)

##### D. Post-retirement Health Care Benefits (Continued)

###### Annual OPEB Cost and Net OPEB Obligation (Continued)

The projection of future payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

###### Actuarial Methods and Assumptions

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial methods and significant assumptions used are as follows:

Actuarial Valuation Date	12/31/2008
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level percent of payroll
Remaining Amortization Period	30 years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	4.5%
Payroll Growth Rate	3%
Projected Salary Increases	3.75% to 17%
General Inflation Rate	3%
Healthcare cost trend rate	10%
The number of active members is assumed to remain constant in the future	

###### Supplemental Death Benefits Fund

The City also participates in the cost sharing multiple-employer defined benefit group term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected to provide group term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

(continued)

#### IV. OTHER INFORMATION (Continued)

##### D. Post-retirement Health Care Benefits (Continued)

###### Supplemental Death Benefits Fund (Continued)

The death benefit for active employees provides a lump sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

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

The City's contributions to the TMRS SDBF for the fiscal year ended 2009 were \$24,432, which equaled the required contributions. This is the year of implementation for GASB Statement No.45 for the City. Accordingly, the two previous years of funding status and funding progress are not available.

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
09/30/09	\$ 24,432	\$ 24,432	100%	\$ -

##### 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 on 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.

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.

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.

(continued)

#### IV. OTHER INFORMATION (Continued)

##### E. Municipal Solid Waste Landfill (Continued)

Estimated closure and postclosure care costs as of September 30, 2009 are \$397,060. It is estimated that the landfill requires 20 years of postclosure care as of September 30, 2009.

##### F. Prior Period Adjustments

The following prior period adjustments were made during the year ended September 30, 2009, to correct errors made in prior years and to account for changes in accounting policies made during the year:

###### Government-wide Financial Statements:

###### Governmental activities

In prior years, the City had not recorded municipal court fines receivable.	\$ 99,155
Receivables for ambulance services were overstated.	(1,665,953)
Sales taxes, franchise taxes and other taxes had not been accrued.	568,513
During the year, the City raised its capitalization threshold from \$1,000 to \$5,000. Additionally, errors were discovered in the capital asset balance from the prior year.	<u>1,042,591</u>
Net increase in beginning net assets	<u>\$ 44,306</u>

###### Business-type activities

During the year, the City raised its capitalization threshold from \$1,000 to \$5,000. Additionally, errors were discovered in the capital asset balance from the prior year.	\$ 1,112,667
Utility receivables (net) were understated.	<u>277,939</u>
Net increase in beginning net assets	<u>\$ 1,390,606</u>

###### Governmental Funds Financial Statements

Sales taxes, franchise taxes and other taxes had not been accrued.	\$ <u>568,513</u>
Net increase in beginning net assets	<u>\$ 568,513</u>

###### Proprietary Funds Financial Statements

During the year, the City raised its capitalization threshold from \$1,000 to \$5,000. Additionally, errors were discovered in the capital asset balance from the prior year.	\$ 1,112,667
Utility receivables (net) were understated.	<u>277,939</u>
Net increase in beginning net assets	<u>\$ 1,390,606</u>

# **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 BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 10,745,664	\$ 10,745,664	\$ 10,651,961	\$( 93,703)
Charges for services	896,659	971,659	892,749	( 78,910)
Intergovernmental	5,780	22,090	22,513	423
Fines	832,584	832,584	868,420	35,836
Licenses	54,824	54,824	51,347	( 3,477)
Permits	206,050	206,050	143,658	( 62,392)
Investment income	200,200	200,200	43,019	( 157,181)
Miscellaneous	<u>304,760</u>	<u>320,450</u>	<u>313,686</u>	<u>( 6,764)</u>
Total revenues	<u>13,246,521</u>	<u>13,353,521</u>	<u>12,987,353</u>	<u>( 366,168)</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,661,426	2,689,297	2,432,102	257,195
Community services	1,724,294	1,746,528	1,596,962	149,566
Fleet and facility services	353,292	361,277	347,946	13,331
Highways and streets	670,795	675,114	542,810	132,304
Public safety	8,731,782	8,906,182	8,246,321	659,861
Capital outlay	128,340	204,350	55,049	149,301
Debt service:				
Principal retirement	175,246	166,091	166,075	16
Interest and fiscal charges	<u>11,654</u>	<u>11,654</u>	<u>11,654</u>	<u>-</u>
Total expenditures	<u>14,456,829</u>	<u>14,760,493</u>	<u>13,398,919</u>	<u>1,361,574</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 1,210,308)</u>	<u>( 1,406,972)</u>	<u>( 411,566)</u>	<u>995,406</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,250,500	1,250,500	1,250,500	-
Transfers out	<u>( 165,237)</u>	<u>( 165,237)</u>	<u>( 122,070)</u>	<u>43,167</u>
Total other financing sources (uses)	<u>1,085,263</u>	<u>1,085,263</u>	<u>1,128,430</u>	<u>43,167</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ <u>( 125,045)</u>	\$ <u>( 321,709)</u>	716,864	\$ <u>1,038,573</u>
<b>FUND BALANCE, BEGINNING</b>			4,191,908	
<b>CURRENT YEAR ENCUMBRANCES</b>			147,926	
<b>PRIOR YEAR ENCUMBRANCES</b>			<u>( 401,061)</u>	
<b>PRIOR PERIOD ADJUSTMENT</b>			<u>550,695</u>	
<b>FUND BALANCE, ENDING</b>			<u>\$ 5,206,332</u>	

# CITY OF COPPERAS COVE, TEXAS

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2009

### Budgets

Budgets are adopted on a basis generally consistent with generally accepted accounting principles with a few exceptions, primarily budgeting current expenditures and capital outlay together by function and using encumbrances as discussed below. Annual appropriated budgets are adopted for the General, most 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.

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 governmental funds. Under generally accepted accounting principles, encumbrances outstanding at year-end are reported as reservations of fund balance and do not constitute expenditures or liabilities. However, encumbrances are considered to be expenditures under the City's 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 a 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, most Special Revenue, Debt Service, and Proprietary Funds. Formal annual budgetary integration is not employed for the Texas Community Development Loan Fund 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, with the modifications discussed earlier. 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 budgets approved by the City Council.
7. The legal level of control (the level at which expenditures may not legally exceed budget appropriation) established by the Charter is the department.

**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 Accounting Standards Board, nor a part of the basic financial statements, but are presented for purpose of additional analysis.

“The City Built for Family Living”

**CITY OF COPPERAS COVE, TEXAS**

**NONMAJOR GOVERNMENTAL FUNDS**

**COMBINING BALANCE SHEET**

**SEPTEMBER 30, 2009**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 1,906,642	\$ 424,487	\$ 2,714,002	\$ 5,045,131
Receivables (net of allowances for uncollectibles):				
Accounts	168,643	-	-	168,643
Taxes	35,013	31,515	-	66,528
Fines	8,806	-	-	8,806
Grants	124,417	-	-	124,417
Due from other funds	3,897	-	-	3,897
Inventory	94	-	-	94
Notes receivable	<u>127,799</u>	<u>-</u>	<u>-</u>	<u>127,799</u>
 Total assets	 <u>\$ 2,375,311</u>	 <u>\$ 456,002</u>	 <u>\$ 2,714,002</u>	 <u>\$ 5,545,315</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 110,165	\$ -	\$ 51,861	\$ 162,026
Retainage payable	1,225	-	72,404	73,629
Due to other funds	127,542	-	-	127,542
Deferred revenue	10,894	31,515	-	42,409
Other accrued liabilities	<u>39,372</u>	<u>-</u>	<u>-</u>	<u>39,372</u>
Total liabilities	<u>289,198</u>	<u>31,515</u>	<u>124,265</u>	<u>444,978</u>
Fund balances:				
Reserved for:				
Debt service	-	424,487	-	424,487
Notes receivable	127,799	-	-	127,799
Encumbrances	64,805	-	-	64,805
Inventory	94	-	-	94
Unreserved, undesignated	<u>1,893,415</u>	<u>-</u>	<u>2,589,737</u>	<u>4,483,152</u>
Total fund balances	<u>2,086,113</u>	<u>424,487</u>	<u>2,589,737</u>	<u>5,100,337</u>
 Total liabilities and fund balances	 <u>\$ 2,375,311</u>	 <u>\$ 456,002</u>	 <u>\$ 2,714,002</u>	 <u>\$ 5,545,315</u>

**CITY OF COPPERAS COVE, TEXAS**

**NONMAJOR GOVERNMENTAL FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES BY FUND TYPE**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 209,023	\$ 1,611,496	\$ -	\$ 1,820,519
Charges for services	1,083,537	-	-	1,083,537
Intergovernmental	550,702	-	-	550,702
Fines	55,315	-	-	55,315
Contributions	75,355	-	-	75,355
Investment income	13,206	25,390	23,233	61,829
Miscellaneous	<u>497</u>	<u>-</u>	<u>83,000</u>	<u>83,497</u>
Total revenues	<u>1,987,635</u>	<u>1,636,886</u>	<u>106,233</u>	<u>3,730,754</u>
<b>EXPENDITURES</b>				
Current:				
General government	82,817	-	221,069	303,886
Community services	506,179	-	-	506,179
Highways and streets	272,387	-	-	272,387
Public safety	417,772	-	-	417,772
Capital outlay	851,164	-	1,403,304	2,254,468
Debt service:				
Principal retirement	276,281	835,145	-	1,111,426
Interest and fiscal charges	63,510	642,589	12,005	718,104
Bond issuance costs	<u>6,732</u>	<u>-</u>	<u>30,551</u>	<u>37,283</u>
Total expenditures	<u>2,476,842</u>	<u>1,477,734</u>	<u>1,666,929</u>	<u>5,621,505</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 489,207)</u>	<u>159,152</u>	<u>( 1,560,696)</u>	<u>( 1,890,751)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of bonds	490,000	-	1,740,000	2,230,000
Issuance of capital leases	50,612	-	-	50,612
Transfers in	135,852	-	-	135,852
Transfers out	<u>( 113,782)</u>	<u>( 101,229)</u>	<u>-</u>	<u>( 215,011)</u>
Total other financing sources (uses)	<u>562,682</u>	<u>( 101,229)</u>	<u>1,740,000</u>	<u>2,201,453</u>
<b>NET CHANGE IN FUND BALANCES</b>	73,475	57,923	179,304	310,702
<b>FUND BALANCES, BEGINNING</b>	1,994,820	366,564	2,410,433	4,771,817
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>17,818</u>	<u>-</u>	<u>-</u>	<u>17,818</u>
<b>FUND BALANCES, BEGINNING, RESTATED</b>	<u>2,012,638</u>	<u>366,564</u>	<u>2,410,433</u>	<u>4,789,635</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 2,086,113</u>	<u>\$ 424,487</u>	<u>\$ 2,589,737</u>	<u>\$ 5,100,337</u>

# 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 technology, security, and efficiency at the Municipal Court.

**Texas Community Development Loan Fund** – to account for state development loans for business growth.

**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.

**Donations Fund** – to account for funds which are donated to the City.

**Homeland Security Grant Funds** – 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 awarded to the City by FEMA.

**City Wide Grant Funds** – to account for activity related to state and federal assistance.

“The City Built for Family Living”

**CITY OF COPPERAS COVE, TEXAS**

**NONMAJOR SPECIAL REVENUE FUNDS**

**COMBINING BALANCE SHEET**

**SEPTEMBER 30, 2009**

	<u>Recreation Activities</u>	<u>Hotel/Motel Tax</u>	<u>Drainage Utility</u>	<u>Animal Shelter</u>
<b>ASSETS</b>				
Cash and investments	\$ 120,694	\$ 351,357	\$ 1,053,780	\$ 18,772
Receivables (net of allowances for uncollectibles):				
Taxes	-	35,013	-	-
Accounts	475	-	168,168	-
Fines	-	-	-	-
Grants	-	-	-	-
Inventory	94	-	-	-
Due from other funds	-	-	-	-
Notes receivable	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	\$ <u>121,263</u>	\$ <u>386,370</u>	\$ <u>1,221,948</u>	\$ <u>18,772</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 15,459	\$ 69,666	\$ 4,844	\$ 492
Retainage payable	-	-	-	-
Deferred revenue	-	-	-	-
Due to other funds	-	-	3,125	-
Other accrued liabilities	4,683	-	15,988	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>20,142</u>	<u>69,666</u>	<u>23,957</u>	<u>492</u>
Fund balances:				
Reserved:				
Notes receivable	-	-	-	-
Encumbrances	-	-	63,720	-
Inventory	94	-	-	-
Unreserved, undesignated	<u>101,027</u>	<u>316,704</u>	<u>1,134,271</u>	<u>18,280</u>
Total fund balances	<u>101,121</u>	<u>316,704</u>	<u>1,197,991</u>	<u>18,280</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	\$ <u>121,263</u>	\$ <u>386,370</u>	\$ <u>1,221,948</u>	\$ <u>18,772</u>

