

Constructing an economic environment.



Fostering a team spirit.



Mentoring even the youngest minds.



Providing a protective environment.



COPPERAS COVE

T E X A S

City Built for Family Living.

Comprehensive Annual Financial Report

Fiscal Year Ended
September 30, 2010

John Hull, Mayor

Members of the City Council:

Cheryl L. Meredith

Charlie D. Youngs

Gary L. Kent

Danny Palmer

Kenn Smith

Jim Schmitz

Frank Seffrood

**Andrea Gardner,
City Manager**

Copperas Cove strives to
provide **Quality Services**
Everyday!

**CITY OF
COPPERAS COVE, TEXAS**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2010

CITY OF COPPERAS COVE, TEXAS

VISION STATEMENT

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

MISSION STATEMENT

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

Adopted by the City Council on November 13, 2000



The City Built for Family Living

CITY OF COPPERAS COVE, TEXAS
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INTRODUCTORY SECTION



"The City Built for Family Living"

March 11, 2011

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, 2010, 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, 2010, 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, 2010, 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 9 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.

The City appears to be coping well with the slumping national economy, as the total value of building permits issued from FY 2008-09 to FY 2009-10 increased by \$66,016,933 or 226.65%. The City's Sales Tax revenues reflected an increase of \$170,232 or 7% over the FY 2008-09 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 2009-10 totaled \$95,144,178. New residential construction made up \$72,028,371 of this amount while \$20,647,701 was related to new non-residential buildings, and new construction additions totaled approximately \$2,468,106.

Ad Valorem Taxes. Total assessed value within the City has risen by 34.6 percent since fiscal year 2006. The fiscal year 2010 projections, based on data provided by the Coryell County Appraisal District, indicate a 7.77 percent decrease in assessed value over fiscal year 2009 levels. The decline in assessed value is partially attributed to the new property tax exemption for disabled veterans. Ad Valorem Taxes increased in fiscal year 2010 from fiscal year 2009 by \$50,721 or approximately .6 percent.

Sales Tax. Sales tax collections have increased by approximately 16.85 percent since fiscal year 2006. Collections for fiscal year 2010 increased by approximately 7 percent over fiscal year 2009 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 2009-10 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 and amended in August 2010.

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 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 5.73 mile two-lane roadway is anticipated to be approximately \$46.4 million. The right-of-way purchases were completed in FY 2010, along with the completion of a land swap with neighboring Fort Hood. In December 2010, the City of Copperas Cove and the Texas Department of Transportation held a press conference to announce a funding agreement had been approved and executed by the City of Copperas Cove and the Texas Department of Transportation Commission. With the funding secured for the project, the design was completed in February 2011 and the expected bid letting timeframe is May 2011. The construction of the 30-month project is anticipated to begin in the Fall of 2011. In addition, the Copperas Cove Economic Development Corporation began construction in 2010 on the extension of Constitution Drive located within the Copperas Cove

Business Park in east Copperas Cove. The land swap, extension of Constitution and construction of the 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 30-month project is funded and a groundbreaking ceremony was held in February 2011, following the let of the construction contract in December 2010.

The voters of Copperas Cove authorized the issuance of General Obligation debt in November 2008 for the construction of the State Highway 9 (Northeast Bypass), Highway 190 (Southeast Bypass) and Lutheran Church Road. The construction of Lutheran Church Road was completed in September 2010 and serves as an alternate route for the citizens traveling from west Copperas Cove to North Copperas Cove and will complement the State Highway 9 project.

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 met with the completion of the East Pump Station project in 2009 and the anticipated completion of the Northeast Sewer Line project in 2011, which was approved by voters in November 2008 as a general obligation bond proposition.

The construction of the new police facility was completed in December 2009 and the Ribbon Cutting Ceremony was held in February 2010. The project was funded with 2009 General Obligation Bonds, 2007 Certificates of Obligation and 2006 Tax Notes.

The 2008 Limited Tax Notes provided the funding for the library renovations, the land purchase for the relocation of Fire Station #2 and a new golf cart storage facility, all of which were completed in 2010. The Rolling Heights Drainage project remains outstanding due to issues surrounding the acquisition of easements for the project.

The 2008A Limited Tax Notes provided the funding for the CitySmart lighting upgrade, wastewater clarifier retrofit, Martin Walker area drainage and water tank rehabilitations completed during 2010. The Bradford Drive road extension is anticipated to begin in the summer of 2011 and was delayed awaiting easements for the project. The recycling center expansion is expected to be completed in 2012 due to the project design estimates exceeding the available budget. Staff revised the scope of the project to purchase pre-engineered structures.

Included in the 2009 Limited Tax Notes issue is funding for the completed South Park Pool renovations, Wastewater West Clarifier Retrofit and renovations to the Allin House. The Long Mountain Tank Rehabilitation project bid was awarded by City Council in February 2011 and is expected to be complete prior to fiscal year end. The Transfer Station Renovations and Recycling Center Expansion are being revised to purchase pre-engineered structures. The Transfer Station Tipping Floor Resurfacing project bids were rejected by Council in late fiscal year 2010 due to the bids exceeding the available budget. Staff is currently working to identify a different resurfacing material. The Civic Center renovations are nearing completion.

ACCOMPLISHMENTS

During fiscal year 2010, the City invested in a number of programs and services that make Copperas Cove a better community. The following are some of the efforts and accomplishments of the City during the year:

POLICE:

- Conducted a National Night Out Event and a National Night Out Kick-off Party.
- Provided police protection during the Downtown Halloween Party.
- Conducted a Senior Health & Safety Day – SALT Program.
- Continued the Crime Stoppers Program, Kiddo Card Program, Neighborhood Watch Program, Gunlock Program, and Copperas Cove Citizens Police Academy Program.
- Continued providing crime prevention programs and distribution of safety materials.
- Continued participation with Special Olympics and the Torch Run.
- Continued the Tobacco Grant Program, tobacco stings, and business compliance inspections.
- Continued participation in the Bulletproof Vest Grant Program, the Justice Assistance Grant (JAG) and the Recovery Act Grant.
- Participated in Coryell County Community Planning.
- Maintained above average clearance rates in Part I & Part II crimes as compared to state averages.
- Completed Construction of the new Police Facility.
- Completed Grand Opening and public tours of the new Police Facility.
- Successfully moved all operations into the new Police Facility.
- Initiated the process of repainting all marked police vehicles.

FIRE:

- Purchased New Fire Engine.
- 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.
- Continued community outreach programs like the “Fired Up About Reading Program” and “Big Trucks Day.”
- Purchased property for the Fire Station #2 relocation project.
- Conducted Citizen Fire Academy.
- Conducted a M.I.M.E.S. Camp.

COMMUNITY SERVICE:

- Conducted two youth soccer leagues with 1,086 participants.
- Conducted Youth Baseball/Softball program with over 848 participants.
- Coordinated and ran 2010 Rabbit Festival Adult Softball Tournament.
- Conducted Youth Flag Football with 356 participants.
- Conducted Youth Tackle Football program with 255 participants.
- Conducted Youth Basketball with 504 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.
- Completed design and construction of a new spray ground at South Park Pool.
- Established a Parks Committee to oversee the Parks Needs Assessment.
- Coordinated with local Eagle Scout project for demolition of Camp Live Oak building to make room for new pavilion.
- Maintained accreditation by the Texas State Library & Archives Commission.
- Reduced wasted paper and print costs with installation of Print Management software on public computers.

- Reduced public access to Library public access computers with installation of Time Limit Management software.
- Provided job seekers and distance education students with increased time limits to complete job applications, coursework, and examinations.
- Completed design and construction of a new spray ground at South Park Pool.
- Established a Parks Committee to oversee the Parks Needs Assessment.
- Coordinated with local Eagle Scout project for demolition of Camp Live Oak building to make room for new pavilion.
- Maintained accreditation by the Texas State Library & Archives Commission.
- Reduced wasted paper and print costs with installation of Print Management software on public computers.
- Reduced public access to Library public access computers with installation of Time Limit Management software.
- Provided job seekers and distance education students with increased time limits to complete job applications, coursework, and examinations.
- Provided access to digital children story books and learning materials.
- Improved appearance of Library by painting interior walls of building, replaced stained carpet in Children area with carpet tile and replaced stained carpet in Meeting Room with ceramic tile.
- Improved statistical recording methods to more accurately measure usage of the facility and materials.

Public Works:

- All Federal, State and Local requirements were met.
- Compost Operations ran more effectively and efficiently through the addition of a new dump truck.
- All departments maintained effective operations within budget constraints.
- Have improved relations and service to our customers, the citizens of Copperas Cove.
- All personnel continued training for license / certification requirements.
- Completed the repairs/rehabilitation of the Water Storage Tanks on Hughes and Taylor Mountains.
- Repair completed for City Hall roof.
- Completed 2009 CDBG.
- Root control of sewer line on Lehmann property.
- Completed Phase 1A of Northeast Sewer Line Project.

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.

Fund Balance: The City has adopted a policy of retaining 25% of a funds' expenditures in its fund balance for the General Fund and Utility Funds.

Other Financial Policies: Other policies the City has adopted include the calculation of Indirect Cost Recovery for the General Fund from the Utility Funds for General and Administrative Costs incurred in conducting business, such as payroll, financial reporting, accounts payable, purchasing and budgeting. Other policies adopted include procedures for Budget Amendments and Budget Transfers.

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, 2009. This was the 20th 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.

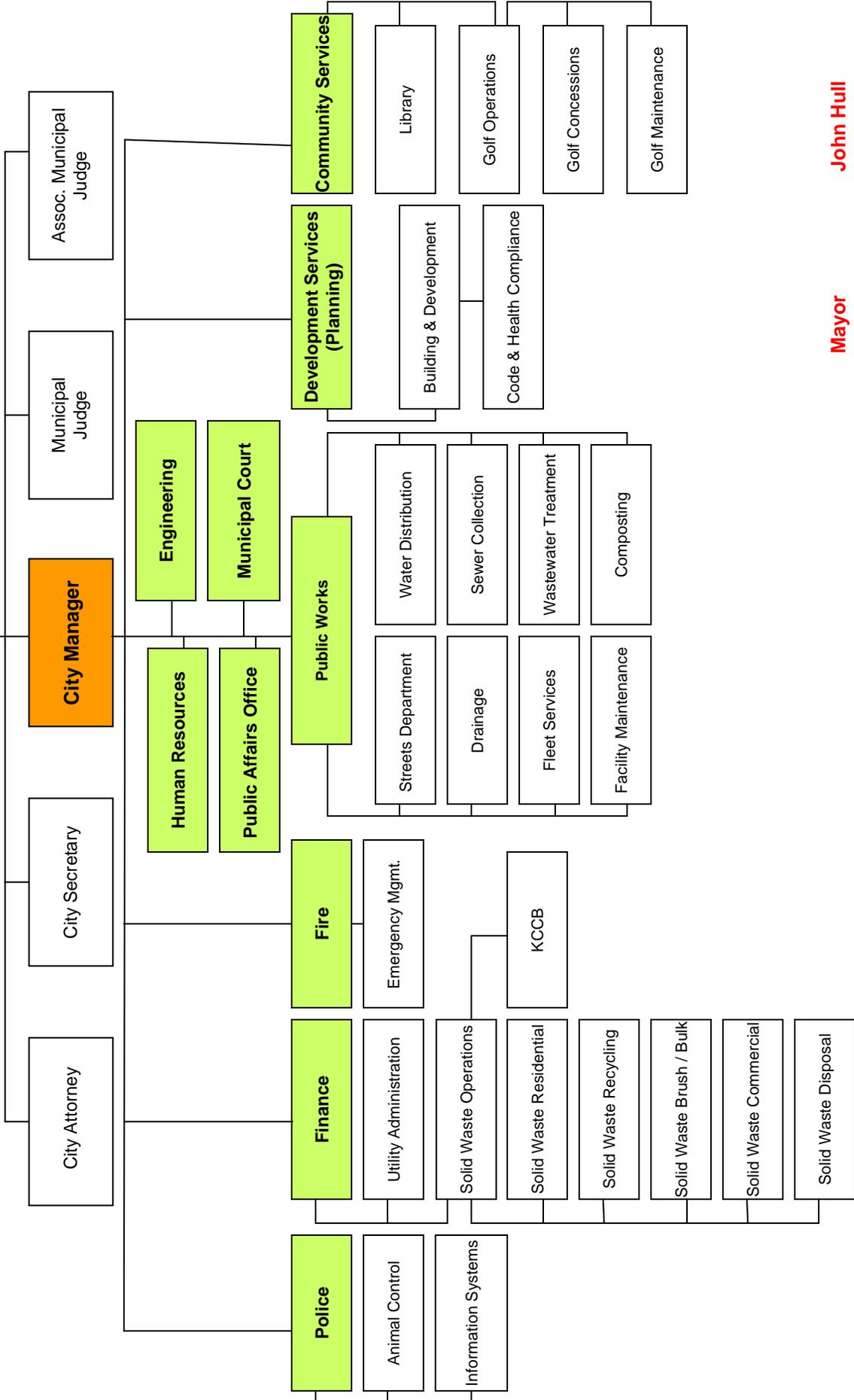
Respectfully submitted,

Andrea M. Gardner
City Manager



Citizens of Copperas Cove
29,988* Citizens

Mayor & City Council



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
Gary Kent - Council Member

Danny Palmer - Council Member
Kenn Smith - Council Member
Jim Schmitz - 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/Assistant City Manager
Vacant, Director of Financial Services
James M. Baker, Fire Chief
Robert M. McKinnon, Public Works Division Head
Kelli T. Sames, Human Resources Division Head
Wesley Wright, Project Director/City Engineer
Ken E. Wilson, Division Head of Parks & Leisure 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, 2009

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



President

Executive Director

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, 2010, 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, 2010, and the respective changes in financial position and, where applicable, 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 11, 2011, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 14 and 51 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Copperas Cove, Texas' financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

March 11, 2011

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's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2010. 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 increased to \$53.7 million from the prior year's \$53.1 million, an increase of 1 percent.
- As of September 30, 2010, the City's governmental funds reported combined ending fund balances of \$10.4 million, a decrease of \$2.7 million in comparison with prior year.
- At September 30, 2010, unreserved fund balance for the General Fund was \$5 million, or 39.6 percent of total General Fund expenditures. Compared to prior year, unreserved fund balance increased 8.2 percent.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The 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 City'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 (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements 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 services, 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 - 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. Fund financial statements provide detailed information about the most significant funds, not the City as a whole. Establishment of some funds is required by state laws or bond covenants. However, the City Council established other funds to help control and manage money for particular purposes or as evidence of meeting legal responsibilities for using certain taxes, grants and other money. 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 useful 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 City’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, the Debt Service 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, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The City adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. The budgetary comparison schedules can be found on pages 51 and 65 – 79.