<u>City Cemetery</u>	<u>Municipal Court</u>	<u>Texas Community Development Loan</u>	<u>Joint Image Campaign</u>	<u>Tobacco Grant</u>
\$ 5,295	\$ 151,883	\$ 71,864	\$ 18,348	\$ 3,079
-	-	-	-	-
-	-	-	-	-
-	8,806	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>127,799</u>	<u>-</u>	<u>-</u>
<u>\$ 5,295</u>	<u>\$ 160,689</u>	<u>\$ 199,663</u>	<u>\$ 18,348</u>	<u>\$ 3,079</u>
\$ 342	333	\$ -	\$ -	\$ -
-	-	-	-	-
-	7,894	-	-	3,000
-	-	-	-	-
<u>2,033</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79</u>
<u>2,375</u>	<u>8,227</u>	<u>-</u>	<u>-</u>	<u>3,079</u>
-	-	127,799	-	-
-	1,085	-	-	-
-	-	-	-	-
<u>2,920</u>	<u>151,377</u>	<u>71,864</u>	<u>18,348</u>	<u>-</u>
<u>2,920</u>	<u>152,462</u>	<u>199,663</u>	<u>18,348</u>	<u>-</u>
<u>\$ 5,295</u>	<u>\$ 160,689</u>	<u>\$ 199,663</u>	<u>\$ 18,348</u>	<u>\$ 3,079</u>

(continued)

**CITY OF COPPERAS COVE, TEXAS**

**NONMAJOR SPECIAL REVENUE FUNDS**

**COMBINING BALANCE SHEET**

**(Continued)**

**SEPTEMBER 30, 2009**

	<u>Donations Fund</u>	<u>Homeland Security Grants</u>	<u>FEMA Grant</u>	<u>City Wide Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
<b>ASSETS</b>					
Cash and investments	\$ 64,999	\$ 45,340	\$ 1,231	\$ -	\$ 1,906,642
Receivables (net of allowances for uncollectibles):					
Taxes	-	-	-	-	35,013
Accounts	-	-	-	-	168,643
Fines	-	-	-	-	8,806
Grants	-	67,959	45,048	11,410	124,417
Inventory	-	-	-	-	94
Due from other funds	-	-	3,897	-	3,897
Notes receivable	-	-	-	-	127,799
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,799</u>
Total assets	<u>\$ 64,999</u>	<u>\$ 113,299</u>	<u>\$ 50,176</u>	<u>\$ 11,410</u>	<u>\$ 2,375,311</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 3,701	\$ 15,328	\$ -	\$ -	\$ 110,165
Retainage payable	-	-	1,225	-	1,225
Deferred revenue	-	-	-	-	10,894
Due to other funds	-	67,959	45,048	11,410	127,542
Other accrued liabilities	-	16,589	-	-	39,372
	<u>-</u>	<u>16,589</u>	<u>-</u>	<u>-</u>	<u>39,372</u>
Total liabilities	<u>3,701</u>	<u>99,876</u>	<u>46,273</u>	<u>11,410</u>	<u>289,198</u>
Fund balances:					
Reserved:					
Notes receivable	-	-	-	-	127,799
Encumbrances	-	-	-	-	64,805
Inventory	-	-	-	-	94
Unreserved, undesignated	<u>61,298</u>	<u>13,423</u>	<u>3,903</u>	<u>-</u>	<u>1,893,415</u>
Total fund balances	<u>61,298</u>	<u>13,423</u>	<u>3,903</u>	<u>-</u>	<u>2,086,113</u>
Total liabilities and fund balances	<u>\$ 64,999</u>	<u>\$ 113,299</u>	<u>\$ 50,176</u>	<u>\$ 11,410</u>	<u>\$ 2,375,311</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, 2009**

	<u>Recreation Activities</u>	<u>Hotel/Motel Tax</u>	<u>Drainage Utility</u>	<u>Animal Shelter</u>
<b>REVENUES</b>				
Taxes	\$ -	\$ 209,023	\$ -	\$ -
Charges for services	206,696	-	862,841	-
Intergovernmental	-	-	-	-
Fines	-	-	-	-
Contributions	-	-	-	-
Investment income	949	1,107	8,844	43
Miscellaneous	<u>6</u>	<u>-</u>	<u>436</u>	<u>-</u>
Total revenues	<u>207,651</u>	<u>210,130</u>	<u>872,121</u>	<u>43</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Community services	222,812	229,290	-	-
Highways and streets	-	-	272,387	-
Public safety	-	-	-	1,091
Capital outlay	-	16,498	353,871	-
Debt service:				
Principal retirement	-	-	266,780	-
Interest and fiscal charges	-	-	54,011	-
Bond issuance costs	<u>-</u>	<u>3,130</u>	<u>3,602</u>	<u>-</u>
Total expenditures	<u>222,812</u>	<u>248,918</u>	<u>950,651</u>	<u>1,091</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 15,161)</u>	<u>( 38,788)</u>	<u>( 78,530)</u>	<u>( 1,048)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of bonds	-	210,000	280,000	-
Issuance of capital leases	-	-	-	-
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>( 100,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>210,000</u>	<u>180,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>( 15,161)</u>	<u>171,212</u>	<u>101,470</u>	<u>( 1,048)</u>
<b>FUND BALANCES, BEGINNING</b>	116,282	116,772	1,107,423	19,328
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>-</u>	<u>28,720</u>	<u>( 10,902)</u>	<u>-</u>
<b>FUND BALANCES, BEGINNING, RESTATED</b>	<u>116,282</u>	<u>145,492</u>	<u>1,096,521</u>	<u>19,328</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 101,121</u>	<u>\$ 316,704</u>	<u>\$ 1,197,991</u>	<u>\$ 18,280</u>

City Cemetery	Municipal Court	Texas Community Development Loan	Joint Image Campaign	Tobacco Grant
\$ -	\$ -	\$ -	\$ -	\$ -
14,000	-	-	-	-
-	-	-	-	-
-	55,315	-	-	-
-	-	-	38,000	-
22	1,457	501	57	-
55	-	-	-	-
<u>14,077</u>	<u>56,772</u>	<u>501</u>	<u>38,057</u>	<u>-</u>
-	-	-	38,419	-
33,833	-	-	-	-
-	-	-	-	-
-	41,140	-	-	3,000
-	76,394	-	-	-
1,198	8,303	-	-	-
95	9,404	-	-	-
-	-	-	-	-
<u>35,126</u>	<u>135,241</u>	<u>-</u>	<u>38,419</u>	<u>3,000</u>
( 21,049)	( 78,469)	<u>501</u>	( 362)	( 3,000)
-	-	-	-	-
-	50,612	-	-	-
23,965	-	-	-	-
-	-	-	-	-
<u>23,965</u>	<u>50,612</u>	<u>-</u>	<u>-</u>	<u>-</u>
2,916	( 27,857)	501	( 362)	( 3,000)
4	180,319	199,162	18,710	3,000
-	-	-	-	-
<u>4</u>	<u>180,319</u>	<u>199,162</u>	<u>18,710</u>	<u>3,000</u>
\$ <u>2,920</u>	\$ <u>152,462</u>	\$ <u>199,663</u>	\$ <u>18,348</u>	\$ <u>-</u>

(continued)

**CITY OF COPPERAS COVE, TEXAS**

**NONMAJOR SPECIAL REVENUE FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**

**(Continued)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Donations Fund	Homeland Security Grants	FEMA Grant	City Wide Grants	Special Revenue Funds
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 209,023
Charges for services	-	-	-	-	1,083,537
Intergovernmental	-	257,574	-	293,128	550,702
Fines	-	-	-	-	55,315
Contributions	37,355	-	-	-	75,355
Investment income	181	39	6	-	13,206
Miscellaneous	-	-	-	-	497
Total revenues	<u>37,536</u>	<u>257,613</u>	<u>6</u>	<u>293,128</u>	<u>1,987,635</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	32,509	11,889	-	82,817
Community services	16,577	-	3,667	-	506,179
Highways and streets	-	-	-	-	272,387
Public safety	13,263	359,278	-	-	417,772
Capital outlay	526	-	110,747	293,128	851,164
Debt service:					
Principal retirement	-	-	-	-	276,281
Interest and fiscal charges	-	-	-	-	63,510
Bond issuance costs	-	-	-	-	6,732
Total expenditures	<u>30,366</u>	<u>391,787</u>	<u>126,303</u>	<u>293,128</u>	<u>2,476,842</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>7,170</u>	<u>( 134,174)</u>	<u>( 126,297)</u>	<u>-</u>	<u>( 489,207)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of bonds	-	-	-	-	490,000
Issuance of capital leases	-	-	-	-	50,612
Transfers in	3,463	108,424	-	-	135,852
Transfers out	<u>( 13,782)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 113,782)</u>
Total other financing sources (uses)	<u>( 10,319)</u>	<u>108,424</u>	<u>-</u>	<u>-</u>	<u>562,682</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>( 3,149)</u>	<u>( 25,750)</u>	<u>( 126,297)</u>	<u>-</u>	<u>73,475</u>
<b>FUND BALANCES, BEGINNING</b>	64,447	39,173	130,200	-	1,994,820
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,818</u>
<b>FUND BALANCES, BEGINNING, RESTATED</b>	<u>64,447</u>	<u>39,173</u>	<u>130,200</u>	<u>-</u>	<u>2,012,638</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 61,298</u>	<u>\$ 13,423</u>	<u>\$ 3,903</u>	<u>\$ -</u>	<u>\$ 2,086,113</u>

# CITY OF COPPERAS COVE, TEXAS

## NONMAJOR CAPITAL PROJECTS FUNDS

**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 Fund** – to account for the purchase of land and acquisition of engineering services for a new Police Station and 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 Fund** – 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 citywide cash receipts system.

**2008A Limited Tax Notes Fund** – to purchase materials, supplies, equipment and machinery for various City departments, fire station roof repair, new ambulance for fire department, and Summers Road improvements. Payment of the debt service for this proposed issue will be derived from the Tax Interest and Sinking Fund. The issue was for \$1,060,000.

**2009 Limited Tax Notes Fund** – to account for the purchase of fire apparatus and South Park Pool renovations. Payment of the debt service for this proposed issue will be derived from the Tax Interest and Sinking Fund. The issue was for \$680,000.

“The City Built for Family Living”

**CITY OF COPPERAS COVE, TEXAS**

**NONMAJOR CAPITAL PROJECTS FUNDS**

**COMBINING BALANCE SHEET**

**SEPTEMBER 30, 2009**

	2001 Combination Tax and Revenue Certificates of Obligation	Tax Notes Series 2006	Reliever Route	2003 Capital Improvement Certificates of Obligation
<b>ASSETS</b>				
Cash and investments	\$ <u>263,969</u>	\$ <u>120,136</u>	\$ <u>109,714</u>	\$ <u>414,582</u>
Total assets	\$ <u><u>263,969</u></u>	\$ <u><u>120,136</u></u>	\$ <u><u>109,714</u></u>	\$ <u><u>414,582</u></u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ 21,363	\$ -	\$ -
Retainage payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>21,363</u>	<u>-</u>	<u>-</u>
Fund balances:				
Unreserved, undesignated	<u>263,969</u>	<u>98,773</u>	<u>109,714</u>	<u>414,582</u>
Total fund balances	<u>263,969</u>	<u>98,773</u>	<u>109,714</u>	<u>414,582</u>
Total liabilities and fund balances	\$ <u><u>263,969</u></u>	\$ <u><u>120,136</u></u>	\$ <u><u>109,714</u></u>	\$ <u><u>414,582</u></u>

<u>2008</u> <u>Tax Notes</u>	<u>2008A</u> <u>Tax Notes</u>	<u>2009</u> <u>Tax Notes</u>	<u>Total</u> <u>Nonmajor</u> <u>Capital</u> <u>Projects</u> <u>Funds</u>
\$ <u>724,468</u>	\$ <u>411,888</u>	\$ <u>669,245</u>	\$ <u>2,714,002</u>
\$ <u><u>724,468</u></u>	\$ <u><u>411,888</u></u>	\$ <u><u>669,245</u></u>	\$ <u><u>2,714,002</u></u>
\$ 93	\$ 30,405	\$ -	\$ 51,861
<u>39,606</u>	<u>32,798</u>	<u>-</u>	<u>72,404</u>
<u><u>39,699</u></u>	<u><u>63,203</u></u>	<u><u>-</u></u>	<u><u>124,265</u></u>
<u>684,769</u>	<u>348,685</u>	<u>669,245</u>	<u>2,589,737</u>
<u><u>684,769</u></u>	<u><u>348,685</u></u>	<u><u>669,245</u></u>	<u><u>2,589,737</u></u>
\$ <u><u>724,468</u></u>	\$ <u><u>411,888</u></u>	\$ <u><u>669,245</u></u>	\$ <u><u>2,714,002</u></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, 2009**

	2001 Combination Tax and Revenue Certificates of Obligation	Tax Notes Series 2006	Reliever Route	2003 Capital Improvement Certificates of Obligation
<b>REVENUES</b>				
Investment income	\$ 2,106	\$ 1,751	\$ 676	\$ 2,914
Miscellaneous	-	-	-	-
Total revenues	<u>2,106</u>	<u>1,751</u>	<u>676</u>	<u>2,914</u>
<b>EXPENDITURES</b>				
General government	-	-	-	-
Capital outlay	-	154,829	11,759	-
Debt service:				
Interest and fiscal charges	3,165	5,025	-	2,750
Bond issuance costs	-	-	-	-
Total expenditures	<u>3,165</u>	<u>159,854</u>	<u>11,759</u>	<u>2,750</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 1,059)</u>	<u>( 158,103)</u>	<u>( 11,083)</u>	<u>164</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>( 1,059)</u>	<u>( 158,103)</u>	<u>( 11,083)</u>	<u>164</u>
<b>FUND BALANCES, BEGINNING</b>	<u>265,028</u>	<u>256,876</u>	<u>120,797</u>	<u>414,418</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 263,969</u>	<u>\$ 98,773</u>	<u>\$ 109,714</u>	<u>\$ 414,582</u>

<u>2008</u> <u>Tax Notes</u>	<u>2008A</u> <u>Tax Notes</u>	<u>2009</u> <u>Tax Notes</u>	<u>Total</u> <u>Nonmajor</u> <u>Capital</u> <u>Projects</u> <u>Funds</u>
\$ 10,108	\$ 5,581	\$ 97	\$ 23,233
<u>83,000</u>	<u>-</u>	<u>-</u>	<u>83,000</u>
<u>93,108</u>	<u>5,581</u>	<u>97</u>	<u>106,233</u>
7,293	213,776	-	221,069
753,295	483,421	-	1,403,304
1,065	-	-	12,005
<u>-</u>	<u>19,699</u>	<u>10,852</u>	<u>30,551</u>
<u>761,653</u>	<u>716,896</u>	<u>10,852</u>	<u>1,666,929</u>
( 668,545)	( 711,315)	( 10,755)	( 1,560,696)
<u>-</u>	<u>1,060,000</u>	<u>680,000</u>	<u>1,740,000</u>
<u>-</u>	<u>1,060,000</u>	<u>680,000</u>	<u>1,740,000</u>
( 668,545)	348,685	669,245	179,304
<u>1,353,314</u>	<u>-</u>	<u>-</u>	<u>2,410,433</u>
<u>\$ 684,769</u>	<u>\$ 348,685</u>	<u>\$ 669,245</u>	<u>\$ 2,589,737</u>

**CITY OF COPPERAS COVE, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>TAXES</b>				
Current ad valorem	\$ 6,861,331	\$ 6,861,331	\$ 6,741,026	\$( 120,305)
Delinquent ad valorem	60,000	60,000	67,073	7,073
Penalty and interest	43,000	43,000	58,636	15,636
Franchise	1,266,633	1,266,633	1,321,777	55,144
Sales	2,400,700	2,400,700	2,309,693	( 91,007)
Mixed drink	14,000	14,000	14,132	132
Bingo	100,000	100,000	139,624	39,624
Total taxes	<u>10,745,664</u>	<u>10,745,664</u>	<u>10,651,961</u>	<u>( 93,703)</u>
<b>LICENSES</b>				
Bicycle	100	100	10	( 90)
Contractors	35,000	35,000	32,755	( 2,245)
Animal	5,414	5,414	6,159	745
Wrecker	510	510	510	-
Food establishment	12,000	12,000	10,653	( 1,347)
Vicious/dangerous	1,500	1,500	900	( 600)
Taxi cab	300	300	360	60
Total licenses	<u>54,824</u>	<u>54,824</u>	<u>51,347</u>	<u>( 3,477)</u>
<b>PERMITS</b>				
Building	75,000	75,000	44,436	( 30,564)
House moving	50	50	175	125
Alarms	7,200	7,200	4,250	( 2,950)
Street cut	9,000	9,000	15,576	6,576
Electrical	20,000	20,000	12,045	( 7,955)
Solicitors	2,500	2,500	3,515	1,015
Gas	14,000	14,000	1,375	( 12,625)
Mechanical	16,800	16,800	9,401	( 7,399)
Garage sale	7,000	7,000	8,560	1,560
Plumbing	34,000	34,000	27,270	( 6,730)
Car wash	500	500	585	85
Beverage	600	600	270	( 330)
Signs	1,500	1,500	985	( 515)
Food workers	15,000	15,000	12,830	( 2,170)
Miscellaneous	-	-	75	75
Swimming pools	900	900	470	( 430)
Burn	-	-	160	160
Certificates	2,000	2,000	1,680	( 320)
Total permits	<u>206,050</u>	<u>206,050</u>	<u>143,658</u>	<u>( 62,392)</u>
<b>CHARGES FOR SERVICES</b>				
Swimming pool	53,000	53,000	38,083	( 14,917)
Community building rental	24,500	24,500	20,670	( 3,830)
Library miscellaneous	14,790	14,790	12,870	( 1,920)
Animal shelter fees	36,124	36,124	30,980	( 5,144)

(continued)

**CITY OF COPPERAS COVE, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**(Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>CHARGES FOR SERVICES (Continued)</b>				
Ambulance fees	\$ 650,600	\$ 725,600	\$ 688,137	\$( 37,463)
Police overtime reimbursement	20,000	20,000	20,919	919
Police restitution	3,000	3,000	1,083	( 1,917)
Open records	1,200	1,200	876	( 324)
Festival	15,000	15,000	13,764	( 1,236)
Copy machine	4,800	4,800	3,907	( 893)
Mowing	24,000	24,000	14,899	( 9,101)
Service charge - nsf checks	11,500	11,500	10,525	( 975)
Plat filing fees	3,500	3,500	4,132	632
Animal identification	3,500	3,500	1,371	( 2,129)
Sale of City maps	500	500	328	( 172)
Special events	4,800	4,800	3,920	( 880)
Re-inspection fees	700	700	1,375	675
Street sign	3,475	3,475	2,980	( 495)
Pool rental	4,000	4,000	5,620	1,620
Animal tranquilization fees	350	350	260	( 90)
Fire inspection fees	1,500	1,500	1,780	280
Fire testing fees	2,000	2,000	725	( 1,275)
Rezoning request fees	1,600	1,600	600	( 1,000)
Variance request fees	220	220	440	220
RV park fees	12,000	12,000	12,505	505
Total charges for services	<u>896,659</u>	<u>971,659</u>	<u>892,749</u>	<u>( 78,910)</u>
<b>FINES</b>				
Traffic violations	325,000	325,000	340,839	15,839
Library fines	16,000	16,000	14,688	( 1,312)
Municipal court fines	135,000	135,000	157,920	22,920
Arrest warrant income	120,000	120,000	110,312	( 9,688)
Arresting officer fees	26,000	26,000	29,173	3,173
Child safety	12,000	12,000	10,708	( 1,292)
HB 70 fees	11,000	11,000	13,712	2,712
Juvenile	127,584	127,584	119,094	( 8,490)
State court fees	60,000	60,000	71,974	11,974
Total fines	<u>832,584</u>	<u>832,584</u>	<u>868,420</u>	<u>35,836</u>
<b>INVESTMENT INCOME</b>				
Investment income	200,200	200,200	43,019	( 157,181)
Total investment income	<u>200,200</u>	<u>200,200</u>	<u>43,019</u>	<u>( 157,181)</u>
<b>MISCELLANEOUS</b>				
Auction proceeds	8,000	8,000	20,337	12,337
Rental income	17,280	17,280	19,008	1,728
Miscellaneous	279,480	295,170	274,341	( 20,829)
Total miscellaneous	<u>304,760</u>	<u>320,450</u>	<u>313,686</u>	<u>( 6,764)</u>
<b>INTERGOVERNMENTAL</b>				
Grants	5,780	22,090	22,513	423
Total intergovernmental	<u>5,780</u>	<u>22,090</u>	<u>22,513</u>	<u>423</u>
Totals	<u>\$ 13,246,521</u>	<u>\$ 13,353,521</u>	<u>\$ 12,987,353</u>	<u>\$( 366,168)</u>

**CITY OF COPPERAS COVE, TEXAS**

**GENERAL FUND**

**SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL (BUDGETARY BASIS)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>GENERAL GOVERNMENT</b>				
City council	\$ 39,400	\$ 42,240	\$ 24,178	\$ 18,062
City manager	273,073	265,412	257,666	7,746
Financial services and accounting	852,806	865,561	829,155	36,406
City secretary	162,515	167,380	165,774	1,606
City attorney	155,062	218,192	218,056	136
Data processing	27,271	30,810	12,253	18,557
Personnel	236,245	241,171	237,342	3,829
Nondepartmental	547,945	506,929	367,178	139,751
Engineering	<u>376,325</u>	<u>381,706</u>	<u>320,500</u>	<u>61,206</u>
Total general government	<u>2,670,642</u>	<u>2,719,401</u>	<u>2,432,102</u>	<u>287,299</u>
<b>COMMUNITY SERVICES</b>				
Parks and recreation	982,881	994,126	935,986	58,140
Library	532,417	538,594	479,684	58,910
Code and health	<u>210,848</u>	<u>213,946</u>	<u>181,292</u>	<u>32,654</u>
Total community services	<u>1,726,146</u>	<u>1,746,666</u>	<u>1,596,962</u>	<u>149,704</u>
<b>FLEET AND FACILITY SERVICES</b>				
Fleet maintenance	244,820	253,226	246,407	6,819
Facility maintenance	<u>108,836</u>	<u>111,119</u>	<u>101,539</u>	<u>9,580</u>
Total fleet and facility services	<u>353,656</u>	<u>364,345</u>	<u>347,946</u>	<u>16,399</u>
<b>HIGHWAYS AND STREETS</b>				
Streets	<u>750,795</u>	<u>755,114</u>	<u>583,283</u>	<u>171,831</u>
Total highways and streets	<u>750,795</u>	<u>755,114</u>	<u>583,283</u>	<u>171,831</u>
<b>PUBLIC SAFETY</b>				
Building inspections	278,756	262,933	226,489	36,444
Municipal court	345,103	351,155	320,770	30,385
Animal control	238,160	240,896	212,074	28,822
Police department	4,756,817	4,911,413	4,405,114	506,299
Fire/EMS department	3,133,111	3,213,382	3,092,923	120,459
Emergency management	<u>16,743</u>	<u>17,443</u>	<u>3,527</u>	<u>13,916</u>
Total public safety	<u>8,768,690</u>	<u>8,997,222</u>	<u>8,260,897</u>	<u>736,325</u>
<b>DEBT SERVICE</b>				
Principal retirement	175,246	166,091	166,075	16
Interest and fiscal charges	<u>11,654</u>	<u>11,654</u>	<u>11,654</u>	<u>-</u>
Total debt service	<u>186,900</u>	<u>177,745</u>	<u>177,729</u>	<u>16</u>
Total expenditures	<u>\$ 14,456,829</u>	<u>\$ 14,760,493</u>	<u>\$ 13,398,919</u>	<u>\$ 1,361,574</u>

**CITY OF COPPERAS COVE, TEXAS**

**RECREATION ACTIVITIES**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>REVENUES</b>				
Charges for services	\$ 205,135	\$ 205,135	\$ 206,696	\$ 1,561
Investment income	3,800	3,800	949	( 2,851)
Miscellaneous	<u>200</u>	<u>200</u>	<u>6</u>	<u>( 194)</u>
Total revenues	<u>209,135</u>	<u>209,135</u>	<u>207,651</u>	<u>( 1,484)</u>
<b>EXPENDITURES</b>				
Current:				
Community services:				
Personnel services	72,507	74,538	70,062	4,476
Supplies and materials	158,667	149,734	131,856	17,878
Maintenance and repairs	1,200	-	-	-
Services and charges	<u>15,751</u>	<u>23,853</u>	<u>20,894</u>	<u>2,959</u>
Total expenditures	<u>248,125</u>	<u>248,125</u>	<u>222,812</u>	<u>25,313</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ ( 38,990)</u></u>	<u><u>\$ ( 38,990)</u></u>	( 15,161)	<u><u>\$ 23,829</u></u>
<b>FUND BALANCE, BEGINNING</b>			116,282	
<b>CURRENT YEAR ENCUMBRANCES</b>			-	
<b>PRIOR YEAR ENCUMBRANCES</b>			<u>-</u>	
<b>FUND BALANCE, ENDING</b>			<u>\$ 101,121</u>	