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: the Water and Sewer Fund, Solid Waste Fund and the Golf Course Fund. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 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 – 50 of this report.

Other information – The combining statements previously referred to in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining statements can be found on pages 53 – 64 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, 2010.

Net Assets

The following table reflects the Condensed Statement of Net Assets as of September 30, 2010.

Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Current and other assets \$	12,795,345	\$ 15,884,806	\$ 14,181,316	\$ 10,313,303	\$ 26,976,661	\$ 26,198,109
Capital assets	<u>37,454,376</u>	<u>33,322,474</u>	<u>48,073,210</u>	<u>48,177,204</u>	<u>85,527,586</u>	<u>81,499,678</u>
Total assets	<u>50,249,721</u>	<u>49,207,280</u>	<u>62,254,526</u>	<u>58,490,507</u>	<u>112,504,247</u>	<u>107,697,787</u>
Other liabilities	1,616,343	1,929,572	1,365,357	1,972,867	2,981,700	3,902,439
Long-term liabilities	<u>23,059,265</u>	<u>22,814,412</u>	<u>32,777,118</u>	<u>27,893,272</u>	<u>55,836,383</u>	<u>50,707,684</u>
Total liabilities	<u>24,675,608</u>	<u>24,743,984</u>	<u>34,142,475</u>	<u>29,866,139</u>	<u>58,818,083</u>	<u>54,610,123</u>
Net assets:						
Invested in capital assets, net of related debt	18,043,868	11,374,872	22,596,745	25,553,411	40,640,613	36,928,283
Restricted	2,012,341	5,812,263	772,228	1,075,085	2,784,569	6,887,348
Unrestricted	<u>5,517,904</u>	<u>7,276,161</u>	<u>4,743,078</u>	<u>1,995,872</u>	<u>10,260,982</u>	<u>9,272,033</u>
Total net assets	\$ <u>25,574,113</u>	\$ <u>24,463,296</u>	\$ <u>28,112,051</u>	\$ <u>28,624,368</u>	\$ <u>53,686,164</u>	\$ <u>53,087,664</u>

The City's combined net assets were \$53.7 million as of September 30, 2010. Of the \$53.7 million, \$25.6 million was in the governmental activities and \$28.1 million was in the business-type activities. The City's total net assets increased when compared to the prior year with an increase of \$598,500 or 1.13 percent. The increase includes increases and decreases 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 (\$40.6 million or 75.6 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 increased \$3.7 million or 10 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 \$2.7 million at September 30, 2010, or 5.2 percent of overall total net assets. Restricted net assets represent resources that are subject to external restrictions on how they may be used. Restricted net assets decreased \$4.1 million or 59.4 percent compared to September 30, 2009.

The third portion consists of unrestricted net assets totaling \$10.3 million or 19.2 percent of total net assets. Unrestricted net assets may be used to meet the City's ongoing obligation to citizens and creditors. Unrestricted net assets increased \$1 million or 10.8 percent compared to September 30, 2009.

Changes in Net Assets. The City's total revenues for the fiscal year ended September 30, 2010, were \$29.7 million. Total revenues increased when compared to the prior year by \$.4 million or 1.4 percent. The City's total cost of all programs and services increased from the prior year's \$28.2 million to \$29.1 million, an increase of 3.2 percent. The following table presents a summary of the changes in net assets for the fiscal year ended September 30, 2010.

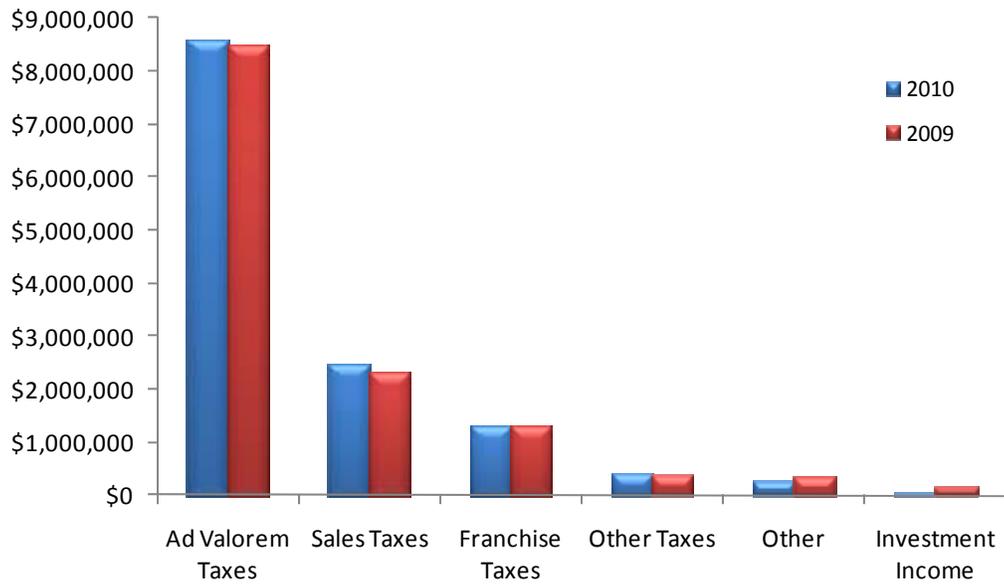
Changes in Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 3,018,606	\$ 3,197,611	\$ 12,591,577	\$ 12,304,707	\$ 15,610,183	\$ 15,502,318
Operating grants and contributions	314,701	299,511	-	-	314,701	299,511
Capital grants and contributions	709,919	507,970	-	-	709,919	507,970
General revenues:						
Ad valorem taxes	8,570,742	8,468,730	-	-	8,570,742	8,468,730
Franchise taxes	1,318,570	1,321,777	-	-	1,318,570	1,321,777
Sales taxes	2,479,925	2,309,693	-	-	2,479,925	2,309,693
Other taxes	428,840	362,779	-	-	428,840	362,779
Interest and investment earnings	48,967	143,829	16,420	60,154	65,387	203,983
Miscellaneous	<u>245,860</u>	<u>344,326</u>	<u>-</u>	<u>-</u>	<u>245,860</u>	<u>344,326</u>
Total revenues	<u>17,136,130</u>	<u>16,956,226</u>	<u>12,607,997</u>	<u>12,364,861</u>	<u>29,744,127</u>	<u>29,321,087</u>
Expenses:						
General government	2,623,640	3,034,581	-	-	2,623,640	3,034,581
Community services	2,373,405	2,289,134	-	-	2,373,405	2,289,134
Fleet and facility maintenance	364,763	354,495	-	-	364,763	354,495
Highways and streets	1,404,332	1,178,405	-	-	1,404,332	1,178,405
Public safety	9,586,380	9,165,778	-	-	9,586,380	9,165,778
Interest on long-term debt	948,569	765,655	-	-	948,569	765,655
Water and sewer	-	-	8,867,419	8,380,368	8,867,419	8,380,368
Solid waste	-	-	2,397,273	2,329,168	2,397,273	2,329,168
Golf course	-	-	579,846	741,818	579,846	741,818
Total expenses	<u>17,301,089</u>	<u>16,788,048</u>	<u>11,844,538</u>	<u>11,451,354</u>	<u>29,145,627</u>	<u>28,239,402</u>
Increase (decrease) in net assets before transfers	(164,959)	168,178	763,459	913,507	598,500	1,081,685
Transfers	<u>1,275,776</u>	<u>1,049,271</u>	<u>(1,275,776)</u>	<u>(1,049,271)</u>	<u>-</u>	<u>-</u>
Change in net assets	1,110,817	1,217,449	(512,317)	(135,764)	598,500	1,081,685
Net assets, beginning	24,463,296	23,201,541	28,624,368	27,369,526	53,087,664	50,571,067
Prior period adjustment	<u>-</u>	<u>44,306</u>	<u>-</u>	<u>1,390,606</u>	<u>-</u>	<u>1,434,912</u>
Net assets, ending	<u>\$ 25,574,113</u>	<u>\$ 24,463,296</u>	<u>\$ 28,112,051</u>	<u>\$ 28,624,368</u>	<u>\$ 53,686,164</u>	<u>\$ 53,087,664</u>

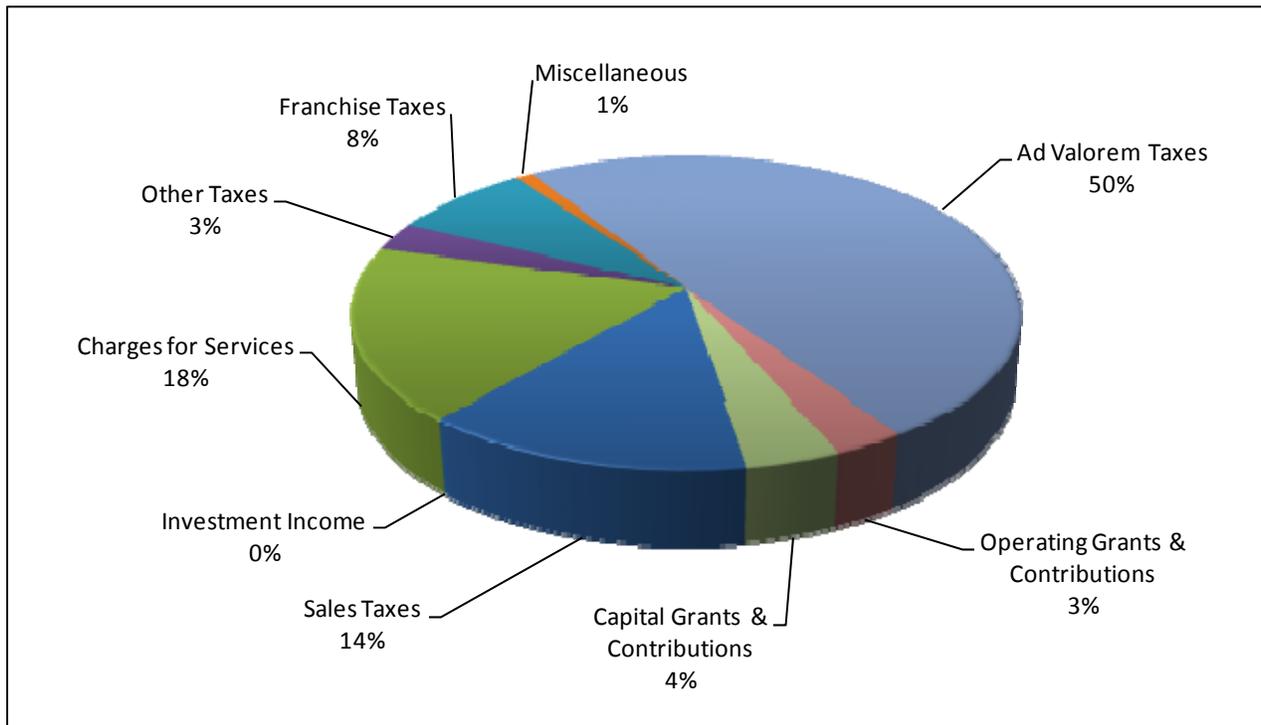
Program Revenues – Governmental Activities

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. Ad valorem taxes increased \$102 thousand, which is an increase of 1.19 percent compared to last year. Sales tax increased by over \$170 thousand or 7 percent compared to last year. Interest and investment income showed a significant decrease compared to the prior year due to low interest rates in the market. Electric Franchise tax increased 4% while the bingo tax increased 33% to \$185,018. Other taxes showed increases compared to the prior fiscal year.