**CITY OF COPPERAS COVE, TEXAS**

**HOTEL/MOTEL TAX FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 231,700	\$ 231,700	\$ 209,023	\$( 22,677)
Investment income	<u>6,000</u>	<u>7,000</u>	<u>1,107</u>	<u>( 5,893)</u>
Total revenues	<u>237,700</u>	<u>238,700</u>	<u>210,130</u>	<u>( 28,570)</u>
<b>EXPENDITURES</b>				
Current:				
Community services:				
Supplies and materials	181,000	214,000	203,790	10,210
Maintenance and repairs	20,000	20,000	20,000	-
Capital outlay:				
General government	-	208,805	16,498	192,307
Debt service:				
Principal retirement	-	10,000	-	10,000
Interest and fiscal charges	-	9,042	-	9,042
Bond issuance costs	<u>-</u>	<u>3,996</u>	<u>3,130</u>	<u>866</u>
Total expenditures	<u>201,000</u>	<u>465,843</u>	<u>243,418</u>	<u>222,425</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>36,700</u>	<u>( 227,143)</u>	<u>( 33,288)</u>	<u>193,855</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of bonds	<u>-</u>	<u>210,000</u>	<u>210,000</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>210,000</u>	<u>210,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 36,700</u>	<u>\$( 17,143)</u>	176,712	<u>\$ 193,855</u>
<b>FUND BALANCE, BEGINNING</b>			116,772	
<b>CURRENT YEAR ENCUMBRANCES</b>			-	
<b>PRIOR YEAR ENCUMBRANCES</b>			<u>( 5,500)</u>	
<b>PRIOR PERIOD ADJUSTMENT</b>			<u>28,720</u>	
<b>FUND BALANCE, ENDING</b>			<u>\$ 316,704</u>	

**CITY OF COPPERAS COVE, TEXAS**

**DRAINAGE UTILITY FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>REVENUES</b>				
Charges for services	\$ 870,000	\$ 870,000	\$ 862,841	\$( 7,159)
Investment income	36,000	38,595	8,844	( 29,751)
Miscellaneous	<u>710</u>	<u>710</u>	<u>436</u>	<u>( 274)</u>
Total revenues	<u>906,710</u>	<u>909,305</u>	<u>872,121</u>	<u>( 37,184)</u>
<b>EXPENDITURES</b>				
Current:				
Highways and streets:				
Personnel services	276,476	276,476	216,245	60,231
Supplies and materials	28,030	27,494	15,664	11,830
Maintenance and repairs	18,500	18,304	15,123	3,181
Services and charges	47,515	58,247	16,034	42,213
Capital outlay:				
Capital drainage projects	-	274,219	93,678	180,541
Debt service:				
Principal	267,895	267,895	266,780	1,115
Interest and fiscal charges	73,360	73,360	54,011	19,349
Bond issuance costs	<u>-</u>	<u>8,121</u>	<u>3,602</u>	<u>4,519</u>
Total expenditures	<u>711,776</u>	<u>1,004,116</u>	<u>681,137</u>	<u>322,979</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>194,934</u>	<u>( 94,811)</u>	<u>190,984</u>	<u>285,795</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of bonds	-	280,000	280,000	-
Transfers out	<u>( 100,000)</u>	<u>( 100,000)</u>	<u>( 100,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>( 100,000)</u>	<u>180,000</u>	<u>180,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 94,934</u>	<u>\$ 85,189</u>	370,984	<u>\$ 285,795</u>
<b>FUND BALANCE, BEGINNING</b>			1,107,423	
<b>CURRENT YEAR ENCUMBRANCES</b>			63,720	
<b>PRIOR YEAR ENCUMBRANCES</b>			( 333,234)	
<b>PRIOR PERIOD ADJUSTMENT</b>			<u>( 10,902)</u>	
<b>FUND BALANCE, ENDING</b>			<u>\$ 1,197,991</u>	

**CITY OF COPPERAS COVE, TEXAS**

**ANIMAL SHELTER FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>REVENUES</b>				
Investment income	\$ 50	\$ 50	\$ 43	\$( 7)
Contributions	<u>500</u>	<u>500</u>	<u>-</u>	<u>( 500)</u>
Total revenues	<u>550</u>	<u>550</u>	<u>43</u>	<u>( 507)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety:				
Services and charges	\$ 14,837	\$ 14,837	1,091	13,746
Capital outlay:				
Public safety	<u>4,996</u>	<u>4,996</u>	<u>-</u>	<u>4,996</u>
Total expenditures	<u>19,833</u>	<u>19,833</u>	<u>1,091</u>	<u>18,742</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$( 19,283)</u>	<u>\$( 19,283)</u>	<u>\$( 1,048)</u>	<u>\$( 19,249)</u>
<b>FUND BALANCE, BEGINNING</b>			19,328	
<b>CURRENT YEAR ENCUMBRANCES</b>			-	
<b>PRIOR YEAR ENCUMBRANCES</b>			<u>-</u>	
<b>FUND BALANCE, ENDING</b>			<u>\$ 18,280</u>	

**CITY OF COPPERAS COVE, TEXAS**

**CITY CEMETERY FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>REVENUES</b>				
Investment income	\$ 40	\$ 40	\$ 22	\$( 18)
Sale of plots	16,112	16,112	14,000	( 2,112)
Miscellaneous	<u>55</u>	<u>55</u>	<u>55</u>	<u>-</u>
Total revenues	<u>16,207</u>	<u>16,207</u>	<u>14,077</u>	<u>( 2,130)</u>
<b>EXPENDITURES</b>				
Current:				
Community services:				
Personnel services	32,345	32,345	31,484	861
Supplies and materials	2,432	2,371	43	2,328
Maintenance and repairs	2,117	2,178	1,449	729
Services and charges	2,518	2,518	857	1,661
Debt service:				
Principal retirement	1,198	1,198	1,198	-
Interest and fiscal charges	<u>95</u>	<u>95</u>	<u>95</u>	<u>-</u>
Total expenditures	<u>40,705</u>	<u>40,705</u>	<u>35,126</u>	<u>5,579</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 24,498)</u>	<u>( 24,498)</u>	<u>( 21,049)</u>	<u>3,449</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>24,000</u>	<u>24,000</u>	<u>23,965</u>	<u>( 35)</u>
Total other financing sources (uses)	<u>24,000</u>	<u>24,000</u>	<u>23,965</u>	<u>( 35)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$( 498)</u>	<u>\$( 498)</u>	2,916	<u>\$ 3,414</u>
<b>FUND BALANCE, BEGINNING</b>			4	
<b>CURRENT YEAR ENCUMBRANCES</b>			-	
<b>PRIOR YEAR ENCUMBRANCES</b>			<u>-</u>	
<b>FUND BALANCE, ENDING</b>			<u>\$ 2,920</u>	

**CITY OF COPPERAS COVE, TEXAS**

**MUNICIPAL COURT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>REVENUES</b>				
Fines	\$ 54,265	\$ 54,265	\$ 55,315	\$ 1,050
Investment income	<u>7,700</u>	<u>7,700</u>	<u>1,457</u>	<u>( 6,243)</u>
Total revenues	<u>61,965</u>	<u>61,965</u>	<u>56,772</u>	<u>( 5,193)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety:				
Personnel services	24,163	24,163	18,034	6,129
Supplies and materials	4,257	3,664	2,204	1,460
Maintenance and repairs	21,433	27,233	14,782	12,451
Services and charges	12,015	11,408	1,420	9,988
Capital outlay:				
Public safety	29,371	29,371	26,867	2,504
Debt service:				
Principal retirement	15,404	22,204	8,303	13,901
Interest and fiscal charges	<u>9,404</u>	<u>9,404</u>	<u>9,404</u>	<u>-</u>
Total expenditures	<u>116,047</u>	<u>127,447</u>	<u>81,014</u>	<u>46,433</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u><u>\$ ( 54,082)</u></u>	<u><u>\$ ( 65,482)</u></u>	<u><u>\$ ( 24,242)</u></u>	<u><u>\$ 41,240</u></u>
<b>FUND BALANCE, BEGINNING</b>			180,319	
<b>CURRENT YEAR ENCUMBRANCES</b>			1,085	
<b>PRIOR YEAR ENCUMBRANCES</b>			<u>( 4,700)</u>	
<b>FUND BALANCE, ENDING</b>			<u><u>\$ 152,462</u></u>	

**CITY OF COPPERAS COVE, TEXAS**

**JOINT IMAGE CAMPAIGN**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>REVENUES</b>				
Investment income	\$ 75	\$ 75	\$ 57	\$( 18)
Contributions	<u>32,000</u>	<u>32,000</u>	<u>38,000</u>	<u>6,000</u>
Total revenues	<u>32,075</u>	<u>32,075</u>	<u>38,057</u>	<u>5,982</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Services and charges	<u>39,177</u>	<u>39,177</u>	<u>38,419</u>	<u>758</u>
Total expenditures	<u>39,177</u>	<u>39,177</u>	<u>38,419</u>	<u>758</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$( 7,102)</u>	<u>\$( 7,102)</u>	( 362)	<u>\$ 6,740</u>
<b>FUND BALANCE, BEGINNING</b>			18,710	
<b>CURRENT YEAR ENCUMBRANCES</b>			-	
<b>PRIOR YEAR ENCUMBRANCES</b>			<u>-</u>	
<b>FUND BALANCE, ENDING</b>			<u>\$ 18,348</u>	

**CITY OF COPPERAS COVE, TEXAS**

**TOBACCO GRANT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 3,000	\$ -	\$( 3,000)
Total revenues	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>( 3,000)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety:				
Personnel services	295	2,740	2,474	266
Supplies and materials	-	155	274	( 119)
Services and charges	<u>-</u>	<u>400</u>	<u>252</u>	<u>148</u>
Total expenditures	<u>295</u>	<u>3,295</u>	<u>3,000</u>	<u>295</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$( 295)</u>	<u>\$( 295)</u>	( 3,000)	<u>\$( 2,705)</u>
<b>FUND BALANCE, BEGINNING</b>			3,000	
<b>CURRENT YEAR ENCUMBRANCES</b>			-	
<b>PRIOR YEAR ENCUMBRANCES</b>			<u>-</u>	
<b>FUND BALANCE, ENDING</b>			<u><u>\$ -</u></u>	

**CITY OF COPPERAS COVE, TEXAS**

**DONATIONS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>REVENUES</b>				
Investment income	\$ 100	\$ 100	\$ 181	\$ 81
Contributions	<u>44,570</u>	<u>45,570</u>	<u>37,355</u>	<u>( 8,215)</u>
Total revenues	<u>44,670</u>	<u>45,670</u>	<u>37,536</u>	<u>( 8,134)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety:				
Supplies and materials	10,557	34,699	11,495	23,204
Services and charges	-	9,402	1,768	7,634
Community services:				
Supplies and materials	45,738	39,287	5,281	34,006
Services and charges	10,596	17,047	11,296	5,751
Capital outlay:				
Public safety	<u>-</u>	<u>527</u>	<u>526</u>	<u>1</u>
Total expenditures	<u>66,891</u>	<u>100,962</u>	<u>30,366</u>	<u>70,596</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 22,221)</u>	<u>( 55,292)</u>	7,170	<u>62,462</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in			3,463	
Transfers out			<u>( 13,782)</u>	
Total other financing sources (uses)			<u>( 10,319)</u>	
<b>NET CHANGE IN FUND BALANCE</b>			( 3,149)	
<b>FUND BALANCE, BEGINNING</b>			64,447	
<b>CURRENT YEAR ENCUMBRANCES</b>			-	
<b>PRIOR YEAR ENCUMBRANCES</b>			<u>-</u>	
<b>FUND BALANCE, ENDING</b>			<u>\$ 61,298</u>	

**CITY OF COPPERAS COVE, TEXAS**

**HOMELAND SECURITY GRANTS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ 39	\$ 39
Intergovernmental	<u>158,057</u>	<u>225,708</u>	<u>257,574</u>	<u>31,866</u>
Total revenues	<u>158,057</u>	<u>225,708</u>	<u>257,613</u>	<u>31,905</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Capital outlay	-	32,509	32,509	-
Public safety:				
Personnel services	299,294	313,061	337,903	( 24,842)
Services and charges	-	2,500	2,500	-
Capital outlay	<u>-</u>	<u>24,875</u>	<u>18,875</u>	<u>6,000</u>
Total expenditures	<u>299,294</u>	<u>372,945</u>	<u>391,787</u>	<u>( 18,842)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 141,237)</u>	<u>( 147,237)</u>	<u>( 134,174)</u>	<u>13,063</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>141,237</u>	<u>141,237</u>	<u>108,424</u>	<u>( 32,813)</u>
Total other financing sources (uses)	<u>141,237</u>	<u>141,237</u>	<u>108,424</u>	<u>( 32,813)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$( 6,000)</u>	<u>( 25,750)</u>	<u>\$( 19,750)</u>
<b>FUND BALANCE, BEGINNING</b>			39,173	
<b>CURRENT YEAR ENCUMBRANCES</b>			-	
<b>PRIOR YEAR ENCUMBRANCES</b>			<u>-</u>	
<b>FUND BALANCE, ENDING</b>			<u>\$ 13,423</u>	

**CITY OF COPPERAS COVE, TEXAS**

**FEMA GRANT**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 75,915	\$ -	\$( 75,915)
Investment income	<u>-</u>	<u>-</u>	<u>6</u>	<u>6</u>
Total revenues	<u>-</u>	<u>75,915</u>	<u>6</u>	<u>( 75,909)</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Services and charges	-	-	11,889	( 11,889)
Community services:				
Capital outlay	-	-	3,667	( 3,667)
Capital outlay:				
Community services	<u>4,014</u>	<u>79,929</u>	<u>106,670</u>	<u>( 26,741)</u>
Total expenditures	<u>4,014</u>	<u>79,929</u>	<u>122,226</u>	<u>( 42,297)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$( 4,014)</u>	<u>\$( 4,014)</u>	<u>\$( 122,220)</u>	<u>\$( 118,206)</u>
<b>FUND BALANCE, BEGINNING</b>			130,200	
<b>CURRENT YEAR ENCUMBRANCES</b>			-	
<b>PRIOR YEAR ENCUMBRANCES</b>			<u>( 4,077)</u>	
<b>FUND BALANCE, ENDING</b>			<u>\$ 3,903</u>	

**CITY OF COPPERAS COVE, TEXAS**

**CITY WIDE GRANTS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 438,025	\$ 293,128	\$( 144,897)
Total revenues	<u>-</u>	<u>438,025</u>	<u>293,128</u>	<u>( 144,897)</u>
<b>EXPENDITURES</b>				
Current:				
Capital outlay:				
General government	<u>-</u>	<u>438,025</u>	<u>293,128</u>	<u>144,897</u>
Total expenditures	<u>-</u>	<u>438,025</u>	<u>293,128</u>	<u>144,897</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>FUND BALANCE, BEGINNING</b>			-	
<b>CURRENT YEAR ENCUMBRANCES</b>			-	
<b>PRIOR YEAR ENCUMBRANCES</b>			<u>-</u>	
<b>FUND BALANCE, ENDING</b>			<u>\$ -</u>	

**CITY OF COPPERAS COVE, TEXAS**

**DEBT SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

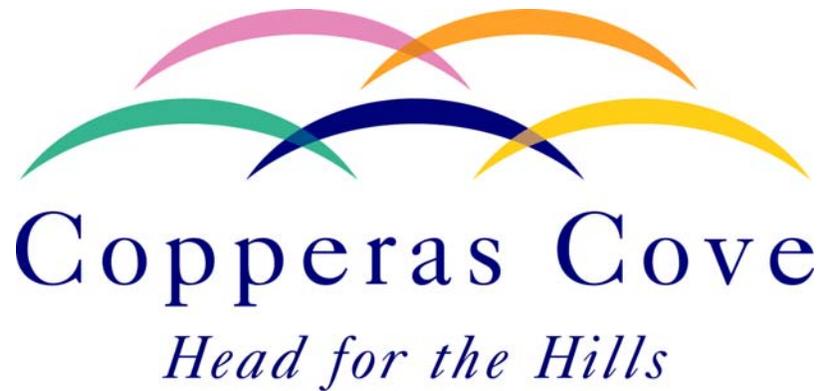
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 1,468,856	\$ 1,488,071	\$ 1,611,496	\$ 123,425
Investment income	<u>22,000</u>	<u>22,000</u>	<u>25,390</u>	<u>3,390</u>
Total revenues	<u>1,490,856</u>	<u>1,510,071</u>	<u>1,636,886</u>	<u>126,815</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	905,951	905,952	835,146	70,806
Interest and fiscal charges	<u>697,905</u>	<u>717,119</u>	<u>642,588</u>	<u>74,531</u>
Total expenditures	<u>1,603,856</u>	<u>1,623,071</u>	<u>1,477,734</u>	<u>145,337</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 113,000)</u>	<u>( 113,000)</u>	<u>159,152</u>	<u>272,152</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	<u>-</u>	<u>-</u>	<u>( 101,229)</u>	<u>( 101,229)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>( 101,229)</u>	<u>( 101,229)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$( 113,000)</u>	<u>\$( 113,000)</u>	57,923	<u>\$ 170,923</u>
<b>FUND BALANCE, BEGINNING</b>			366,564	
<b>CURRENT YEAR ENCUMBRANCES</b>			-	
<b>PRIOR YEAR ENCUMBRANCES</b>			<u>-</u>	
<b>FUND BALANCE, ENDING</b>			<u>\$ 424,487</u>	

# **CITY OF COPPERAS COVE, TEXAS**

## **STATISTICAL SECTION**

**(All Tables in the Statistical Section are Unaudited)**

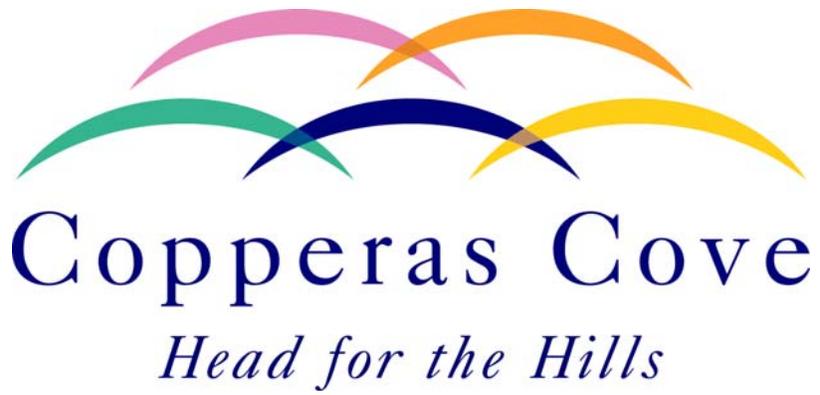
“The City Built for Family Living”



## 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”



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## **FINANCIAL TRENDS INFORMATION**

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TABLE 1

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental activities							
Invested in capital assets, net of related debt	\$ 11,374,872	\$ 15,403,434	\$ 12,609,887	\$ 2,464,242	\$ 2,647,484	\$ 4,619,317	\$ 3,816,831
Restricted							
Debt Service	424,487	366,564	156,930	97,478	129,781	121,112	221,994
Capital Projects	5,387,776	342,815	43,821	1,124,834	1,700,723	2,056,112	-
Unrestricted	7,276,161	7,088,728	5,933,671	5,642,526	4,823,357	1,156,366	3,124,279
Total governmental activities net assets	<u>\$ 24,463,296</u>	<u>\$ 23,201,541</u>	<u>\$ 18,744,309</u>	<u>\$ 9,329,080</u>	<u>\$ 9,301,345</u>	<u>\$ 7,952,907</u>	<u>\$ 7,163,104</u>
Business-type activities							
Invested in capital assets, net of related debt	\$ 25,553,411	\$ 23,052,050	\$ 20,770,346	\$ 21,359,736	\$ 19,448,721	\$ 19,766,421	\$ 17,378,940
Restricted							
Debt Service	1,075,085	378,138	825,526	555,900	571,000	571,000	675,400
Capital Projects	-	523,457	783,250	78,155	78,155	199,955,000	-
Unrestricted	1,995,872	3,415,881	3,170,782	2,001,545	2,534,178	773,682	2,182,114
Total business-type activities net assets	<u>\$ 28,624,368</u>	<u>\$ 27,369,526</u>	<u>\$ 25,549,904</u>	<u>\$ 23,995,336</u>	<u>\$ 22,632,054</u>	<u>\$ 221,066,103</u>	<u>\$ 20,236,454</u>
Primary government							
Invested in capital assets, net of related debt	\$ 36,928,283	\$ 38,455,484	\$ 33,380,233	\$ 23,823,978	\$ 22,096,205	\$ 24,385,738	\$ 21,195,771
Restricted							
Debt Service	1,499,572	744,702	982,456	653,378	700,781	692,112	897,394
Capital Projects	5,387,776	866,272	827,071	1,202,989	1,778,878	2,134,267	-
Unrestricted	9,272,033	10,504,609	9,104,453	7,932,977	7,357,535	1,930,048	5,306,393
Total primary government net assets	<u>\$ 53,087,664</u>	<u>\$ 50,571,067</u>	<u>\$ 44,294,213</u>	<u>\$ 33,613,322</u>	<u>\$ 31,933,399</u>	<u>\$ 29,142,165</u>	<u>\$ 27,399,558</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.

TABLE 2

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Expenses</b>							
Governmental activities:							
General government	\$ 3,034,581	\$ 2,175,856	\$ 1,839,306	\$ 2,091,253	\$ 1,977,274	\$ 1,896,278	\$ 1,708,931
Community Services	2,289,134	2,344,074	2,258,488	2,292,606	1,802,034	1,855,310	1,663,213
Fleet and Facility Maintenance	354,495	414,669	386,747	437,608	354,464	344,483	321,073
Highways and Streets	1,178,405	1,598,678	897,493	1,212,838	877,655	834,013	778,099
Public Safety	9,165,778	8,893,527	7,888,352	8,457,720	6,770,603	6,530,561	6,228,186
Interest on long-term debt	765,655	679,576	492,193	444,344	364,607	464,477	398,906
Total governmental activities expenses	<u>16,788,048</u>	<u>16,106,380</u>	<u>13,762,579</u>	<u>14,936,369</u>	<u>12,146,637</u>	<u>11,925,122</u>	<u>11,098,408</u>
Business-type activities:							
Water and Sewer	8,380,368	8,095,813	7,071,789	7,429,996	6,416,373	6,093,256	5,353,609
Solid Waste	2,329,168	2,435,324	2,267,473	2,115,989	1,906,728	1,863,151	1,694,338
Golf Course	741,818	789,415	786,556	949,662	760,694	744,913	661,982
Total business-type activities expenses	<u>11,451,354</u>	<u>11,320,552</u>	<u>10,125,818</u>	<u>10,495,647</u>	<u>9,083,795</u>	<u>8,701,320</u>	<u>7,709,929</u>
Total primary government expenses	<u>\$ 28,239,402</u>	<u>\$ 27,426,932</u>	<u>\$ 23,888,397</u>	<u>\$ 25,432,016</u>	<u>\$ 21,230,432</u>	<u>\$ 20,626,442</u>	<u>\$ 18,808,337</u>
<b>Program Revenues</b>							
Governmental activities:							
Charges for services:							
General government	\$ 318,728	\$ 253,864	\$ 470,885	\$ 355,323	\$ 324,440	\$ 265,068	\$ 256,191
Community Services	1,018,263	1,315,084	933,020	900,461	825,813	672,719	314,729
Highways and Streets	865,821	861,909	837,486	790,940	754,729	730,424	740,218
Public Safety	994,799	2,299,739	1,261,826	938,489	1,026,549	1,156,323	1,447,861
Operating grants and contributions	299,511	821,392	450,303	160,504	699,807	654,160	25,513
Capital grants and contributions	507,970	1,805,607	450,824	909,162	-	-	-
Total governmental activities program revenues	<u>4,005,092</u>	<u>7,357,595</u>	<u>4,404,344</u>	<u>4,054,879</u>	<u>3,631,338</u>	<u>3,478,694</u>	<u>2,784,512</u>
Business-type activities:							
Charges for services:							
Water and Sewer	8,782,371	8,901,647	8,526,099	8,035,814	8,084,493	7,294,845	6,453,411
Solid Waste	2,991,428	3,023,495	2,690,123	2,795,138	2,430,997	2,305,309	2,314,581
Golf Course	530,908	674,696	633,730	750,858	707,654	605,202	619,452
Capital grants and contributions	-	1,345,220	370,434	810,756	-	-	-
Total business-type activities program revenues	<u>12,304,707</u>	<u>13,945,058</u>	<u>12,220,386</u>	<u>12,392,566</u>	<u>11,223,144</u>	<u>10,205,356</u>	<u>9,387,444</u>
Total primary government program revenues	<u>\$ 16,309,799</u>	<u>\$ 21,302,653</u>	<u>\$ 16,624,730</u>	<u>\$ 16,447,445</u>	<u>\$ 14,854,482</u>	<u>\$ 13,684,050</u>	<u>\$ 12,171,956</u>
Net (expense)/revenue							
Governmental activities	\$ (12,782,956)	\$ (8,748,785)	\$ (9,358,235)	\$ (10,881,490)	9,301,345	7,952,907	7,163,104
Business-type activities	853,353	2,624,506	2,106,593	2,322,084	22,632,054	21,189,258	20,236,454
Total primary government net expense	<u>\$ (11,929,603)</u>	<u>\$ (6,124,279)</u>	<u>\$ (7,251,642)</u>	<u>\$ (8,559,406)</u>	<u>\$ 31,933,399</u>	<u>\$ 29,142,165</u>	<u>\$ 27,399,558</u>