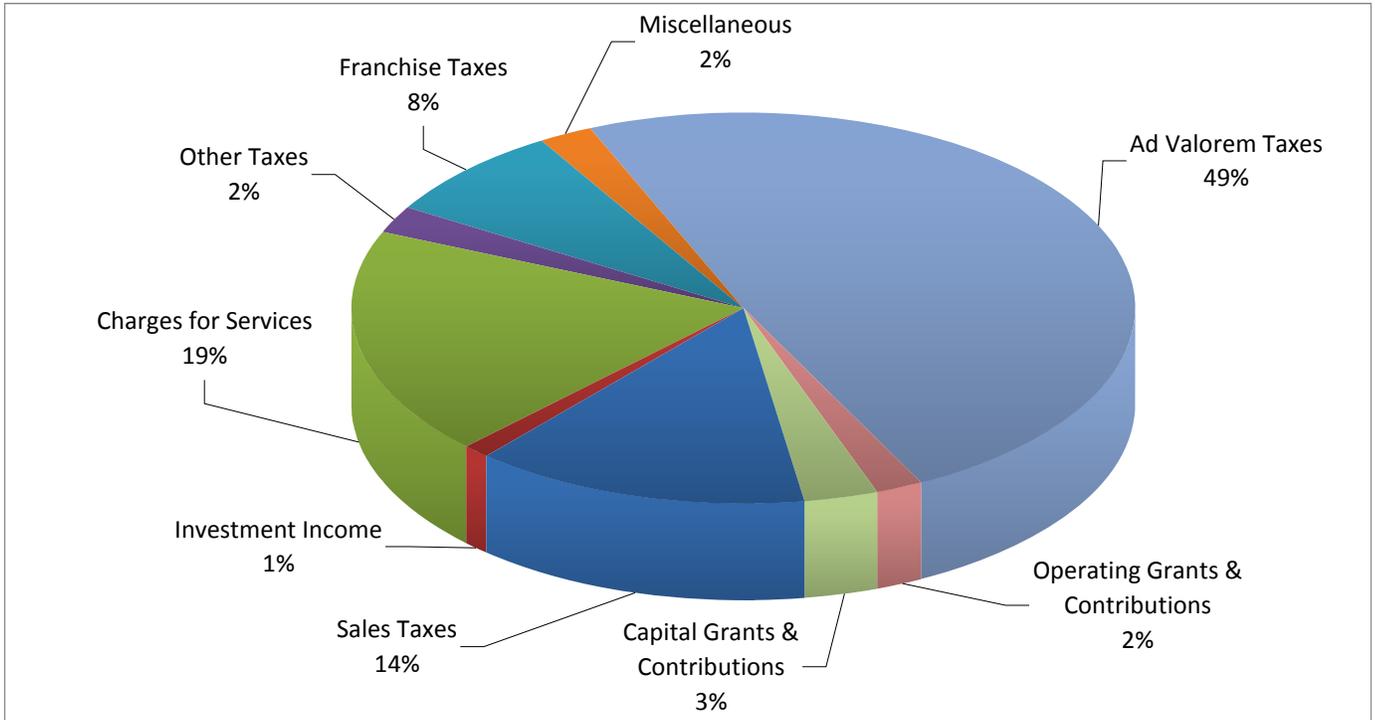
General Revenues – Governmental Activities



Revenues by Source – Governmental Activities – FY 2010

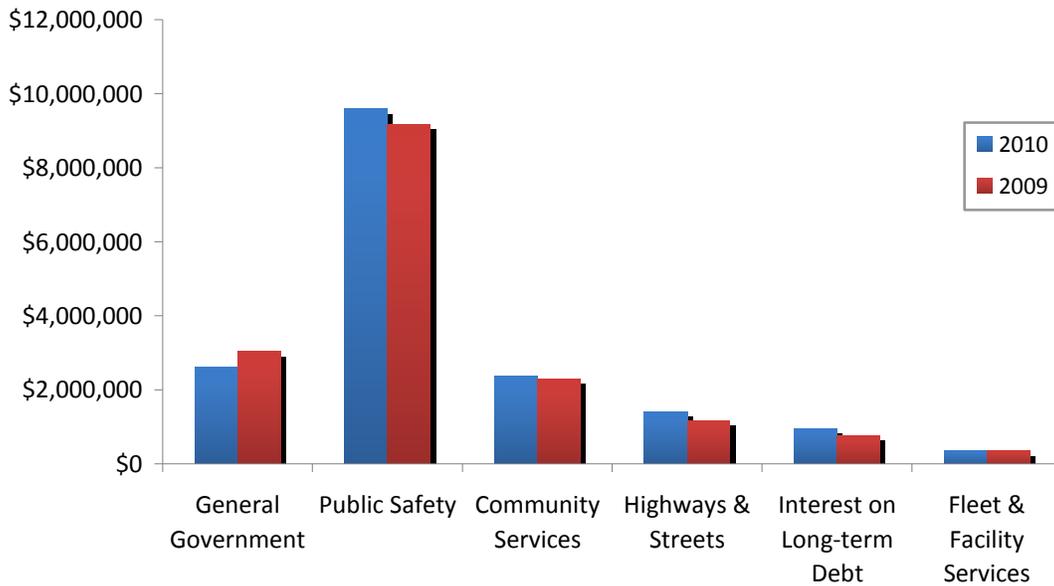


Revenues by Source – Governmental Activities – FY 2009



The Expenses – Governmental Activities chart below illustrates the City’s governmental expenses by function. As shown, public safety is the largest function in expenses at \$9.6 million, or 55.5 percent compared to the prior year’s \$9.2 million, or 54.6 percent, followed by General Government \$2.6 million, or 15 percent compared to prior year’s \$3.0 million, or 18.1 percent. Community Services recorded \$2.4 million, or 13.9 percent compared to prior year’s \$2.3 million, or 13.5 percent. Highways and Streets recorded \$1.4 million, or 8.1 percent compared to prior year’s \$1.2 million, or 7.0 percent.

Expenses – Governmental Activities

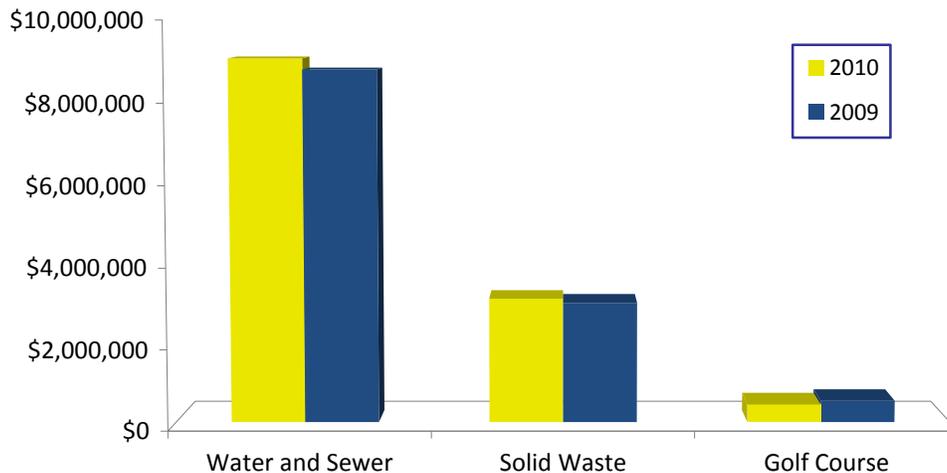


Business-type Activities – Revenues

Business-type activities decreased the City's net assets by \$.5 million. Charges for services provided the largest share of revenues at 99.9 percent, followed by interest earnings at .1 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 \$9.1 million in revenue. Compared to the prior year, water and sewer revenues increased \$274,994 or 3.1 percent. Solid Waste revenues increased \$102,974 or 3.4 percent. The Golf Course Fund revenues decreased from \$530,908 in 2009 to \$439,810 in 2010, a decrease of \$91,098 or 17.16 percent.

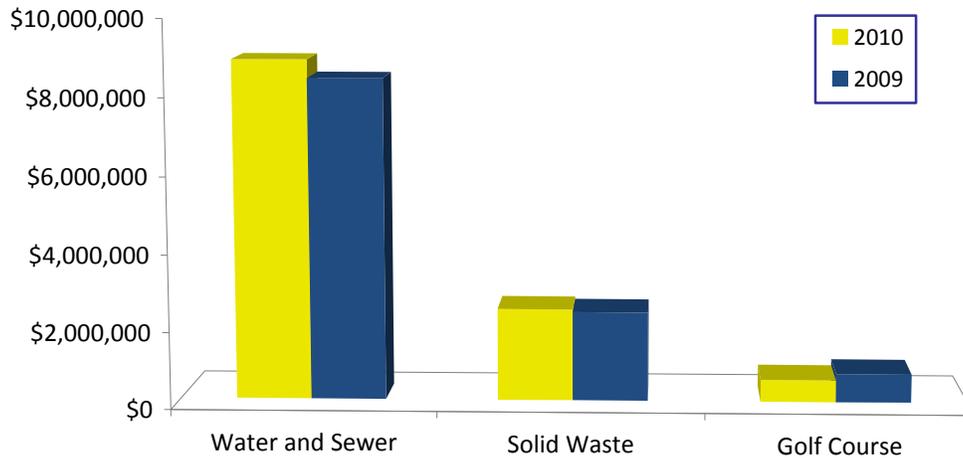
Program Revenues – Business-type Activities



Business-type Activities – Expenses

Total expenses for business-type activities were \$11.8 million, an increase of \$393,184 or 3.4 percent compared to the prior year. Water and Sewer, the largest proprietary fund recorded \$8.8 million in expenses, an increase of \$.5 million or 6 percent compared to the prior year. Solid Waste expenses increased \$68,105 or 2.9 percent. Golf Course expenses decreased from \$741,818 in 2009 to \$579,846 in 2010, a decrease of \$161,972 or 21.8%.

Program Expenses – Business-type Activities



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10.3 million, a decrease of \$2.7 million in comparison with the prior year.

The General Fund is the chief operating fund of the City. At September 30, 2010, unreserved fund balance of the General Fund was slightly below \$5.4 million, while total fund balance reached just over \$5.5 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 39.7 percent of total General Fund expenditures, while total fund balance represents 41.2 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 \$3.3 million an increase of \$2.1 million or 161 percent. The increase is due to a significant decrease in the investments in capital assets. The Solid Waste Fund unrestricted net assets was \$1.7 million, an increase of \$844,457 or 95 percent. Unrestricted net assets for the Golf Course Fund decreased from prior year's (\$212,503) to (\$376,270) in 2010. The golf course had a decrease in operating revenues and a decrease in operating expenses. The decrease in operating revenues was significantly less than the decrease in operating expenses. The increase in net assets restricted for debt service contributed to the decrease in unrestricted net assets.

The total decrease/increase in net assets for the three funds was \$(932,085), \$271,956, and \$147,812, respectively. Total operating revenues in fiscal year 2009-10 were \$12.6 million, an increase of 2.3 percent over the year ending September 2009. Total operating expenses totaled \$10.6 million, an increase of 4.1 percent. Total operating income was \$1.9 million, a decrease of \$133,871 or 6.4 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 budgetary comparisons are presented in this report that provide 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 52 for more information on budget policies).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2010, the City has \$85.5 million invested in various capital assets, net of accumulated depreciation. Of the \$85.5 million, \$37.5 million is invested in governmental activities and \$48.1 million is invested in business-type activities. Compared to last year, total capital assets increased \$4 million or 4.9 percent. Capital assets in Governmental Activities increased \$4.1 million or 12.3 percent from the prior year. Facilities/infrastructure line item increased \$11.3 million or 67%. Capital assets in Business-type Activities decreased \$103,994 or .2 percent from the prior year, with the construction in progress line item increasing by \$431,741 from the prior year.

The following table provides a breakdown of the capital asset balances net of accumulated depreciation at September 30, 2010. Additional information on the City's capital assets may be found in Note III-E on pages 37 – 39.

CITY OF COPPERAS COVE'S CAPITAL ASSETS AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Land	\$ 1,250,553	\$ 1,332,322	\$ 853,886	\$ 850,386	\$ 2,104,439	\$ 2,182,708
Buildings and improvements	3,389,627	3,810,555	75,385	126,481	3,465,012	3,937,036
Furniture and fixtures	6,191	8,728	-	-	6,191	8,728
Vehicles	604,014	886,594	728,851	1,055,656	1,332,865	1,942,250
Equipment	818,416	1,169,896	624,249	176,792	1,442,665	1,346,688
Facilities/infrastructure	28,063,068	16,809,441	40,726,677	41,335,468	68,789,745	58,144,909
Construction in progress	3,322,507	9,304,938	5,064,162	4,632,421	8,386,669	13,937,359
Total capital assets	\$ 37,454,376	\$ 33,322,474	\$ 48,073,210	\$ 48,177,204	\$ 85,527,586	\$ 81,499,678

Long-term Debt

The City's total debt increased by \$5,505,000 during the current fiscal year as a result of the following debt issuances:

- Series 2010 General Obligation Bonds in the amount of \$4,685,000 issued May 27, 2010; and
- Series 2010 Limited Tax Notes in the amount of \$4,050,000 issued May 27, 2010.

The following schedule shows the outstanding bonds and notes of the City (both current and long-term) as of September 30, 2010.

CITY OF COPPERAS COVE'S OUTSTANDING DEBT AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
General obligations	\$ 10,273,174	\$ 9,506,824	\$ 16,561,827	\$ 14,293,177	\$ 26,835,001	\$ 23,800,001
Tax/revenue certificates of obligation	8,087,000	8,267,000	8,348,000	8,978,000	16,435,000	17,245,000
Tax notes	3,980,000	4,235,000	7,195,000	3,660,000	11,175,000	7,895,000
	<u>\$ 22,340,174</u>	<u>\$ 22,008,824</u>	<u>\$ 32,104,827</u>	<u>\$ 26,931,177</u>	<u>\$ 54,445,001</u>	<u>\$ 48,940,001</u>

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

Bonded Debt Ratings September 30, 2010

Bond Type	Standard & Poor's	Moody's
General Obligation Bonds	AA-	Aa3
Certificates of Obligation	A-	A3
Revenue Bonds	BBB	Baa1

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

Commercial development occurring during 2010 with expected certificate of occupancy in 2011 includes the construction of a 60-unit assisted living facility valued at \$6 million and a 108-unit apartment complex on Constitution Drive with an estimated valuation of \$40MM. Additional commercial development permitted for 2011 include Verizon with a valuation of \$300,000, Giovanni's Italian Restaurant valued at \$900,000 and few minor commercial developments totaling a valuation of \$230,000. Also, a \$4.6MM movie theater/entertainment complex was issued a certificate of occupancy in mid-2010 along with a car wash facility in the amount of \$500,000 which received a certificate of occupancy in late-2010. Residential development planned for building permit issuance within the City during 2011 includes House Creek North, Phase III (120 starts), Summers Place (24-36 starts), Skyline Flats, Phase II, Section 1 (24-36 starts), Skyline Ridge, Phase I (24-36 starts), Walker Place Phase 7 (12 starts), Thousand Oaks Addition III (4-6 starts), Tonkawa, Phase III (6 starts), and Ogletree Gap, Phase 3 (2-3 starts). Residential development planned for construction in 2011 with expected building permit issuance in 2010 includes Mesa Verde, Phase 2, a 40 estate-lot subdivision

All of these factors were considered in preparing the City's budget for Fiscal Year 2010-11. The budget for the 2010-11 fiscal year includes:

- Conservative projections of major revenue sources. 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.
- Essential expenditures to maintain current service levels.
- Employee benefits remain intact with moderate adjustments.