(Continued)

TABLE 2

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>General Revenues and Other Changes in Net Assets</b>							
Governmental activities:							
Ad valorem taxes	\$ 8,468,730	\$ 7,717,778	\$ 6,831,452	\$ 6,014,274	\$ 5,527,376	\$ 5,271,694	\$ 5,015,694
Beverage taxes	14,132	13,702	13,382	13,778	14,724	16,023	16,131
Franchise taxes	1,321,777	1,246,655	1,270,632	1,325,208	1,111,332	1,075,859	1,064,181
City sales taxes	2,309,693	2,582,748	2,275,752	2,122,243	2,034,195	1,985,647	1,924,665
Bingo taxes	139,624	90,073	84,462	85,382	71,964	62,794	61,489
Other Taxes	209,023	-	-	-	-	-	-
Miscellaneous	344,326	-	-	-	-	-	-
Unrestricted investment earnings	143,829	489,974	610,569	372,250	206,744	87,779	138,493
Transfers	1,049,271	1,065,087	996,616	976,090	897,402	708,408	970,324
Total governmental activities	<u>\$ 14,000,405</u>	<u>\$ 13,206,017</u>	<u>\$ 12,082,865</u>	<u>\$ 10,909,225</u>	<u>\$ 9,863,737</u>	<u>\$ 9,208,204</u>	<u>\$ 9,190,977</u>
Business-type activities:							
Unrestricted investment earnings	60,154	260,206	456,616	442,453	200,849	157,176	140,550
Loss on sale of capital assets	-	-	-	-	-	-	(5,055)
Transfers	(1,049,271)	(1,065,087)	(996,616)	(976,090)	(897,402)	(708,408)	(970,324)
Total business-type activities	<u>(989,117)</u>	<u>(804,881)</u>	<u>(540,000)</u>	<u>-</u>	<u>(897,402)</u>	<u>(708,408)</u>	<u>(970,324)</u>
Total primary government	<u>\$ 13,011,288</u>	<u>\$ 12,401,136</u>	<u>\$ 11,542,865</u>	<u>\$ (533,637)</u>	<u>\$ (696,553)</u>	<u>\$ (551,232)</u>	<u>\$ (834,829)</u>
<b>Changes in Net Assets</b>							
Governmental activities	1,217,449	4,457,232	2,724,630	316,641	1,348,438	761,776	877,081
Business-type activities	(135,764)	1,819,625	1,554,568	1,363,282	1,442,796	952,804	842,686
Total primary government	<u>\$ 1,081,685</u>	<u>\$ 6,276,857</u>	<u>\$ 4,279,198</u>	<u>\$ 1,679,923</u>	<u>\$ 2,791,234</u>	<u>\$ 1,714,580</u>	<u>\$ 1,719,767</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.

TABLE 3

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Bingo Tax</b>	<b>Beverage Tax</b>	<b>Total</b>
2009	8,468,730	2,309,693	1,321,777	139,624	14,132	12,253,956
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

**Source: City of Copperas Cove Finance Department**

TABLE 4

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund							
Reserved							
Encumbrances	\$ 147,926	\$ 439,561	\$ 590,556	\$ 131,428	\$ 60,697	\$ 77,437	\$ 83,476
Inventory and Prepaid Expenditures	75,462	73,708	67,352	108,590	131,954	125,190	60,334
Unreserved							
Designated for Contingencies	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Undesignated	3,982,944	2,678,639	2,328,429	2,124,192	1,940,696	1,590,806	1,933,941
Total general fund	<u>\$ 5,206,332</u>	<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	\$ 424,487	\$ 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	64,805	729,673	638,251	562,887	226,636	265,466	44,432
Inventory and Prepaid Expenditures	94	2,510	323	936	452	-	-
Non-current Portion of Note Receivable	127,799	-	-	-	-	52,000	59,200
Unreserved, reported in:							
Special revenue funds	1,893,415	1,110,626	1,076,333	1,030,414	1,085,112	965,858	947,594
Capital projects funds	5,387,776	2,562,445	2,055,656	1,839,519	377,810	458,695	382,210
Total all other governmental funds	<u>\$ 7,898,376</u>	<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>

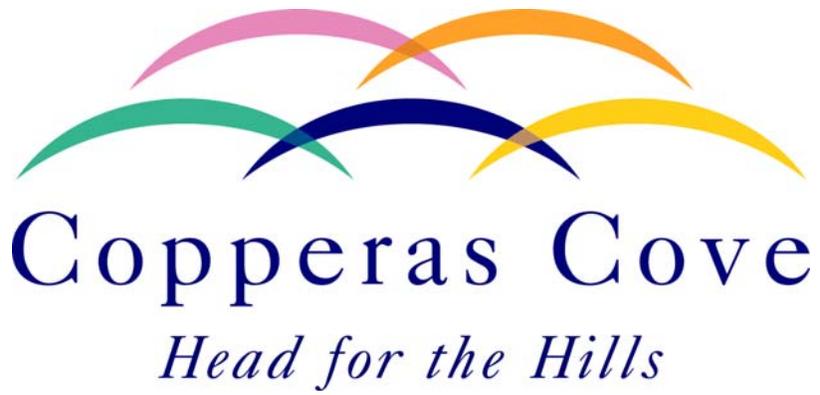
Note: City of Copperas Cove first applied GASB Statement No. 34 in fiscal year 2003; therefore, government-wide financial information for years prior to fiscal year 2003 are not available.

TABLE 5

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

	2009	2008	2007	2006	2005	2004	2003
<b>Revenues</b>							
Taxes	\$ 12,472,480	\$ 11,636,499	\$ 10,435,134	\$ 9,526,380	\$ 8,747,317	\$ 8,398,186	\$ 8,028,158
Licenses	51,347	38,848	39,784	49,830	47,858	52,878	55,847
Permits	143,658	181,354	178,795	216,373	181,123	117,262	112,590
City Services Provided	1,976,286	1,972,570	1,801,220	1,719,278	1,500,160	1,353,824	1,382,763
Fines	923,735	800,841	815,533	706,025	733,830	938,078	862,917
Interest	143,829	489,974	610,569	372,250	206,744	87,779	138,493
Miscellaneous	397,183	305,318	498,590	202,610	212,373	205,857	205,426
Intergovernmental	573,215	728,358	103,226	220,980	781,026	760,500	191,917
Contributions	75,355	98,560	153,077	43,420	126,549	46,792	1,612
Total revenues	<u>16,757,088</u>	<u>16,252,322</u>	<u>14,635,928</u>	<u>13,057,146</u>	<u>12,536,980</u>	<u>11,961,156</u>	<u>10,979,723</u>
<b>Expenditures</b>						199,955,000	
General government	2,739,976	2,054,435	1,872,769	1,823,669	1,849,677	1,752,068	1,556,318
Community Services	2,103,284	1,884,340	1,780,748	1,604,037	1,429,971	1,421,453	1,352,840
Fleet and Facility Services	347,946	400,647	376,342	361,661	341,005	331,170	306,347
Highways and Streets	815,197	986,425	878,940	854,966	711,295	632,486	602,395
Public Safety	8,559,414	8,274,073	7,433,330	6,807,383	6,333,450	6,010,275	5,783,487
Capital Outlay	10,031,225	4,418,877	2,370,118	3,088,289	1,870,826	3,472,547	1,538,534
Debt service:							
Principal Retirement	1,277,501	873,731	926,000	710,600	640,000	635,000	751,111
Interest and fiscal charges	729,758	666,848	464,207	411,537	508,259	550,497	381,784
Bond Issuance Costs	91,072	-	-	-	-	-	-
Total expenditures	<u>26,695,373</u>	<u>19,559,376</u>	<u>16,102,454</u>	<u>15,662,142</u>	<u>13,684,483</u>	<u>14,805,496</u>	<u>12,272,816</u>
Excess of revenues over (under) expenditures	(9,938,285)	(3,307,054)	(1,466,526)	(2,604,996)	(1,147,503)	(2,844,340)	(1,293,093)
<b>Other financing sources (uses)</b>							
Capital leases	50,612	50,823	-	559,828	191,286	-	-
Proceeds from sale of bonds	6,895,000	1,612,673	5,251,270	1,226,147	-	-	4,087,400
Proceeds from fixed asset dispositions	-	-	-	300,186	-	-	-
Contributions - Developers	-	1,805,607	450,824	909,162	-	-	-
Transfers in	1,386,352	1,571,164	1,264,260	1,280,920	1,194,335	1,143,412	1,084,188
Transfers out	(337,081)	(506,077)	(267,643)	(304,830)	(296,933)	(435,004)	(113,864)
Total other financing sources (uses)	<u>7,994,883</u>	<u>4,534,190</u>	<u>6,698,711</u>	<u>3,971,413</u>	<u>1,088,688</u>	<u>708,408</u>	<u>5,057,724</u>
Net change in fund balances	<u>(1,943,402)</u>	<u>1,227,136</u>	<u>5,232,185</u>	<u>1,366,417</u>	<u>(58,815)</u>	<u>(2,135,932)</u>	<u>3,764,631</u>
Debt service as a percentage of noncapital expenditures	12.0%	10.2%	10.1%	8.9%	9.7%	10.5%	10.6%

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.



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**REVENUE CAPACITY  
INFORMATION**

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TABLE 6

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

Fiscal Year	Tax Year	Real Property		Other Property		Less:	Less:	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
		Residential Property	Commercial Property	Personal Property	Other	Tax Exempt Real Property	Real Property Freeze*				
2009	2008	\$ 1,041,083,408	\$ 236,161,374	\$ 67,222,770	\$ 114,180	\$ 119,893,916	\$ 86,150,945	\$ 1,138,536,871	0.740	\$ 1,138,536,871	100.00%
2008	2007	867,633,248	204,100,078	66,011,498	115,920	102,803,530	-	1,035,057,214	0.740	1,035,057,214	100.00%
2007	2006	785,140,036	159,987,484	62,029,470	90,590	87,723,750	-	919,523,830	0.740	919,785,031	99.97%
2006	2005	737,593,910	52,350,230	59,473,482	50,180	70,659,836	-	778,807,966	0.775	778,807,966	100.00%
2005	2004	716,849,289	846,460	66,419,767	-	67,161,105	-	716,954,411	0.775	716,954,411	100.00%
2004	2003	685,748,077	828,660	60,726,750	-	63,795,771	-	683,507,716	0.775	683,946,827	99.94%
2003	2002	676,074,030	39,800	56,052,960	54,300	61,948,770	-	670,272,320	0.745	670,544,556	99.96%
2002	2001	639,287,230	21,780	59,638,440	52,070	57,881,160	-	641,118,360	0.745	642,285,232	99.82%
2001	2000	609,399,240	661,550	54,506,658	-	55,251,548	-	609,315,900	0.745	609,313,400	100.00%
2000	1999	596,890,530	589,710	48,054,450	-	53,195,726	-	592,338,964	0.705	592,338,964	100.00%

\* Freeze on real property started Tax Year 2008.