The ad valorem tax rate was maintained at \$.7600 cents per \$100 of taxable assessed valuation in FY 2010-11. 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 City'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, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 7,179,830	\$ 3,467,817	\$ 10,647,647	\$ 3,168,665
Receivables (net of allowance):				
Taxes	883,133	-	883,133	222,395
Ambulance fees	359,146	-	359,146	-
Accounts	219,420	2,984,559	3,203,979	-
Fines	55,611	-	55,611	-
Grants	583,955	-	583,955	-
Internal balances	346,163	(346,163)	-	-
Inventory	70,039	22,064	92,103	-
Prepaid items	5,603	8,800	14,403	1,780
Notes receivable	115,499	-	115,499	-
Restricted cash and investments	2,723,036	7,510,567	10,233,603	11,722
Deferred charges	253,910	533,672	787,582	-
Capital assets:				
Nondepreciable	4,573,060	5,918,048	10,491,108	2,963,199
Depreciable (net)	<u>32,881,316</u>	<u>42,155,162</u>	<u>75,036,478</u>	<u>98,521</u>
Total assets	<u>50,249,721</u>	<u>62,254,526</u>	<u>112,504,247</u>	<u>6,466,282</u>
LIABILITIES				
Accounts payable	713,697	466,385	1,180,082	249,474
Accrued liabilities	631,878	259,879	891,757	3,841
Retainage payable	31,134	39,096	70,230	-
Unearned revenue	2,000	-	2,000	-
Other liabilities	123,898	-	123,898	-
Accrued interest payable	113,736	162,782	276,518	5,980
Customer deposits	-	437,215	437,215	-
Noncurrent liabilities:				
Due within one year	2,335,858	2,425,244	4,761,102	-
Due in more than one year	<u>20,723,407</u>	<u>30,351,874</u>	<u>51,075,281</u>	<u>655,386</u>
Total liabilities	<u>24,675,608</u>	<u>34,142,475</u>	<u>58,818,083</u>	<u>914,681</u>
NET ASSETS				
Investment in capital assets (net of related debt)	18,043,868	22,596,745	40,640,613	2,411,720
Restricted for:				
Debt service	478,387	772,228	1,250,615	5,742
Community services	311,224	-	311,224	-
Highways and streets	1,086,970	-	1,086,970	-
Public safety	135,760	-	135,760	-
Unrestricted	<u>5,517,904</u>	<u>4,743,078</u>	<u>10,260,982</u>	<u>3,134,139</u>
Total net assets	<u>\$ 25,574,113</u>	<u>\$ 28,112,051</u>	<u>\$ 53,686,164</u>	<u>\$ 5,551,601</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, 2010

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 2,623,640	\$ 254,356	\$ -	\$ -
Community services	2,373,405	970,855	24,617	705,721
Fleet and facility services	364,763	-	-	-
Highways and streets	1,404,332	865,236	-	-
Public safety	9,586,380	928,159	290,084	4,198
Interest on long-term debt	948,569	-	-	-
Total governmental activities	<u>17,301,089</u>	<u>3,018,606</u>	<u>314,701</u>	<u>709,919</u>
Business-type activities:				
Water and sewer	8,867,419	9,057,365	-	-
Solid waste	2,397,273	3,094,402	-	-
Golf course	579,846	439,810	-	-
Total business-type activities	<u>11,844,538</u>	<u>12,591,577</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ 29,145,627</u>	<u>\$ 15,610,183</u>	<u>\$ 314,701</u>	<u>\$ 709,919</u>
COMPONENT UNIT				
Economic development	\$ 529,045	\$ -	\$ -	\$ -
Total component unit	<u>\$ 529,045</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:
Ad valorem taxes
Sales taxes
Franchise taxes
Other taxes
Miscellaneous
Unrestricted investment earnings
Transfers
Total general revenues 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
\$(2,369,284)	\$ -	\$(2,369,284)	
(672,212)	-	(672,212)	
(364,763)	-	(364,763)	
(539,096)	-	(539,096)	
(8,363,939)	-	(8,363,939)	
(948,569)	-	(948,569)	
<u>(13,257,863)</u>	<u>-</u>	<u>(13,257,863)</u>	
-	189,946	189,946	
-	697,129	697,129	
-	(140,036)	(140,036)	
<u>-</u>	<u>747,039</u>	<u>747,039</u>	
<u>(13,257,863)</u>	<u>747,039</u>	<u>(12,510,824)</u>	
			\$(529,045)
			<u>(529,045)</u>
8,570,742	-	8,570,742	-
2,479,925	-	2,479,925	1,239,970
1,318,570	-	1,318,570	-
428,840	-	428,840	-
245,860	-	245,860	-
48,967	16,420	65,387	14,277
<u>1,275,776</u>	<u>(1,275,776)</u>	<u>-</u>	<u>-</u>
<u>14,368,680</u>	<u>(1,259,356)</u>	<u>13,109,324</u>	<u>1,422,242</u>
1,110,817	(512,317)	598,500	893,197
<u>24,463,296</u>	<u>28,624,368</u>	<u>53,087,664</u>	<u>4,410,472</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>247,932</u>
<u>24,463,296</u>	<u>28,624,368</u>	<u>53,087,664</u>	<u>4,658,404</u>
<u>\$ 25,574,113</u>	<u>\$ 28,112,051</u>	<u>\$ 53,686,164</u>	<u>\$ 5,551,601</u>

CITY OF COPPERAS COVE, TEXAS

GOVERNMENTAL FUNDS

BALANCE SHEET

SEPTEMBER 30, 2010

	<u>General</u>	<u>Debt Service</u>	<u>2009 Capital Improvement General Obligation</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and investments	\$ 5,111,218	\$ 345,669	\$ 238,652	\$ 4,207,327	\$ 9,902,866
Receivables (net of allowance):					
Taxes	796,902	40,331	-	45,900	883,133
Ambulance fees	359,146	-	-	-	359,146
Accounts	39,362	-	-	180,058	219,420
Fines	49,783	-	-	5,828	55,611
Grants	1,119	-	-	582,836	583,955
Due from other funds	705,853	92,387	-	3,897	802,137
Inventory	70,039	-	-	-	70,039
Prepaid items	5,603	-	-	-	5,603
Notes receivable	-	-	-	115,499	115,499
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 7,139,025</u>	<u>\$ 478,387</u>	<u>\$ 238,652</u>	<u>\$ 5,141,345</u>	<u>\$ 12,997,409</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 284,282	\$ -	\$ 116,565	\$ 312,850	\$ 713,697
Due to other funds	3,453	-	-	452,521	455,974
Deferred revenue	580,917	40,331	-	7,828	629,076
Accrued liabilities	584,185	-	-	47,693	631,878
Retainage payable	-	-	-	31,134	31,134
Other liabilities	123,898	-	-	-	123,898
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,576,735</u>	<u>40,331</u>	<u>116,565</u>	<u>852,026</u>	<u>2,585,657</u>
Fund balances:					
Reserved for:					
Debt service	-	438,056	-	-	438,056
Notes receivable	-	-	-	115,499	115,499
Encumbrances	97,009	-	6,676	536,505	640,190
Inventory and prepaid items	75,642	-	-	-	75,642
Unreserved, undesignated, reported in:					
General fund	5,389,639	-	-	-	5,389,639
Special revenue funds	-	-	-	1,538,631	1,538,631
Capital projects funds	-	-	115,411	2,098,684	2,214,095
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>5,562,290</u>	<u>438,056</u>	<u>122,087</u>	<u>4,289,319</u>	<u>10,411,752</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 7,139,025</u>	<u>\$ 478,387</u>	<u>\$ 238,652</u>	<u>\$ 5,141,345</u>	<u>\$ 12,997,409</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, 2010

Total fund balances - governmental funds balance sheet	\$ 10,411,752
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.	37,454,376
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.	(22,919,091)
Other long-term assets/liabilities are not available to pay for current period expenditures and, therefore, are deferred in the funds.	<u>627,076</u>
Net assets of governmental activities - statement of net assets	\$ <u>25,574,113</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, 2010

	General	Debt Service	2009 Capital Improvement General Obligation	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 10,729,259	\$ 1,799,272	\$ -	\$ 227,756	\$ 12,756,287
Charges for services	855,928	-	-	1,079,951	1,935,879
Intergovernmental	4,198	-	-	986,859	991,057
Fines	796,724	-	-	55,131	851,855
Licenses	50,438	-	-	-	50,438
Permits	209,272	-	-	-	209,272
Contributions	-	-	-	32,305	32,305
Investment income	11,651	23,009	5,112	9,195	48,967
Miscellaneous	314,044	-	-	21,223	335,267
Total revenues	<u>12,971,514</u>	<u>1,822,281</u>	<u>5,112</u>	<u>2,412,420</u>	<u>17,211,327</u>
EXPENDITURES					
Current:					
General government	2,322,868	-	-	17,338	2,340,206
Community services	1,657,026	-	-	536,384	2,193,410
Fleet and facility services	360,257	-	-	-	360,257
Highways and streets	632,916	-	-	326,331	959,247
Public safety	8,399,860	-	-	562,507	8,962,367
Capital outlay	113,391	-	2,636,759	2,859,874	5,610,024
Debt service:					
Principal retirement	135,617	968,650	-	324,672	1,428,939
Interest and fiscal charges	4,947	840,062	-	70,600	915,609
Total expenditures	<u>13,626,882</u>	<u>1,808,712</u>	<u>2,636,759</u>	<u>4,697,706</u>	<u>22,770,059</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(655,368)</u>	<u>13,569</u>	<u>(2,631,647)</u>	<u>(2,285,286)</u>	<u>(5,558,732)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of bonds	-	-	-	1,590,000	1,590,000
Transfers in	1,250,500	-	-	688,005	1,938,505
Transfers out	<u>(239,174)</u>	<u>-</u>	<u>-</u>	<u>(423,555)</u>	<u>(662,729)</u>
Total other financing sources (uses)	<u>1,011,326</u>	<u>-</u>	<u>-</u>	<u>1,854,450</u>	<u>2,865,776</u>
NET CHANGE IN FUND BALANCES	355,958	13,569	(2,631,647)	(430,836)	(2,692,956)
FUND BALANCES, BEGINNING	<u>5,206,332</u>	<u>424,487</u>	<u>2,753,734</u>	<u>4,720,155</u>	<u>13,104,708</u>
FUND BALANCES, ENDING	<u>\$ 5,562,290</u>	<u>\$ 438,056</u>	<u>\$ 122,087</u>	<u>\$ 4,289,319</u>	<u>\$ 10,411,752</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, 2010

Net change in fund balances - total governmental funds \$(2,692,956)

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. 4,131,902

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. (191,803)

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. (61,129)

Some revenues in the statement of activities do not provide current financial resources and are not included in the governmental funds. 75,197

Change in net assets of governmental activities - statement of activities \$ 1,110,817

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, 2010

	Business-type Activities			Total
	Water and Sewer	Solid Waste	Nonmajor Golf Course	
ASSETS				
Current assets:				
Cash and investments	\$ 2,201,471	\$ 1,266,346	\$ -	\$ 3,467,817
Accounts receivable, net	1,881,284	1,101,335	1,940	2,984,559
Due from other funds	3,453	-	-	3,453
Inventory	-	-	22,064	22,064
Prepaid expenses	8,800	-	-	8,800
Restricted cash and investments	<u>7,108,298</u>	<u>114,448</u>	<u>287,821</u>	<u>7,510,567</u>
Total current assets	<u>11,203,306</u>	<u>2,482,129</u>	<u>311,825</u>	<u>13,997,260</u>
Noncurrent assets:				
Deferred charges	513,007	12,758	7,907	533,672
Property and equipment:				
Land	349,433	204,453	300,000	853,886
Buildings	189,590	-	132,722	322,312
Vehicles	527,647	1,035,621	25,473	1,588,741
Equipment	2,003,841	1,499,635	350,888	3,854,364
Facilities	25,471,623	3,497,385	1,296,186	30,265,194
Infrastructure	39,534,714	-	-	39,534,714
Construction in progress	4,993,883	-	70,279	5,064,162
Less: accumulated depreciation	<u>(29,791,794)</u>	<u>(2,891,555)</u>	<u>(726,814)</u>	<u>(33,410,163)</u>
Net property and equipment	<u>43,278,937</u>	<u>3,345,539</u>	<u>1,448,734</u>	<u>48,073,210</u>
Total noncurrent assets	<u>43,791,944</u>	<u>3,358,297</u>	<u>1,456,641</u>	<u>48,606,882</u>
Total assets	<u>\$ 54,995,250</u>	<u>\$ 5,840,426</u>	<u>\$ 1,768,466</u>	<u>\$ 62,604,142</u>
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ 346,097	\$ 109,915	\$ 10,373	\$ 466,385
Customer deposits	437,215	-	-	437,215
Retainage payable	39,096	-	-	39,096
Due to other funds	-	-	349,616	349,616
Accrued liabilities	129,342	109,027	21,510	259,879
Accrued interest	156,496	3,265	3,021	162,782
Long-term debt, current portion	<u>1,985,601</u>	<u>290,428</u>	<u>149,215</u>	<u>2,425,244</u>
Total current liabilities	<u>3,093,847</u>	<u>512,635</u>	<u>533,735</u>	<u>4,140,217</u>
Noncurrent liabilities:				
Compensated absences	147,904	23,302	9,951	181,157
Capital leases	31,830	35,034	26,056	92,920
Bonds payable	28,201,349	770,443	621,577	29,593,369
Net pension obligation	70,612	25,619	14,384	110,615
Net OPEB obligation	9,938	3,646	1,983	15,567
Estimated landfill postclosure care costs	<u>-</u>	<u>358,246</u>	<u>-</u>	<u>358,246</u>
Total noncurrent liabilities	<u>28,461,633</u>	<u>1,216,290</u>	<u>673,951</u>	<u>30,351,874</u>
Total liabilities	<u>31,555,480</u>	<u>1,728,925</u>	<u>1,207,686</u>	<u>34,492,091</u>
Net assets:				
Investment in capital assets (net of related debt)	19,671,423	2,270,171	655,151	22,596,745
Restricted for:				
Debt service	376,245	111,183	284,800	772,228
Unrestricted	<u>3,392,102</u>	<u>1,730,147</u>	<u>(379,171)</u>	<u>4,743,078</u>
Total net assets	<u>\$ 23,439,770</u>	<u>\$ 4,111,501</u>	<u>\$ 560,780</u>	<u>\$ 28,112,051</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, 2010