Source: Coryell County Appraisal District

TABLE 7

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

<b>Fiscal Year</b>	<b>Tax Year</b>	<b>City of Copperas Cove</b>			<b>Coryell County Rate</b>	<b>CCISD School Rate</b>	<b>Central Texas College</b>	<b>Total Direct &amp; Overlapping Rates</b>
		<b>Basic Rate</b>	<b>Debt Service Rate</b>	<b>Total City Rate</b>				
2009	2008	0.599	0.141	0.740	0.399	1.181	0.1410	2.461
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

Source: Coryell County Tax Assessor - Collector

TABLE 8

**City of Copperas Cove, Texas**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**Current Year and Nine Years Ago**

<b>2009</b>			
<b><u>Principal Taxpayer</u></b>	<b>Type of Business</b>	<b>Taxable Assessed Value</b>	<b>Percentage of Total Taxable Assessed Value</b>
Wal-Mart Real Estate	Developer	\$ 11,137,720	0.98%
Oncor Electric Delivery Co. (FKA TXU)	Electric Utility	9,523,200	0.84%
Wal-Mart Properties Stores East	Developer	8,065,690	0.71%
Cove Terrace Associates, Ltd.	Developer	7,000,000	0.61%
Colonial Plaza Partnership	Retailer	5,871,540	0.52%
Naman Hospitality, Inc.	Hospitality	5,501,970	0.48%
Central Telephone Company of Texas	Telephone Utility	5,148,030	0.45%
Crosstowne, Ltd.	Retailer	5,130,784	0.45%
HEB Grocery Store	Retailer	4,159,370	0.37%
Judy Lane Properties	Developer	3,712,170	0.33%
Subtotals		\$ 65,250,474	5.73%
All Other taxpayers		1,073,286,397	94.27%
Total		\$ 1,138,536,871	100.00%

<b>2000</b>			
<b><u>Principal Taxpayer</u></b>	<b>Type of Business</b>	<b>Taxable Assessed Value</b>	<b>Percentage of Total Taxable Assessed Value</b>
Wal-Mart Stores, Inc.	Discount Department Store	\$ 13,831,180	2.34%
Texas Utilities	Electric Utility	8,225,630	1.39%
Central Telephone Company of Texas	Telephone Utility	7,264,800	1.23%
HEB Grocery Store	Retailer	3,996,420	0.67%
Colonial Plaza Partnership	Retailer	3,100,100	0.52%
Veteran's Administration	Government	3,089,720	0.52%
TWE Advance Newhse Partnership	Cable Television	2,744,470	0.46%
Judy Lane Properties	Developer	2,512,500	0.42%
Copper Commons, III	Apartment Complex	2,472,350	0.42%
Cove Terrace Associates, Ltd.	Developer	2,324,630	0.39%
Subtotals		\$ 49,561,800	8.37%
All Other taxpayers		542,777,164	91.63%
Total		\$ 592,338,964	100.00%

Source: Coryell County Tax Appraisal District, Gatesville, TX

TABLE 9

**City of Copperas Cove, Texas  
PROPERTY TAX LEVIES AND COLLECTIONS  
Last Ten Fiscal Years**

Fiscal Year	Tax Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Tax Collected	Total Taxes Collected	Total Collections as a Percent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a Percent of Current Levy
			Amount	Percentage of Levy					
2009	2008	\$ 8,425,173	\$ 8,323,643	98.8%	\$ 7,462	\$ 8,331,105	98.88%	\$ 94,068	1.12%
2008	2007	7,659,423	7,552,143	98.6%	55,542	7,607,685	99.32%	51,738	0.68%
2007	2006	6,806,409	6,672,244	98.0%	65,870	6,738,114	99.00%	68,295	1.00%
2006	2005	6,028,012	5,917,161	98.2%	54,883	5,972,044	99.07%	55,968	0.93%
2005	2004	5,556,397	5,439,155	97.9%	51,672	5,490,827	98.82%	65,570	1.18%
2004	2003	5,300,588	5,187,537	97.9%	72,677	5,260,214	99.24%	40,374	0.76%
2003	2002	4,995,557	4,907,299	98.2%	48,118	4,955,417	99.20%	40,140	0.80%
2002	2001	4,785,025	4,703,406	98.3%	17,500	4,720,906	98.66%	64,119	1.34%
2001	2000	4,539,385	4,453,684	98.1%	40,788	4,494,472	99.01%	44,913	0.99%
2000	1999	4,175,990	4,112,348	98.5%	36,683	4,149,031	99.35%	26,959	0.65%

Source: City of Copperas Cove Finance Department

TABLE 10

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

<b>Fiscal Year</b>	<b>Tax Year</b>	<b>Total Assessed Valuation</b>	<b>Assessment Rate</b>	<b>Gross Tax Rate</b>
2009	2008	\$ 1,138,536,871	100.00%	0.7400
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

Source: City of Copperas Cove Finance Department

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

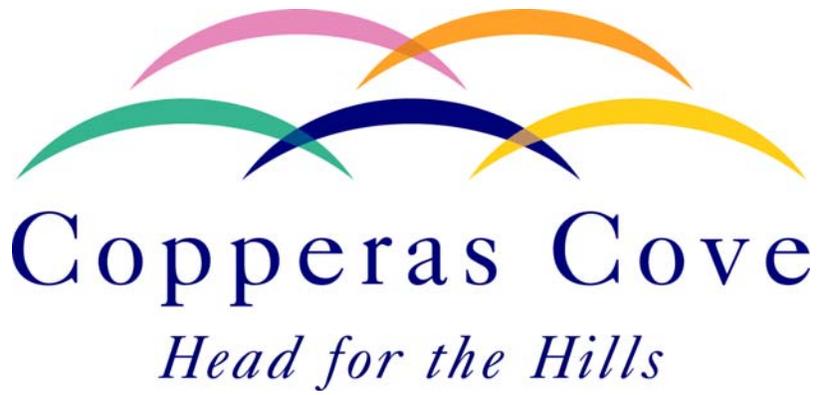
<b>Fiscal Year</b>	<b>Tax Year</b>	<b>Estimated Actual Property Value</b>	<b>Value of Construction Permits Issued</b>	<b>Bank Deposits</b>
2009	2008	1,138,536,871	29,127,185	211,349,000
2008	2007	1,035,057,214	35,712,399	213,645,000
2007	2006	919,785,031	46,936,833	199,955,000
2006	2005	778,807,996	58,148,330	194,539,000
2005	2004	716,936,911	53,956,123	171,489,000
2004	2003	683,946,827	31,519,255	145,366,000
2003	2002	670,249,206	22,299,548	134,272,000
2002	2001	670,249,206	15,018,299	125,039,000
2001	2000	609,332,900	13,290,539	114,167,000
2000	1999	645,534,690	13,723,119	112,476,000

**Source:**  
**Coryell County**  
**Appraisal**  
**District**

**Source:**  
**Building**  
**Department, City**  
**of Copperas**  
**Cove, TX**

**Source:**  
**Financial**  
**Institutions,**  
**Copperas Cove,**  
**Texas Only**

<http://www2.fdic.gov/sod>



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**DEBT CAPACITY  
INFORMATION**

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**City of Copperas Cove, Texas**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

<u>Faxing 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>
Bell County	\$ 129,461,791	9/30/2008	-	\$ -
Copperas Cove I.S.D.	41,028,682 *	9/30/2009	81.76%	33,545,050
Coryell County	-	9/30/2009	37.33%	-
Lampasas County	7,560,000 *	9/30/2009	2.36%	178,416
Lampasas I.S.D.	49,491,781 *	9/30/2009	17.89%	8,854,080
Total Overlapping Debt				<u>\$ 42,577,546</u>
City of Copperas Cove Direct Debt		9/30/2009		<u>21,433,777</u>
Total Direct and Overlapping Debt				\$ 64,011,323
Total Direct and Overlapping Debt % of A.V.				5.62%
Total Direct and Overlapping Debt % of Capita				\$ 2,135

\* Gross Debt

Source: Municipal Advisory Council and City of Copperas Cove Finance Department

**TABLE 13**

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

	<b>Fiscal Year</b>									
	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
Assessed Value, Tax Roll	\$ 1,136,914,737	\$ 1,138,536,871	\$ 1,035,057,214	\$ 907,217,167	\$ 778,807,966	\$ 716,936,911	\$ 683,946,827	\$ 670,249,206	\$ 642,285,232	\$ 609,332,900
	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Legal Debt Limit	<u>\$ 17,053,721</u>	<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>	<u>\$ 10,259,202</u>	<u>\$ 10,053,738</u>	<u>\$ 9,634,278</u>	<u>\$ 9,139,994</u>
Actual amount expended for General Obligation Debt Service During the Year	\$ 1,578,962	\$ 1,355,491	\$ 1,194,250	\$ 946,117	\$ 974,441	\$ 1,018,074	\$ 927,725	\$ 938,301	\$ 776,199	\$ 780,607

**Source: City of Copperas Cove Finance Department**

TABLE 14

**City of Copperas Cove, Texas**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**  
(Amounts Expressed in Thousands, Except Per Capita Amount)

	FISCAL YEAR									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>Government Activities</b>										
General Obligation Bonds	\$ 15,060	\$ 7,630	\$ 8,473	\$ 2,259	\$ 3,768	\$ 10,238	\$ 10,910	\$ 5,386	\$ 6,042	\$ 6,707
Certificate of Obligation	11,629	13,280	14,588	16,326	10,380	11,037	11,723	5,705	5,685	4,472
Tax Notes	4,748	4,221	1,103	1,443	-	-	-	-	-	-
Capital Lease	391	460	546	761	350	269	293	369	15	35
Note Payable	-	27	29	31	31	34	38	40	124	257
<b>Business-Type Activities</b>										
General Obligation Bonds	\$ 17,313	\$ 18,537	\$ 19,670	\$ 5,902	\$ 6,641	\$ 1,399	\$ 1,682	\$ 1,960	\$ 2,238	\$ -
Certificate of Obligation	11,991	12,219	12,820	26,711	34,558	32,068	34,691	29,608	22,135	24,681
Revenue Bonds	-	-	-	-	-	-	47	7,659	8,262	11,858
Tax Notes	4,090	2,466	-	-	-	-	-	-	-	-
Capital Leases	721	1,211	750	1,083	953	206	116	262	408	348
<b>Total Government Debt</b>	<b>\$ 65,945</b>	<b>\$ 60,051</b>	<b>\$ 57,980</b>	<b>\$ 54,517</b>	<b>\$ 56,682</b>	<b>\$ 55,250</b>	<b>\$ 59,500</b>	<b>\$ 50,989</b>	<b>\$ 44,909</b>	<b>\$ 48,357</b>
<b>Percentage of Personal Income</b>	<b>302.57%</b>	<b>293.29%</b>	<b>283.17%</b>	<b>266.26%</b>	<b>276.83%</b>	<b>269.84%</b>	<b>290.60%</b>	<b>249.03%</b>	<b>219.33%</b>	<b>236.18%</b>
<b>Per Capita</b>	<b>\$ 2,199</b>	<b>\$ 2,003</b>	<b>\$ 1,933</b>	<b>\$ 1,818</b>	<b>\$ 1,890</b>	<b>\$ 1,842</b>	<b>\$ 1,984</b>	<b>\$ 1,700</b>	<b>\$ 1,498</b>	<b>\$ 1,613</b>

Source: Financial Department, City of Copperas Cove

Note: The personal income used to calculate the Percentage of Personal Income is taken from the Demographic Statistics Report.

**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 Assessed Value of Property</u>	<u>Per Capita</u>
2009	\$ 26,167	\$ 424	\$ 25,743	2.26%	\$ 858
2008	28,143	367	27,777	2.68%	926
2007	8,161	143	8,018	0.87%	267
2006	10,409	97	10,311	1.32%	344
2005	11,637	130	11,507	1.61%	384
2004	12,592	121	12,471	1.82%	416
2003	7,346	122	7,224	1.08%	241
2002	8,280	95	8,185	1.27%	277
2001	6,707	117	6,590	1.08%	223
2000	7,371	150	7,221	1.22%	244

Source: City of Copperas Cove Finance Department

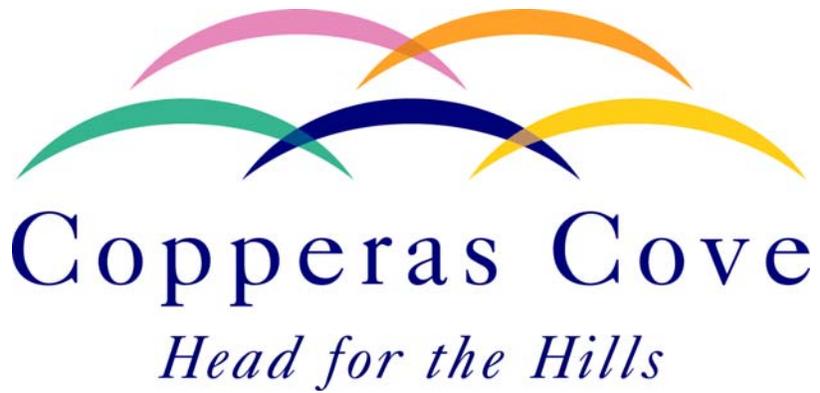
**City of Copperas Cove, Texas**  
**REVENUE BOND COVERAGE - WATER AND SEWER FUND**  
**Last Seven Fiscal Years**

<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>	
2009	8,782,371	5,814,507	2,967,864	1,624,048	1,051,425	2,675,473	1.11
2008	8,901,647	5,659,695	3,241,952	1,390,177	1,051,998	2,442,175	1.33
2007	8,526,099	4,824,370	3,701,729	1,340,000	1,075,349	2,415,349	1.53
2006	8,035,814	4,622,498	3,413,316	1,410,000	1,093,275	2,503,275	1.36
2005	7,468,582	4,023,862	3,444,720	1,135,000	1,166,100	2,301,100	1.50
2004	7,294,845	3,728,182	3,566,663	853,159	1,367,954	2,221,113	1.61
2003	6,453,411	3,479,829	2,973,582	1,032,889	905,857	1,938,746	1.53

\* Total operating expense less depreciation.