	Business-type Activities			Total Funds
	Water and Sewer	Solid Waste	Nonmajor Golf Course	
OPERATING REVENUES				
Charges for services	\$ 8,779,907	\$ 2,874,413	\$ 406,632	\$ 12,060,952
Miscellaneous	277,458	219,989	33,178	530,625
Total operating revenues	<u>9,057,365</u>	<u>3,094,402</u>	<u>439,810</u>	<u>12,591,577</u>
OPERATING EXPENSES				
Personnel services	2,033,153	772,744	294,693	3,100,590
Supplies and materials	2,203,341	176,183	36,534	2,416,058
Services and charges	1,313,197	1,024,204	132,156	2,469,557
Maintenance and repairs	357,022	108,444	27,789	493,255
Depreciation	1,763,124	293,541	82,400	2,139,065
Total operating expenses	<u>7,669,837</u>	<u>2,375,116</u>	<u>573,572</u>	<u>10,618,525</u>
OPERATING INCOME (LOSS)	<u>1,387,528</u>	<u>719,286</u>	<u>(133,762)</u>	<u>1,973,052</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	13,566	2,827	27	16,420
Interest expense	(1,070,292)	(37,984)	(6,274)	(1,114,550)
Bond agent fees	(87,816)	-	-	(87,816)
Gain (loss) on sale of asset	(39,474)	15,827	-	(23,647)
Total nonoperating revenues (expenses)	<u>(1,184,016)</u>	<u>(19,330)</u>	<u>(6,247)</u>	<u>(1,209,593)</u>
NET INCOME (LOSS) BEFORE TRANSFERS	203,512	699,956	(140,009)	763,459
TRANSFERS				
Transfers in	20,000	-	297,821	317,821
Transfers out	(1,155,597)	(428,000)	(10,000)	(1,593,597)
CHANGE IN NET ASSETS	(932,085)	271,956	147,812	(512,317)
NET ASSETS, BEGINNING	<u>24,371,855</u>	<u>3,839,545</u>	<u>412,968</u>	<u>28,624,368</u>
NET ASSETS, ENDING	<u>\$ 23,439,770</u>	<u>\$ 4,111,501</u>	<u>\$ 560,780</u>	<u>\$ 28,112,051</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, 2010

	Business-type Activities			Total Funds
	Water and Sewer	Solid Waste	Nonmajor Golf Course	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 9,068,112	\$ 2,874,413	\$ 406,704	\$ 12,349,229
Payments to suppliers	(4,516,244)	(1,316,741)	(186,982)	(6,019,967)
Payments to employees	(1,961,219)	(766,333)	(293,729)	(3,021,281)
Net cash flows provided (used) by operating activities	<u>2,590,649</u>	<u>791,339</u>	<u>(74,007)</u>	<u>3,307,981</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income received	<u>13,566</u>	<u>2,827</u>	<u>27</u>	<u>16,420</u>
Net cash flows provided by investing activities	<u>13,566</u>	<u>2,827</u>	<u>27</u>	<u>16,420</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash received from other funds	20,000	-	463,540	483,540
Cash paid to other funds	(1,155,597)	(428,000)	(10,000)	(1,593,597)
Net cash provided (used) by noncapital financing activities	<u>(1,135,597)</u>	<u>(428,000)</u>	<u>453,540</u>	<u>(1,110,057)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on long-term debt	5,358,881	(336,118)	(144,966)	4,877,797
Interest paid on long-term debt	(1,103,858)	(35,191)	(2,172)	(1,141,221)
Acquisition of property and equipment	(1,771,908)	(259,504)	(27,299)	(2,058,711)
Net cash provided (used) by capital and related financing activities	<u>2,483,115</u>	<u>(630,813)</u>	<u>(174,437)</u>	<u>1,677,865</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,951,733	(264,647)	205,123	3,892,209
CASH AND CASH EQUIVALENTS, BEGINNING	<u>5,358,036</u>	<u>1,645,441</u>	<u>82,698</u>	<u>7,086,175</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 9,309,769</u>	<u>\$ 1,380,794</u>	<u>\$ 287,821</u>	<u>\$ 10,978,384</u>

(continued)

CITY OF COPPERAS COVE, TEXAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Business-type Activities			Total Funds
	Water and Sewer	Solid Waste	Nonmajor Golf Course	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 1,387,528	\$ 719,286	\$(133,762)	\$ 1,973,052
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,763,124	293,541	82,400	2,139,065
Decrease (increase) in assets:				
Accounts receivable	(46,376)	(165,715)	72	(212,019)
Inventory	-	-	(974)	(974)
Increase (decrease) in liabilities:				
Accounts payable	(517,609)	(47,642)	(41,298)	(606,549)
Retainage payable	(71,934)	-	-	(71,934)
Accrued interest	-	-	(2,106)	(2,106)
Accrued liabilities	9,229	6,411	10,641	26,281
Landfill closure costs	-	(19,407)	-	(19,407)
Accrued compensated absences	(34,715)	(10,218)	964	(43,969)
Net pension obligation	39,490	13,452	8,968	61,910
Net OPEB obligation	4,789	1,631	1,088	7,508
Customer deposits	57,123	-	-	57,123
Total adjustments	<u>1,203,121</u>	<u>72,053</u>	<u>59,755</u>	<u>1,334,929</u>
Net cash provided (used) by operating activities	<u>\$ 2,590,649</u>	<u>\$ 791,339</u>	<u>\$(74,007)</u>	<u>\$ 3,307,981</u>

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

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, 2010

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.

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.

(continued)

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

B. **Government-wide and Fund Financial Statements** (Continued)

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.

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.

Debt Service Fund – This 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.

2009 Capital Improvement General Obligation Fund – This Capital Projects Fund is used to account for the proceeds from debt issued for a 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.

(continued)

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

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

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.

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.

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.

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.

(continued)

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

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

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. 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. The costs of governmental fund-type inventories and prepaid items are recorded as expenditures when consumed rather than when purchased.

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.

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

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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 \$22,919,091 difference are as follows:

Bonds payable	\$	22,340,175
Bond issuance costs	(	253,910)
Unamortized bond discounts and premiums	(	12,718)
Deferred loss on refunding	(	279,033)
Net pension obligation		320,445
Net OPEB obligation		44,938
Accrued interest payable		113,736
Capital leases		85,120
Compensated absences		<u>560,338</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>		
	\$	<u>22,919,091</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 \$627,076 difference are as follows:

Property taxes	\$	212,320
Ambulance charges for services		359,145
Municipal court fines		<u>55,611</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>627,076</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 \$4,131,902 difference are as follows:

Capital outlay	\$	5,593,183
Depreciation expense	(	<u>1,461,281</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>4,131,902</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 \$(191,803) difference are as follows:

Principal repayments	\$	1,428,939
Issuance of debt	(	1,590,000)
Bond issuance costs	(	5,861)
Discounts and premiums	(	656)
Deferred loss on refunding	(	<u>24,225</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>(191,803)</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 \$(61,129) difference are as follows:

Compensated absences	\$	146,434
Accrued interest	(	2,218)
Net pension obligation	(	183,130)
Net OPEB obligation	(	<u>22,215</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>(61,129)</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, 2010, 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.

The City's investments at September 30, 2010, are shown below:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
State operated pools:		
TexPool	\$ 17,634,544	34
TexStar	<u>2,557,373</u>	46
Total Fair Value	<u>\$ 20,191,917</u>	40

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

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 fair 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 an AAAM rating from Standard & Poor's, which monitors the funds compliance weekly with its rating requirements.

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 fair value of the securities. All TexStar securities are marked to fair value 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.

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

B. Property Taxes (Continued)

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

C. Receivables

Receivables at September 30, 2010, for the City's individual major and nonmajor funds including the applicable allowances for uncollectible accounts, consist of the following:

	<u>General</u>	<u>Debt Service</u>	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Nonmajor</u>	<u>Total</u>
Receivables:						
Taxes	\$ 796,902	\$ 40,331	\$ -	\$ -	\$ 45,900	\$ 883,133
Ambulance	2,806,930	-	-	-	-	2,806,930
Fines	995,650	-	-	-	116,558	1,112,208
Utilities	-	-	2,826,901	1,380,156	-	4,207,057
Miscellaneous	39,362	-	-	-	240,804	280,166
Grants	1,119	-	-	-	582,836	583,955
Notes	-	-	-	-	115,499	115,499
Gross receivables	<u>4,639,963</u>	<u>40,331</u>	<u>2,826,901</u>	<u>1,380,156</u>	<u>1,101,597</u>	<u>9,988,948</u>
Less: allowance for uncollectible	<u>(3,393,651)</u>	<u>-</u>	<u>(945,617)</u>	<u>(278,821)</u>	<u>(169,536)</u>	<u>(4,787,625)</u>
Net total receivables	<u>\$ 1,246,312</u>	<u>\$ 40,331</u>	<u>\$ 1,881,284</u>	<u>\$ 1,101,335</u>	<u>\$ 932,061</u>	<u>\$ 5,201,323</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	\$ 212,320	\$ -
Ambulance fees	359,145	-
Municipal court fines	55,611	-
Grants	-	2,000
Total	<u>\$ 627,076</u>	<u>\$ 2,000</u>

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. Capital Assets

Capital asset activity for the year ended September 30, 2010, was as follows:

Primary Government

	Balance 09/30/09	Additions	Deletions	Balance 09/30/10
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,112,553	\$ 138,000	\$ -	\$ 1,250,553
Construction in progress	<u>9,304,938</u>	<u>5,288,295</u>	<u>11,270,726</u>	<u>3,322,507</u>
Total assets not being depreciated	<u>10,417,491</u>	<u>5,426,295</u>	<u>11,270,726</u>	<u>4,573,060</u>
Capital assets, being depreciated:				
Buildings	7,904,486	45,662	-	7,950,148
Furniture and fixtures	294,567	-	-	294,567
Vehicles	2,988,816	115,096	-	3,103,912
Equipment	3,609,154	51,792	11,270	3,649,676
Infrastructure	11,841,280	831,015	-	12,672,295
Facilities	<u>8,469,938</u>	<u>10,394,049</u>	<u>-</u>	<u>18,863,987</u>
Total capital assets being depreciated	<u>35,108,241</u>	<u>11,437,614</u>	<u>11,270</u>	<u>46,534,585</u>
Less accumulated depreciation:				
Buildings	4,300,725	259,796	-	4,560,521
Furniture and fixtures	285,839	2,537	-	288,376
Vehicles	2,255,175	244,723	-	2,499,898
Equipment	2,464,692	367,838	11,270	2,821,260
Infrastructure	1,689,211	298,172	-	1,987,383
Facilities	<u>1,207,616</u>	<u>288,215</u>	<u>-</u>	<u>1,495,831</u>
Total accumulated depreciation	<u>12,203,258</u>	<u>1,461,281</u>	<u>11,270</u>	<u>13,653,269</u>
Total capital assets being depreciated, net	<u>22,904,983</u>	<u>9,976,333</u>	<u>-</u>	<u>32,881,316</u>
Governmental activities capital assets, net	<u>\$ 33,322,474</u>	<u>\$ 15,402,628</u>	<u>\$ 11,270,726</u>	<u>\$ 37,454,376</u>

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. Capital Assets (Continued)

	Balance 09/30/09	Additions	Deletions	Adjustments	Balance 09/30/10
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 850,386	\$ 3,500	\$ -	\$ -	\$ 853,886
Construction in progress	<u>4,632,421</u>	<u>1,415,551</u>	<u>(983,810)</u>	<u>-</u>	<u>5,064,162</u>
Total assets not being depreciated	<u>5,482,807</u>	<u>1,419,051</u>	<u>(983,810)</u>	<u>-</u>	<u>5,918,048</u>
Capital assets, being depreciated:					
Buildings	322,312	-	-	-	322,312
Vehicles	1,242,056	346,685	-	-	1,588,741
Equipment	3,833,708	181,656	161,000	-	3,854,364
Infrastructure	38,952,651	582,063	-	-	39,534,714
Facilities	<u>29,769,194</u>	<u>496,000</u>	<u>-</u>	<u>-</u>	<u>30,265,194</u>
Total capital assets being depreciated	<u>74,119,921</u>	<u>1,606,404</u>	<u>161,000</u>	<u>-</u>	<u>75,565,325</u>
Less accumulated depreciation:					
Buildings	259,859	12,893	-	-	272,752
Vehicles	2,084,585	202,777	-	-	2,287,362
Equipment	1,859,801	167,890	161,000	-	1,866,691
Infrastructure	-	997,639	-	-	997,639
Facilities	<u>27,227,851</u>	<u>757,868</u>	<u>-</u>	<u>-</u>	<u>27,985,719</u>
Total accumulated depreciation	<u>31,432,096</u>	<u>2,139,067</u>	<u>161,000</u>	<u>-</u>	<u>33,410,163</u>
Total capital assets being depreciated, net	<u>42,687,825</u>	<u>(532,663)</u>	<u>-</u>	<u>-</u>	<u>42,155,162</u>
Business-type activities capital assets, net	<u>\$ 48,170,632</u>	<u>\$ 886,388</u>	<u>\$ (983,810)</u>	<u>\$ -</u>	<u>\$ 48,073,210</u>

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

Government activities:	
General government	\$ 257,435
Public safety	586,093
Community service	171,325
Highways and streets	443,362
Fleet maintenance	<u>3,066</u>
Total depreciation expense - governmental activities	<u>\$ 1,461,281</u>
Business-type activities:	
Water and sewer	\$ 1,763,126
Solid waste	293,541
Golf course	<u>82,400</u>
Total depreciation expense - business-type activities	<u>\$ 2,139,067</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, 2010, was as follows:

	Balance 09/30/09	Additions	Deletions	Adjustments	Balance 09/30/10
Capital assets, not being depreciated:					
Land	\$ 2,787,600	\$ 1,808,100	\$ 2,229,848	\$(782)	\$ 2,365,070
Construction in progress	-	350,174	-	247,955	598,129
Total assets not being depreciated	<u>2,787,600</u>	<u>2,158,274</u>	<u>2,229,848</u>	<u>247,173</u>	<u>2,963,199</u>
Capital assets, being depreciated:					
Buildings	177,379	-	-	-	177,379
Equipment	108,534	-	-	-	108,534
Total capital assets being depreciated	<u>285,913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>285,913</u>
Less accumulated depreciation:					
Buildings	82,272	7,095	-	-	89,367
Equipment	92,770	5,255	-	-	98,025
Total accumulated depreciation	<u>175,042</u>	<u>12,350</u>	<u>-</u>	<u>-</u>	<u>187,392</u>
Total capital assets being depreciated, net	<u>110,871</u>	<u>(12,350)</u>	<u>-</u>	<u>-</u>	<u>98,521</u>
Governmental activities capital assets, net	<u>\$ 2,898,471</u>	<u>\$ 2,145,924</u>	<u>\$ 2,229,848</u>	<u>\$ 247,173</u>	<u>\$ 3,061,720</u>

F. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables at September 30, 2010, is as follows:

	Interfund Receivables	Interfund Payables
General fund		
Water and sewer	\$ -	\$ 3,453
Nonmajor governmental funds	452,521	-
Nonmajor enterprise funds	253,332	-
Total general fund	<u>705,853</u>	<u>3,453</u>
Debt service		
Total Debt Service	<u>92,387</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	-	452,521
Nonmajor enterprise funds	3,897	-
Total nonmajor governmental funds	<u>3,897</u>	<u>452,521</u>
Nonmajor enterprise funds		
General fund	-	345,719
Nonmajor governmental funds	-	3,897
Total nonmajor enterprise funds	<u>-</u>	<u>349,616</u>
Total	<u>\$ 805,590</u>	<u>\$ 805,590</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, 2010, were:

	<u>Transfers in</u>	<u>Transfers out</u>
Governmental activities:		
General fund	\$ 1,250,500	\$ 239,174
Nonmajor governmental funds	688,005	423,555
Business-type activities:		
Water and sewer	20,000	1,155,597
Solid waste	-	428,000
Nonmajor enterprise funds	<u>297,821</u>	<u>10,000</u>
Total	<u>\$ 2,256,326</u>	<u>\$ 2,256,326</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, 2010.

<u>Year Ending September 30,</u>	<u>Governmental Funds</u>	<u>Business-type Funds</u>
2011	\$ 79,596	\$ 236,586
2012	<u>7,938</u>	<u>94,053</u>
Total minimum lease payments	87,534	330,639
Less amount representing interest	<u>2,414</u>	<u>8,730</u>
Present value of future minimum lease payments	<u>\$ 85,120</u>	<u>\$ 321,909</u>

The assets acquired under capital leases are as follows:

Asset:	
Machinery and equipment	\$1,725,943

(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, 2010, is as follows:

	Balance 09/30/09	Additions	Deletions	Balance 09/30/10	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 9,506,824	\$ 1,425,000	\$(658,649)	\$ 10,273,175	\$ 728,269
Certificates of obligation	8,267,000	-	(180,000)	8,087,000	195,000
Limited tax notes	4,235,000	165,000	(420,000)	3,980,000	535,000
Unamortized bond discounts	(13,374)	-	656	(12,718)	-
Deferred amount on refunding	(303,258)	-	24,225	(279,033)	-
Total bonds payable	21,692,192	1,590,000	(1,233,768)	22,048,424	1,458,269
Capital leases	255,410	-	(170,290)	85,120	76,825
Compensated absences	706,772	20,967	(167,401)	560,338	117,671
Net pension obligation	137,315	986,372	(803,242)	320,445	-
Net OPEB obligation	22,723	40,057	(17,842)	44,938	-
Governmental activities long-term debt	<u>\$ 22,814,412</u>	<u>\$ 2,637,396</u>	<u>\$(2,392,543)</u>	<u>\$ 23,059,265</u>	<u>\$ 1,652,765</u>
Business-type activities:					
General obligation bonds	\$ 14,293,177	\$ 3,260,000	\$(991,350)	\$ 16,561,827	\$ 1,061,744
Certificates of obligation	8,978,000	-	(630,000)	8,348,000	660,000
Limited tax notes	3,660,000	3,885,000	(350,000)	7,195,000	415,000
Unamortized bond premiums	51,810	-	(27,630)	24,180	-
Unamortized bond discounts	(42,472)	-	5,036	(37,436)	-
Deferred amount on refunding	(395,874)	-	34,416	(361,458)	-
Total bonds payable	26,544,641	7,145,000	(1,959,528)	31,730,113	2,136,744
Estimated landfill postclosure care costs	397,060	-	(19,407)	377,653	19,877
Compensated absences	229,521	8,448	(16,708)	221,261	40,104
Capital leases	665,286	-	(343,377)	321,909	228,989
Net pension obligation	48,705	328,791	(266,881)	110,615	-
Net OPEB obligation	8,059	13,786	(6,278)	15,567	-
Business-type activities long-term debt	<u>\$ 27,893,272</u>	<u>\$ 7,496,025</u>	<u>\$(2,612,179)</u>	<u>\$ 32,777,118</u>	<u>\$ 2,425,714</u>
Discretely Presented Component Unit:					
Revenue bonds	\$ 700,000	\$ -	\$ 50,000	\$ 650,000	\$ 50,000
Net pension obligation	2,029	14,493	11,793	4,729	-
Net OPEB obligation	330	1,045	718	657	-
Discretely Presented Component Unit	<u>\$ 702,359</u>	<u>\$ 15,538</u>	<u>\$ 62,511</u>	<u>\$ 655,386</u>	<u>\$ 50,000</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, 2010, 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	\$ 740,000
2005 refunding	3.68	11/29/05	08/15/07	1,892,800	1,006,675
2006 refunding	3.78	03/09/06	08/15/21	996,000	989,000
2007 refunding	3.94	05/31/07	09/30/23	1,408,500	1,372,500
2009 various purpose	3.00 - 4.875	09/10/09	08/15/34	4,770,000	4,740,000
2010 various purpose	4.00 - 4.50	05/25/10	08/15/35	1,425,000	1,425,000
Limited tax notes:					
2006	3.50 - 4.00	09/26/06	08/15/13	1,260,000	510,000
2008	2.78	05/01/08	02/15/14	1,640,000	1,330,000
2008A	3.611	10/28/08	08/30/15	1,235,000	1,160,000
2009	2.00 - 3.00	09/10/09	08/15/16	890,000	815,000
2010	2.375 - 3.00	05/27/10	08/15/16	165,000	165,000
Tax/revenue certificates of obligation:					
2001 various purpose	3.00 - 5.25	06/15/01	08/15/21	1,915,000	190,000
2003 various purpose	2.00 - 5.00	08/05/03	09/30/23	4,190,000	2,622,000
2007 various purpose	3.94	05/31/07	09/30/27	<u>5,300,000</u>	<u>5,275,000</u>
Total				\$ <u>30,837,300</u>	\$ <u>22,340,175</u>
Business-type activities:					
General obligation bonds:					
2003A refunding	2.00 - 5.00	08/05/03	09/30/23	\$ 4,720,000	\$ 2,650,000
2005 refunding	3.68	11/29/05	08/15/19	4,022,200	3,493,327
2006 refunding	3.78	03/09/06	08/15/21	3,984,000	3,956,000
2007 refunding	3.94	05/31/07	09/30/23	3,286,500	3,202,500
2010 various purpose	2.375 - 3.00	05/25/10	08/30/35	3,260,000	3,260,000
Limited tax notes:					
2008	2.78	05/31/08	02/15/14	1,215,000	1,015,000
2008A	3.611	10/28/08	08/15/15	955,000	795,000
2009	2.00 - 3.00	09/10/09	08/15/16	1,620,000	1,500,000
2010	2.375 - 3.00	05/27/10	08/15/16	3,885,000	3,885,000
Tax/revenue certificates of obligation:					
2001 various purpose	4.00 - 5.25	06/15/01	08/15/21	6,485,000	630,000
2003 various purpose	2.00 - 5.00	08/05/03	09/30/23	9,820,000	5,153,000
2005 various purpose	3.63	11/10/05	08/15/25	<u>3,050,000</u>	<u>2,565,000</u>
Total				\$ <u>46,302,700</u>	\$ <u>32,104,827</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, 2010, the amount of defeased debt outstanding amounted to \$8,945,000.

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
2011	\$ 728,269	\$ 438,707	\$ 1,061,744	\$ 708,516
2012	781,435	427,349	1,138,566	686,606
2013	446,627	310,265	1,578,371	642,043
2014	412,344	381,632	1,482,657	579,026
2015	246,000	376,041	898,989	535,892
2016-2020	2,248,000	1,710,415	5,437,000	2,169,447
2021-2025	2,210,500	1,248,128	3,134,500	1,286,681
2026-2030	1,565,000	956,100	805,000	1,134,363
2031-2035	<u>1,635,000</u>	<u>643,604</u>	<u>1,025,000</u>	<u>1,166,438</u>
Total	<u>\$ 10,273,175</u>	<u>\$ 6,492,241</u>	<u>\$ 16,561,827</u>	<u>\$ 8,909,012</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
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	640,000	279,935	870,000	283,025
2016-2020	3,129,500	996,236	3,595,500	795,658
2021-2025	2,292,500	409,987	1,692,500	181,319
2026-2030	<u>915,000</u>	<u>54,371</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,087,000</u>	<u>\$ 2,986,631</u>	<u>\$ 8,348,000</u>	<u>\$ 2,611,361</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
2011	\$ 535,000	\$ 122,894	\$ 415,000	\$ 217,142
2012	670,000	133,805	720,000	361,469
2013	780,000	110,754	780,000	345,623
2014	895,000	87,625	860,000	321,951
2015	830,000	70,133	860,000	313,050
2016 - 2020	<u>270,000</u>	<u>42,881</u>	<u>3,560,000</u>	<u>3,202,331</u>
Total	<u>\$ 3,980,000</u>	<u>\$ 568,092</u>	<u>\$ 7,195,000</u>	<u>\$ 4,761,566</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, 2010. 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	\$ 2,340,252	\$ 2,249,343	\$ 90,909
Water and sewer	<u>5,596,252</u>	<u>2,144,647</u>	<u>3,451,605</u>
Total	<u>\$ 7,936,504</u>	<u>\$ 4,393,990</u>	<u>\$ 3,542,514</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. 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
	5 years/age 60 or 20 years/any age
Members can retire at certain ages, based on years of services with the City. The Service Retirement Eligibilities for the City are:	
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	12/31/09	12/31/08	12/31/07
Actuarial Value of Assets	\$ 19,032,818	\$ 17,320,997	\$ 15,913,254
Actuarial Accrued Liabilities	28,934,950	26,423,899	24,515,869
Percentage Funded	65.8%	65.6%	64.9%
Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)	9,899,132	9,102,902	8,602,615
Annual Covered Payroll	11,032,423	10,702,600	9,829,734
UAAL as a Percentage of Covered Payroll	89.7%	85.1%	87.5%
Net Pension Obligation (NPO) at the Beginning of Period	188,049	-	-
Annual Pension Cost:			
Annual Required Contribution (ARC)	1,327,035	1,175,778	831,512
Interest on NPO	14,104	-	-
Adjustment to the ARC	<u>(11,483)</u>	<u>-</u>	<u>-</u>
Annual Pension Cost	1,329,656	1,175,778	831,512
Contributions Made	<u>(1,081,916)</u>	987,729	831,512
Percentage of APC contributed	82%	84%	100%
Increase in NPO	<u>247,740</u>	<u>188,049</u>	<u>-</u>
NPO at the End of Period	<u>\$ 435,789</u>	<u>\$ 188,049</u>	<u>\$ -</u>

(continued)

IV. OTHER INFORMATION (Continued)

C. Employee Retirement Plan (Continued)

Contributions (Continued)

The required contribution rates for fiscal year 2010 were determined as part of the December 31, 2007 and 2008 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2009, also follows:

Actuarial Valuation Date	12/31/07	12/31/08	12/31/09
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll
GASB 25 equivalent single amortization period	30 years; closed period	29 years; closed period	28 years; closed period
Amortization period for new gains/losses	30 years	30 years	30 years
Asset valuation method	Amortized cost	Amortized cost	10-year smoothed market
Actuarial Assumptions:			
Investment rate of return*	7%	7%	7.5%
Projected salary increases*	varies by age and service	varies by age and service	varies by age and service
*Includes inflation at	3.0%	3.0%	3.0%
Cost-of-living adjustments	2.1%	2.1%	2.1%

D. Post-retirement Health Care Benefits

The City provides certain health care benefits through a single-employer defined benefit OPEB plan. Regular, fulltime 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, fulltime 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 has not established a trust to fund the plan and the City does not issue separate financial statements for the plan. The City's annual OPEB cost for the current year and the related information is listed below:

Annual Required Contribution (ARC)	\$ 54,875
Interest on Net OPEB Obligation	1,400
Adjustment to the ARC	<u>(1,297)</u>
Annual OPEB Cost	54,978
Employer Contributions with Interest	<u>(24,934)</u>
Increase (Decrease) in Net OPEB Obligation	30,044
Net OPEB Obligation, beginning of year	<u>31,118</u>
 Net OPEB Obligation, end of year	 <u>\$ 61,162</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).

<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	\$ 53,277	\$ 22,159	42%	\$ 31,118
09/30/10	54,875	24,934	45%	61,162

Funding Status and Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded (AAL) (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/08	\$ -	\$ 523,754	\$ 523,754	- %	\$ 11,032,423	4.75%

This is the second year of implementation for GASB Statement No. 45 for the City. Only one actuarial evaluation has been performed through September 30, 2010. Accordingly, only the current valuation information is presented in the above schedule of funding status and funding progress.

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.

(continued)

IV. OTHER INFORMATION (Continued)

D. Post-retirement Health Care Benefits (Continued)

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	12/31/2009
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level percent of payroll
Remaining Amortization Period	30 years; open
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%
Health care cost trend rate	10%
The number of active members is assumed to remain constant in the future	

A separate, audited, GAAP-basis postemployment benefit plan report is not available.

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.