Data Prior to 2003 not Available.

Source: City of Copperas Cove Finance Department



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## **DEMOGRAPHIC & ECONOMIC INFORMATION**

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**City of Copperas Cove, Texas**  
**DEMOGRAPHIC STATISTICS**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population*</b>	<b>Per Capita Personal Income*</b>	<b>Median Age*</b>	<b>School Enrollment**</b>	<b>Unemployment Rate***</b>
2009	29,988	\$ 21,795	30.5	7,932	6.9%
2008	29,988	20,475	27.3	7,871	5.4%
2007	29,988	20,672	26.9	7,788	4.7%
2006	29,988	20,088	28.1	7,315	5.4%
2005	29,988	20,389	28.1	7,340	5.4%
2004	29,988	18,305	27.1	7,444	5.3%
2003	29,988	17,628	28.0	7,592	5.5%
2002	29,592	16,823	28.0	7,414	5.1%
2001	29,592	15,046	N/A****	7,242	5.2%
2000	29,592	13,820	N/A****	7,316	4.2%

**Source:**

\* <http://www.infoplease.com/us/census/data/texas/copperas-cove/>

\*\* <http://.tea.state.tx.us/per report/aegis>

\*\*\* [www.tracer2.com](http://www.tracer2.com)

\*\*\*\* Data not Available.

**Note:** The population, personal income, and the median age are the latest data available, not necessarily from research conducted in 2009, but not earlier than 2003.

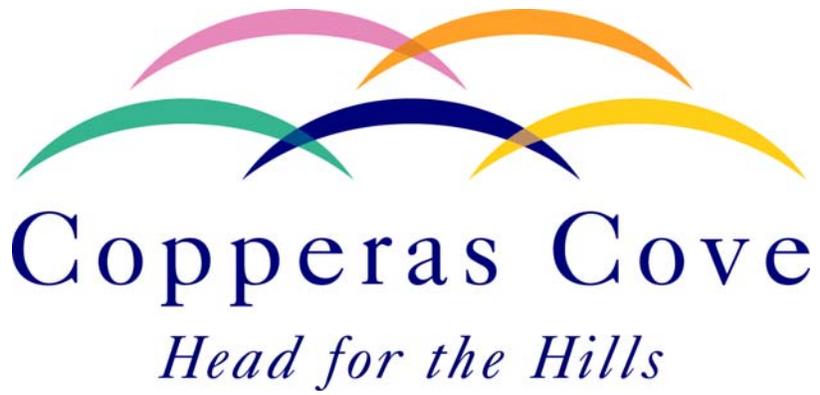
**City of Copperas Cove, Texas**  
**PRINCIPAL EMPLOYERS**  
**Current Year and Nine Years Ago**

<u>Employer</u>	<b>2009</b>		
	<b>Employer's Percentage of</b>		
	<u>Employees</u>	<u>Principal Employment</u>	<u>Rank</u>
Fort Hood - Military	44,000	65.3%	1
Fort Hood - Civilian	17,098	25.4%	2
Central Texas College	1,798	2.7%	3
Copperas Cove ISD	1,300	1.9%	4
GC Services	1,200	1.8%	5
Metroplex Hospital	1,000	1.5%	6
Wal-Mart	400	0.6%	7
City of Copperas Cove	303	0.4%	8
HEB Grocery	145	0.2%	9
Windcrest Nursing Home	101	0.1%	10
<b>Totals</b>	<u>67,345</u>	<u>100.0%</u>	

<u>Employer</u>	<b>2000</b>		
	<b>Employer's Percentage of</b>		
	<u>Employees</u>	<u>Principal Employment</u>	<u>Rank</u>
Fort Hood - Military	42,000	75.2%	1
Fort Hood - Civilian	8,909	15.9%	2
Central Texas College	1,439	2.6%	3
Copperas Cove ISD	1,213	2.2%	4
Metroplex Hospital	900	1.6%	5
GC Services	498	0.9%	6
Wal-Mart	400	0.7%	7
City of Copperas Cove	271	0.5%	8
HEB Grocery	140	0.3%	9
Tarleton State University	100	0.2%	10
<b>Totals</b>	<u>55,870</u>	<u>100.0%</u>	

Source: Each Entity Provided Data.



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## **OPERATING INFORMATION**

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TABLE 19

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

	<u>2009</u>	<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>
<b>General Fund</b>										
City Manager	4	2	2	2	2	2	2	2	2	2
City Secretary	2	2	2	2	2	2	1.5	1.5	1.5	1.5
City Attorney (Contract)	1	1	1	1	1	1	1.5	1.5	1.5	1.5
Finance	7	6	5	6	6	6	6	6	6	6
Grants Administration	0	0	1	1	1	1	1	1	1	1
Human Resources	3.5	2	2	2	2	2	2	2	2	2
Information Systems	3	3	2	2	2	2	2	2	1	1
Municipal Court	7	8	8	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	1	0	0	0	0	0
Police	73.5	71	71	69	69	69	69	67	67	67
Public Affairs Office	1	1	0	0	0	0	0	0	0	0
Animal Control	5	4	4	4	4	4	4	4	4	3
Fire/EMS	53	52.5	52	46	46	46	46	46	46	46
Emergency Management	0	1	1	0	0	0	0	0	0	0
Engineering	2	2	1	4.5	4.5	4.5	5	5	4	4
Building & Development	4	5.5	5.5	5	4.5	4.5	4	4	4	4
Streets	7.5	7	7	7	7	7	7	7.5	7.5	7.5
Public Works	0	0.5	0.5	0.5	0.5	0.5	1	1.5	1.5	1
Parks & Recreation	18	18	18	14	14	14	15	15	15	15
Fleet Services	5	5	5	5	5	5	4	4	4	9
Facility Maintenance	2	5	5	5	5	5	5	5	5	1.5
Planning	2	3	3	1	0.5	0.5	0.5	1	1	0
Library	10	10	10	9.5	9.5	9.5	9.5	9.5	9.5	9.5
Code & Health	4	3.5	3.5	2.5	2	2	2	2	2	2
<b>Total General Fund</b>	<u>216.5</u>	<u>215</u>	<u>211.5</u>	<u>198.0</u>	<u>196.5</u>	<u>195.5</u>	<u>196.0</u>	<u>195.5</u>	<u>193.5</u>	<u>192.5</u>
<b>Water &amp; Sewer Fund</b>										
Water & Sewer Admin	2.25	2	2	2	2	2	1.5	1.5	1.5	1.5
Utility Administration	11	10	10	11	8	8	8	8	7	7
Water Distribution	11	9	9	9	12	12	12	13	13	13
Sewer Collection	9	7	7	7	7	7	7	7	7	6
Wastewater Treatment	11	11	11	11	10	10	10	10	10	10
Composting	3	3	3	2	2	2	2	2	1	1
<b>Total Water &amp; Sewer Fund</b>	<u>47.25</u>	<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>
<b>Solid Waste Fund</b>										
Administration	4.25	4	4	4	2.5	2.5	2.5	2	3	3
Residential	4	4	4	4	4	4	4	4	6	10
Recycling	2	2	2	2	3	3	3	3	3	3
Brush	2	2	2	2	2	2	2	2	2	2
Commercial	4	4	4	4	4	5	5	4	2	2
Disposal	5	4.5	4	4	4.5	4.5	4.5	5	5	5
<b>Total Solid Waste Fund</b>	<u>21.25</u>	<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>
<b>Recreational Activities Fund</b>										
Recreational Activities Fund	2	2	2	1	1	1	1	0.75	0.75	0.75
<b>Total Recreational Activities Fund</b>	<u>2</u>	<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>

(Continued)

TABLE 19

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

	<u>2009</u>	<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>
<b>Cemetery Fund</b>										
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>
<b>Total Cemetery Fund</b>	<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>
<b>Drainage Fund</b>										
Drainage Utility	<u>6.5</u>	<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>
<b>Total Drainage Fund</b>	<u>6.5</u>	<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>
<b>Golf Course Fund</b>										
Golf Course	<u>14.5</u>	<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>
<b>Total Golf Course Fund</b>	<u>14.5</u>	<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>
<b>Total All Funds</b>	<u>309</u>	<u>300.5</u>	<u>298</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>

Source: Finance Department, City of Copperas Cove, TX

TABLE 20

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

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>Government Facilities</b>										
<u>Fire Protection</u>										
<i>Use or Nature: Public Safety</i>										
Number of stations:	3	3	3	3	3	3	3	2	2	2
Number of hydrants (approx.):	1,105	1,050	1,014	1,600	1,600	885	750	865	838	838
Number of volunteer firemen:	12	9	8	-	-	-	-	-	10	10
Number of paid firemen:	51	52	52	46	46	45	45	45	39	39
Firemen per 1,000 population:	1.70	1.73	1.73	1.51	1.51	1.48	1.74	1.74	1.22	1.19
<u>Police Protection</u>										
<i>Use or Nature: Public Safety</i>										
Number of stations:	1	1	1	1	1	1	1	1	1	1
Number of reserve police officers:	-	-	-	-	-	-	-	1	2	2
Number of sworn officers:	56	56	54	53	53	53	51	48	51	51
Officers per 1,000 population:	1.87	1.87	1.80	1.74	1.74	1.74	1.70	1.85	1.73	1.57
<u>Libraries</u>										
<i>Use or Nature: Community Services</i>										
Number of public libraries:	1	1	1	1	1	1	1	1	1	1
Number of volumes:	68,972	66,606	64,180	62,572	59,957	57,363	57,427	55,100	50,643	50,643
Circulation of items:	120,224	113,457	95,826	102,986	109,299	106,348	130,785	112,050	129,592	127,648
Circulation per capita:	4.01	3.78	3.19	3.50	3.70	3.63	5.12	4.31	5.04	3.93
<u>Parks and Recreation</u>										
<i>Use or Nature: Community Services</i>										
Park acreage developed:	380	380	214	214	214	214	214	214	214	214
Park acreage undeveloped:	5	5	163	163	163	163	163	163	163	163
Playgrounds:	7	7	6	5	5	5	5	5	5	5
<u>Streets</u>										
<i>Use or Nature: Public Works</i>										
Paved streets:	132 miles	132 miles	129 miles	121 miles	121 miles	110 miles	110 miles	140 miles	140 miles	140 miles
Unpaved streets:	0 miles	6.5 miles	6.5 miles	6.5 miles						

(Continued)

TABLE 20

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

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>Utilities</b>										
<b>Water System</b>										
<i>Use or Nature: Public Works</i>										
Miles of water mains:	225	183	255	230	230	227	225	200	200	200
Daily average consumption:	4.2 MGD	4 MGD	4 MGD	4 MGD	4 MGD	5 MGD	3.7 MGD	3.2 MGD	3.0 MGD	3.7 MGD
Maximum daily capacity:	13.5 MGD	7.21 MGD	7.19 MGD	8.75 MGD	8.75 MGD					
Number of service connections:	11,936	11,966	12,472	11,195	10,801	10,466	10,132	10,365	10,441	10,261
Source of water:	Belton Lake									
<b>Sewage System</b>										
<i>Use or Nature: Public Works</i>										
Miles of sanitary sewers:	375	350	350	210	210	200	200	143	138	138
Number of lift stations:	16	15	14	14	14	14	13	11	13	13
Daily average treatment:	3.1 MGD	2.6 MGD	2.6 MGD	2.6 MGD	2.6 MGD					
Maximum capacity of treatment plants:	9.0 MGD	6.35 MGD	6.35 MGD	6.35 MGD	6.35 MGD	6.35 MGD				
Number of service connections:	10,947	10,947	9,813	9,813	9,813	9,508	9,439	9,439	9,413	9,413
<b>Community Statistics</b>										
<i>Use or Nature: Employee Information</i>										
Manufacturing Employees:	-	-	-	-	-	-	-	-	96	96
School District Employees:	1,300	1,300	1,218	1,162	1,159	1,142	1,253	1,263	1,265	1,265
City Employees:	303	307	291	281	279	279	279	272	266	266
Fort Hood Servicemen:	44,000	53,416	39,262	43,995	45,777	45,777	40,672	40,672	42,000	42,000
Fort Hood Employees (Civilians):	17,098	17,098	8,909	8,909	12,134	12,134	13,724	13,724	6,538	6,538

Source: Various Departments, City of Copperas Cove