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 2010 were \$21,770, 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>
09/30/10	\$ 21,770	\$ 21,770	100%	\$ -

(continued)

IV. OTHER INFORMATION (Continued)

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.

Estimated closure and postclosure care costs as of September 30, 2010, are \$377,653. It is estimated that the landfill requires 20 years of postclosure care as of September 30, 2010.

F. Subsequent Events

On November 16, 2010, the City issued Limited Tax Note Series 2010-A in the amount of \$1,915,000, maturing in 2017 with an average interest rate of 1-2.30%. The proceeds of the notes will be used to construct improvements to the City's Water and Sewer system, construct roads and improvements within the City, design and construct fire station, acquire and upgrade equipment for administrative, fire, and emergency purposes.

On February 1, 2011, the City issued Contract Revenue and Limited Tax Bonds, Series 2011, in the amount of \$39,000,000 maturing in 2017 with interest rates ranging between 3.50% and 5.00%. On February 1, 2011, the City also issued General Obligation Bonds, Series 2011, in the amount of \$5,490,000, maturing in 2026 with interest rates ranging from 3.50% to 5.00%. The proceeds from both bonds will be used to pay for highway improvements to U.S. 190.

On March 1, 2011, the City Council authorized the City Manager to release \$45,400,000 to the Texas Department of Transportation for the construction of the Southeast Bypass, part of U.S. Highway 190. The project will be primarily funded by the bonds issued on February 1st. The project has a total estimated cost of \$46,400,000. The City will fund \$3,100,000 of the total cost. TxDOT will reimburse the City for the remainder of the project cost, with \$42.3 million coming from the Killeen-Temple Metropolitan Planning Organization and \$1 million coming from federal earmark funds. The department will be responsible for the upkeep of the road upon completion of the project.

G. Prior Period Adjustment

In the current year, CCEDC (the discretely presented component unit) determined that certain prior year expenses should have been capitalized. The result of correcting this error in the current year was an increase of \$247,932 to the beginning net assets of CCEDC.

CITY OF COPPERAS COVE, TEXAS

REQUIRED SUPPLEMENTARY 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, 2010

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 10,879,165	\$ 10,879,165	\$ 10,729,259	\$(149,906)
Charges for services	896,659	971,659	855,928	(115,731)
Intergovernmental	-	-	4,198	4,198
Fines	919,398	919,398	796,724	(122,674)
Licenses	50,670	50,670	50,438	(232)
Permits	206,050	206,050	209,272	3,222
Investment income	50,045	50,060	11,651	(38,409)
Miscellaneous	<u>304,760</u>	<u>320,450</u>	<u>314,044</u>	<u>(6,406)</u>
Total revenues	<u>13,306,747</u>	<u>13,397,452</u>	<u>12,971,514</u>	<u>(425,938)</u>
EXPENDITURES				
Current:				
General government	2,445,192	2,517,779	2,321,874	195,905
Community services	1,803,941	1,828,868	1,668,544	160,324
Fleet and facility services	357,602	374,783	360,257	14,526
Highways and streets	699,812	702,869	632,916	69,953
Public safety	9,084,255	9,140,628	8,338,419	802,209
Capital outlay	143,604	167,094	113,391	53,703
Debt service:				
Principal retirement	179,617	140,581	135,617	4,964
Interest and fiscal charges	-	-	4,947	(4,947)
Total expenditures	<u>14,714,023</u>	<u>14,872,602</u>	<u>13,575,965</u>	<u>1,296,637</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,407,276)</u>	<u>(1,475,150)</u>	<u>(604,451)</u>	<u>870,699</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,250,500	1,250,500	1,250,500	-
Transfers out	<u>(289,303)</u>	<u>(292,638)</u>	<u>(239,174)</u>	<u>53,464</u>
Total other financing sources (uses)	<u>961,197</u>	<u>957,862</u>	<u>1,011,326</u>	<u>53,464</u>
NET CHANGE IN FUND BALANCE	<u>\$(446,079)</u>	<u>\$(517,288)</u>	406,875	<u>\$ 924,163</u>
FUND BALANCE, BEGINNING			5,206,332	
CURRENT YEAR ENCUMBRANCES			97,009	
PRIOR YEAR ENCUMBRANCES			<u>(147,926)</u>	
FUND BALANCE, ENDING			<u>\$ 5,562,290</u>	

CITY OF COPPERAS COVE, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2010

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, the FEMA Grant Fund and the City Wide Grants 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, the FEMA Grant Fund and the City Wide Grants 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, 2010

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and investments	\$ 1,722,943	\$ 2,484,384	\$ 4,207,327
Receivables (net of allowances for uncollectibles):			
Accounts	180,058	-	180,058
Taxes	45,900	-	45,900
Fines	5,828	-	5,828
Grants	582,836	-	582,836
Due from other funds	3,897	-	3,897
Notes receivable	<u>115,499</u>	<u>-</u>	<u>115,499</u>
 Total assets	 <u>\$ 2,656,961</u>	 <u>\$ 2,484,384</u>	 <u>\$ 5,141,345</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 297,420	\$ 15,430	\$ 312,850
Due to other funds	452,521	-	452,521
Deferred revenue	7,828	-	7,828
Accrued liabilities	47,693	-	47,693
Retainage payable	<u>31,134</u>	<u>-</u>	<u>31,134</u>
Total liabilities	<u>836,596</u>	<u>15,430</u>	<u>852,026</u>
Fund balances:			
Reserved for:			
Notes receivable	115,499	-	115,499
Encumbrances	166,235	370,270	536,505
Unreserved, undesignated	<u>1,538,631</u>	<u>2,098,684</u>	<u>3,637,315</u>
Total fund balances	<u>1,820,365</u>	<u>2,468,954</u>	<u>4,289,319</u>
 Total liabilities and fund balances	 <u>\$ 2,656,961</u>	 <u>\$ 2,484,384</u>	 <u>\$ 5,141,345</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, 2010

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES			
Taxes	\$ 227,756	\$ -	\$ 227,756
Charges for services	1,079,951	-	1,079,951
Intergovernmental	986,859	-	986,859
Fines	55,131	-	55,131
Contributions	32,305	-	32,305
Investment income	3,846	5,349	9,195
Miscellaneous	<u>4,723</u>	<u>16,500</u>	<u>21,223</u>
Total revenues	<u>2,390,571</u>	<u>21,849</u>	<u>2,412,420</u>
EXPENDITURES			
Current:			
General government	17,338	-	17,338
Community services	536,384	-	536,384
Highways and streets	326,331	-	326,331
Public safety	562,507	-	562,507
Capital outlay	973,645	1,886,229	2,859,874
Debt service:			
Principal retirement	324,672	-	324,672
Interest and fiscal charges	<u>54,616</u>	<u>15,984</u>	<u>70,600</u>
Total expenditures	<u>2,795,493</u>	<u>1,902,213</u>	<u>4,697,706</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(404,922)</u>	<u>(1,880,364)</u>	<u>(2,285,286)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of bonds	-	1,590,000	1,590,000
Transfers in	274,908	413,097	688,005
Transfers out	<u>(135,734)</u>	<u>(287,821)</u>	<u>(423,555)</u>
Total other financing sources (uses)	<u>139,174</u>	<u>1,715,276</u>	<u>1,854,450</u>
NET CHANGE IN FUND BALANCES	<u>(265,748)</u>	<u>(165,088)</u>	<u>(430,836)</u>
FUND BALANCES, BEGINNING	<u>2,086,113</u>	<u>2,634,042</u>	<u>4,720,155</u>
FUND BALANCES, ENDING	<u>\$ 1,820,365</u>	<u>\$ 2,468,954</u>	<u>\$ 4,289,319</u>

CITY OF COPPERAS COVE, TEXAS

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

FEMA Grant Fund – to account for activity related to federal assistance 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, 2010

	<u>Recreation Activities</u>	<u>Hotel/Motel Tax</u>	<u>Drainage Utility</u>	<u>Animal Shelter</u>
ASSETS				
Cash and investments	\$ 79,319	\$ 276,289	\$ 937,649	\$ 17,566
Receivables (net of allowance):				
Taxes	-	45,900	-	-
Accounts	295	-	179,763	-
Fines	-	-	-	-
Grants	-	-	-	-
Due from other funds	-	-	-	-
Notes receivable	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ <u>79,614</u>	\$ <u>322,189</u>	\$ <u>1,117,412</u>	\$ <u>17,566</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 21,488	\$ 71,332	\$ 13,996	\$ -
Deferred revenue	-	-	-	-
Due to other funds	-	-	-	-
Accrued liabilities	5,999	-	16,446	-
Retainage payable	-	-	-	-
Total liabilities	<u>27,487</u>	<u>71,332</u>	<u>30,442</u>	<u>-</u>
Fund balances:				
Reserved:				
Notes receivable	-	-	-	-
Encumbrances	5,137	4,240	134,308	-
Unreserved, undesignated	<u>46,990</u>	<u>246,617</u>	<u>952,662</u>	<u>17,566</u>
Total fund balances	<u>52,127</u>	<u>250,857</u>	<u>1,086,970</u>	<u>17,566</u>
Total liabilities and fund balances	\$ <u>79,614</u>	\$ <u>322,189</u>	\$ <u>1,117,412</u>	\$ <u>17,566</u>

<u>City Cemetery</u>	<u>Municipal Court</u>	<u>Texas Community Development Loan</u>	<u>Joint Image Campaign</u>	<u>Tobacco Grant</u>
\$ 10,343	\$ 125,104	\$ 84,315	\$ -	\$ 2,134
-	-	-	-	-
-	-	-	-	-
-	5,828	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	115,499	-	-
<u>\$ 10,343</u>	<u>\$ 130,932</u>	<u>\$ 199,814</u>	<u>\$ -</u>	<u>\$ 2,134</u>
\$ 72	\$ 1,052	\$ -	\$ -	\$ -
-	5,828	-	-	2,000
-	-	-	-	-
2,031	5,847	-	-	134
-	-	-	-	-
<u>2,103</u>	<u>12,727</u>	<u>-</u>	<u>-</u>	<u>2,134</u>
-	-	115,499	-	-
-	5,050	-	-	-
<u>8,240</u>	<u>113,155</u>	<u>84,315</u>	<u>-</u>	<u>-</u>
<u>8,240</u>	<u>118,205</u>	<u>199,814</u>	<u>-</u>	<u>-</u>
<u>\$ 10,343</u>	<u>\$ 130,932</u>	<u>\$ 199,814</u>	<u>\$ -</u>	<u>\$ 2,134</u>

(continued)

CITY OF COPPERAS COVE, TEXAS

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

(Continued)

SEPTEMBER 30, 2010

	<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>
ASSETS					
Cash and investments	\$ 71,801	\$ 82,683	\$ 6	\$ 35,734	\$ 1,722,943
Receivables (net of allowances for uncollectibles):					
Taxes	-	-	-	-	45,900
Accounts	-	-	-	-	180,058
Fines	-	-	-	-	5,828
Grants	-	20,756	-	562,080	582,836
Due from other funds	-	-	3,897	-	3,897
Notes receivable	-	-	-	-	115,499
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,499</u>
 Total assets	 <u>\$ 71,801</u>	 <u>\$ 103,439</u>	 <u>\$ 3,903</u>	 <u>\$ 597,814</u>	 <u>\$ 2,656,961</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 6,673	\$ 689	\$ -	\$ 182,118	\$ 297,420
Deferred revenue	-	-	-	-	7,828
Due to other funds	-	67,959	-	384,562	452,521
Other accrued liabilities	-	17,236	-	-	47,693
Retainage payable	-	-	-	31,134	31,134
Total liabilities	<u>6,673</u>	<u>85,884</u>	<u>-</u>	<u>597,814</u>	<u>836,596</u>
 Fund balances:					
Reserved:					
Notes receivable	-	-	-	-	115,499
Encumbrances	-	17,500	-	-	166,235
Unreserved, undesignated	<u>65,128</u>	<u>55</u>	<u>3,903</u>	<u>-</u>	<u>1,538,631</u>
Total fund balances	<u>65,128</u>	<u>17,555</u>	<u>3,903</u>	<u>-</u>	<u>1,820,365</u>
 Total liabilities and fund balances	 <u>\$ 71,801</u>	 <u>\$ 103,439</u>	 <u>\$ 3,903</u>	 <u>\$ 597,814</u>	 <u>\$ 2,656,961</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, 2010

	<u>Recreation Activities</u>	<u>Hotel/Motel Tax</u>	<u>Drainage Utility</u>	<u>Animal Shelter</u>
REVENUES				
Taxes	\$ -	\$ 227,756	\$ -	\$ -
Charges for services	196,166	-	864,635	-
Intergovernmental	-	-	-	-
Fines	-	-	-	-
Contributions	-	-	-	-
Investment income	182	684	2,226	25
Miscellaneous	10	-	4,658	-
Total revenues	<u>196,358</u>	<u>228,440</u>	<u>871,519</u>	<u>25</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Community services	245,352	231,409	-	-
Highways and streets	-	-	326,331	-
Public safety	-	-	-	739
Capital outlay	-	33,065	191,346	-
Debt service:				
Principal retirement	-	25,000	282,458	-
Interest and fiscal charges	-	4,813	46,671	-
Total expenditures	<u>245,352</u>	<u>294,287</u>	<u>846,806</u>	<u>739</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(48,994)</u>	<u>(65,847)</u>	<u>24,713</u>	<u>(714)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(135,734)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(135,734)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(48,994)</u>	<u>(65,847)</u>	<u>(111,021)</u>	<u>(714)</u>
FUND BALANCES, BEGINNING	<u>101,121</u>	<u>316,704</u>	<u>1,197,991</u>	<u>18,280</u>
FUND BALANCES, ENDING	<u>\$ 52,127</u>	<u>\$ 250,857</u>	<u>\$ 1,086,970</u>	<u>\$ 17,566</u>

<u>City Cemetery</u>	<u>Municipal Court</u>	<u>Texas Community Development Loan</u>	<u>Joint Image Campaign</u>	<u>Tobacco Grant</u>
\$ -	\$ -	\$ -	\$ -	\$ -
19,150	-	-	-	-
-	-	-	-	2,844
-	55,131	-	-	-
-	-	-	-	-
14	280	151	7	-
55	-	-	-	-
<u>19,219</u>	<u>55,411</u>	<u>151</u>	<u>7</u>	<u>2,844</u>
-	-	-	16,338	-
36,006	-	-	2,017	-
-	-	-	-	-
-	62,946	-	-	2,844
-	7,669	-	-	-
1,246	15,968	-	-	-
47	3,085	-	-	-
<u>37,299</u>	<u>89,668</u>	<u>-</u>	<u>18,355</u>	<u>2,844</u>
(18,080)	(34,257)	151	(18,348)	-
23,400	-	-	-	-
-	-	-	-	-
<u>23,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
5,320	(34,257)	151	(18,348)	-
<u>2,920</u>	<u>152,462</u>	<u>199,663</u>	<u>18,348</u>	<u>-</u>
<u>\$ 8,240</u>	<u>\$ 118,205</u>	<u>\$ 199,814</u>	<u>\$ -</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, 2010

	<u>Donations Fund</u>	<u>Homeland Security Grants</u>	<u>FEMA Grant</u>	<u>City Wide Grants</u>	<u>Special Revenue Funds</u>
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 227,756
Charges for services	-	-	-	-	1,079,951
Intergovernmental	-	278,294	-	705,721	986,859
Fines	-	-	-	-	55,131
Contributions	32,305	-	-	-	32,305
Investment income	82	195	-	-	3,846
Miscellaneous	-	-	-	-	4,723
Total revenues	<u>32,387</u>	<u>278,489</u>	<u>-</u>	<u>705,721</u>	<u>2,390,571</u>
EXPENDITURES					
Current:					
General government	1,000	-	-	-	17,338
Community services	16,964	4,636	-	-	536,384
Highways and streets	-	-	-	-	326,331
Public safety	10,483	485,495	-	-	562,507
Capital outlay	110	-	-	741,455	973,645
Debt service:					
Principal retirement	-	-	-	-	324,672
Interest and fiscal charges	-	-	-	-	54,616
Total expenditures	<u>28,557</u>	<u>490,131</u>	<u>-</u>	<u>741,455</u>	<u>2,795,493</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,830</u>	<u>(211,642)</u>	<u>-</u>	<u>(35,734)</u>	<u>(404,922)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	215,774	-	35,734	274,908
Transfers out	-	-	-	-	(135,734)
Total other financing sources (uses)	<u>-</u>	<u>215,774</u>	<u>-</u>	<u>35,734</u>	<u>139,174</u>
NET CHANGE IN FUND BALANCES	3,830	4,132	-	-	(265,748)
FUND BALANCES, BEGINNING	<u>61,298</u>	<u>13,423</u>	<u>3,903</u>	<u>-</u>	<u>2,086,113</u>
FUND BALANCES, ENDING	<u>\$ 65,128</u>	<u>\$ 17,555</u>	<u>\$ 3,903</u>	<u>\$ -</u>	<u>\$ 1,820,365</u>

CITY OF COPPERAS COVE, TEXAS

NONMAJOR CAPITAL PROJECTS FUNDS

2007 Capital Improvement Certificates of Obligation – to account for the proceeds from debt issued primarily for the construction of a new police facility

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.

Tax Notes Series 2006 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 Tax Notes Fund – 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 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 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.

2010 General Obligation Bonds Fund – to account for the proceeds from general obligation bonds to be used to finance tax-supported projects. The proceeds totaled \$1,425,000.

2010 Tax Notes Fund – to account for the proceeds from limited tax notes to be used to finance tax-supported projects. The proceeds totaled \$165,000.

CITY OF COPPERAS COVE, TEXAS

NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

SEPTEMBER 30, 2010

	2007 Capital Improvement Certificates of Obligation	2001 Combination Tax and Revenue Certificates of Obligation	Tax Notes Series 2006	Reliever Route	2003 Capital Improvement Certificates of Obligation
ASSETS					
Cash and investments	\$ 11,558	\$ 260,879	\$ 22,897	\$ 96,770	\$ 305,835
Total assets	\$ 11,558	\$ 260,879	\$ 22,897	\$ 96,770	\$ 305,835
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-	-
Fund balances:					
Reserved for encumbrances	-	6,500	-	-	-
Unreserved, undesignated	11,558	254,379	22,897	96,770	305,835
Total fund balances	11,558	260,879	22,897	96,770	305,835
Total liabilities and fund balances	\$ 11,558	\$ 260,879	\$ 22,897	\$ 96,770	\$ 305,835

<u>2008 Tax Notes</u>	<u>2008A Tax Notes</u>	<u>2009 Tax Notes</u>	<u>2010 General Obligation Bonds</u>	<u>2010 Tax Notes</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ <u>215,537</u>	\$ <u>258,675</u>	\$ <u>464,775</u>	\$ <u>271,295</u>	\$ <u>576,163</u>	\$ <u>2,484,384</u>
\$ <u>215,537</u>	\$ <u>258,675</u>	\$ <u>464,775</u>	\$ <u>271,295</u>	\$ <u>576,163</u>	\$ <u>2,484,384</u>
\$ <u>12,086</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,344</u>	\$ <u>-</u>	\$ <u>15,430</u>
<u>12,086</u>	<u>-</u>	<u>-</u>	<u>3,344</u>	<u>-</u>	<u>15,430</u>
-	2,050	361,720	-	-	370,270
<u>203,451</u>	<u>256,625</u>	<u>103,055</u>	<u>267,951</u>	<u>576,163</u>	<u>2,098,684</u>
<u>203,451</u>	<u>258,675</u>	<u>464,775</u>	<u>267,951</u>	<u>576,163</u>	<u>2,468,954</u>
\$ <u>215,537</u>	\$ <u>258,675</u>	\$ <u>464,775</u>	\$ <u>271,295</u>	\$ <u>576,163</u>	\$ <u>2,484,384</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, 2010

	2007 Capital Improvement Certificates of Obligation	2001 Combination Tax and Revenue Certificates of Obligation	Tax Notes Series 2006	Reliever Route	2003 Capital Improvement Certificates of Obligation
REVENUES					
Investment income	\$ 53	\$ 510	\$ 98	\$ 214	\$ 697
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>53</u>	<u>510</u>	<u>98</u>	<u>214</u>	<u>697</u>
EXPENDITURES					
Capital outlay	32,800	3,600	75,974	13,158	109,444
Debt service:					
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>32,800</u>	<u>3,600</u>	<u>75,974</u>	<u>13,158</u>	<u>109,444</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(32,747)</u>	<u>(3,090)</u>	<u>(75,876)</u>	<u>(12,944)</u>	<u>(108,747)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of bonds	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(32,747)</u>	<u>(3,090)</u>	<u>(75,876)</u>	<u>(12,944)</u>	<u>(108,747)</u>
FUND BALANCES, BEGINNING	<u>44,305</u>	<u>263,969</u>	<u>98,773</u>	<u>109,714</u>	<u>414,582</u>
FUND BALANCES, ENDING	<u>\$ 11,558</u>	<u>\$ 260,879</u>	<u>\$ 22,897</u>	<u>\$ 96,770</u>	<u>\$ 305,835</u>

<u>2008 Tax Notes</u>	<u>2008A Tax Notes</u>	<u>2009 Tax Notes</u>	<u>2010 General Obligation Bonds</u>	<u>2010 Tax Notes</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ 1,144	\$ 553	\$ 1,470	\$ 486	\$ 124	\$ 5,349
<u>16,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,500</u>
<u>17,644</u>	<u>553</u>	<u>1,470</u>	<u>486</u>	<u>124</u>	<u>21,849</u>
211,141	90,563	205,940	1,143,609	-	1,886,229
<u>-</u>	<u>-</u>	<u>-</u>	<u>13,926</u>	<u>2,058</u>	<u>15,984</u>
<u>211,141</u>	<u>90,563</u>	<u>205,940</u>	<u>1,157,535</u>	<u>2,058</u>	<u>1,902,213</u>
(193,497)	(90,010)	(204,470)	(1,157,049)	(1,934)	(1,847,617)
-	-	-	1,425,000	165,000	1,590,000
-	-	-	-	413,097	413,097
<u>(287,821)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(287,821)</u>
<u>(287,821)</u>	<u>-</u>	<u>-</u>	<u>1,425,000</u>	<u>578,097</u>	<u>1,715,276</u>
(481,318)	(90,010)	(204,470)	267,951	576,163	(165,088)
<u>684,769</u>	<u>348,685</u>	<u>669,245</u>	<u>-</u>	<u>-</u>	<u>2,634,042</u>
<u>\$ 203,451</u>	<u>\$ 258,675</u>	<u>\$ 464,775</u>	<u>\$ 267,951</u>	<u>\$ 576,163</u>	<u>\$ 2,468,954</u>

CITY OF COPPERAS COVE, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
TAXES				
Current ad valorem	\$ 6,863,764	\$ 6,863,764	\$ 6,619,447	\$(244,317)
Delinquent ad valorem	65,000	65,000	62,717	(2,283)
Penalty and interest	58,000	58,000	47,516	(10,484)
Franchise	1,248,901	1,248,901	1,318,570	69,669
Sales	2,500,000	2,500,000	2,479,925	(20,075)
Mixed drink	13,500	13,500	16,066	2,566
Bingo	130,000	130,000	185,018	55,018
Total taxes	<u>10,879,165</u>	<u>10,879,165</u>	<u>10,729,259</u>	<u>(149,906)</u>
LICENSES				
Bicycle	100	100	8	(92)
Contractors	32,000	32,000	31,245	(755)
Animal	5,200	5,200	6,495	1,295
Wrecker	510	510	510	-
Food establishment	11,000	11,000	10,420	(580)
Vicious/dangerous	1,500	1,500	1,400	(100)
Taxi cab	360	360	360	-
Total licenses	<u>50,670</u>	<u>50,670</u>	<u>50,438</u>	<u>(232)</u>
PERMITS				
Building	50,000	50,000	82,591	32,591
House moving	100	100	-	(100)
Alarms	6,700	6,700	3,180	(3,520)
Street cut	12,000	12,000	8,692	(3,308)
Electrical	12,000	12,000	19,340	7,340
Solicitors	3,200	3,200	3,100	(100)
Gas	2,000	2,000	1,130	(870)
Mechanical	10,000	10,000	23,133	13,133
Garage sale	7,000	7,000	8,090	1,090
Plumbing	25,000	25,000	44,751	19,751
Car wash	500	500	540	40
Beverage	450	450	60	(390)
Signs	1,500	1,500	1,210	(290)
Food workers	15,000	15,000	9,735	(5,265)
Miscellaneous	950	950	900	(50)
Swimming pools	800	800	260	(540)
Certificates	2,000	2,000	2,560	560
Total permits	<u>149,200</u>	<u>149,200</u>	<u>209,272</u>	<u>60,072</u>

(continued)

CITY OF COPPERAS COVE, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET AND ACTUAL (BUDGETARY BASIS)
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
CHARGES FOR SERVICES				
Swimming pool	\$ 52,800	\$ 52,800	\$ 39,837	\$(12,963)
Community building rental	22,400	22,400	12,628	(9,772)
Library miscellaneous	12,000	12,000	13,122	1,122
Animal shelter fees	36,000	36,000	28,733	(7,267)
Ambulance fees	680,600	680,600	636,946	(43,654)
Police overtime reimbursement	17,000	17,000	19,315	2,315
Police restitution	1,400	1,400	4,869	3,469
Open records	500	500	308	(192)
Festival	15,000	15,000	12,918	(2,082)
Copy machine	4,000	4,000	4,527	527
Mowing	11,500	11,500	18,040	6,540
Service charge - nsf checks	9,500	9,500	7,590	(1,910)
Plat filing fees	3,950	3,950	4,835	885
Animal identification	2,000	2,000	1,189	(811)
Sale of City maps	320	320	12	(308)
Special events	5,280	5,280	4,778	(502)
Re-inspection fees	1,260	1,260	10,675	9,415
Street sign	1,500	1,500	601	(899)
Pool rental	4,000	4,000	6,780	2,780
Animal tranquilization fees	350	350	200	(150)
Fire inspection fees	2,375	2,375	1,115	(1,260)
Fire testing fees	500	500	315	(185)
Rezoning request fees	1,000	1,000	1,000	-
Variance request fees	800	800	400	(400)
Tax abatement	-	-	1,500	1,500
RV park fees	13,500	13,500	23,695	10,195
Total charges for services	<u>899,535</u>	<u>899,535</u>	<u>855,928</u>	<u>(43,607)</u>
FINES				
Traffic violations	412,000	412,000	171,803	(240,197)
Library fines	16,000	16,000	13,992	(2,008)
Municipal court fines	125,000	125,000	292,354	167,354
Arrest warrant income	123,600	123,600	91,157	(32,443)
Arresting officer fees	28,840	28,840	30,923	2,083
Child safety	13,000	13,000	5,381	(7,619)
HB 70 fees	14,420	14,420	14,054	(366)
Juvenile	118,738	118,738	119,050	312
Civil justice fee	-	-	27	27
State court fees	67,800	67,800	57,983	(9,817)
Total fines	<u>919,398</u>	<u>919,398</u>	<u>796,724</u>	<u>(122,674)</u>

(continued)

CITY OF COPPERAS COVE, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET AND ACTUAL (BUDGETARY BASIS)
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
INVESTMENT INCOME				
Investment income	\$ 50,045	\$ 50,060	\$ 11,651	\$(38,409)
Total investment income	<u>50,045</u>	<u>50,060</u>	<u>11,651</u>	<u>(38,409)</u>
MISCELLANEOUS				
Auction proceeds	8,000	8,000	7,568	(432)
Rental income	19,000	19,000	19,008	8
Miscellaneous	<u>290,982</u>	<u>291,182</u>	<u>287,468</u>	<u>(3,714)</u>
Total miscellaneous	<u>317,982</u>	<u>318,182</u>	<u>314,044</u>	<u>(4,138)</u>
INTERGOVERNMENTAL				
Grants	<u>-</u>	<u>-</u>	<u>4,198</u>	<u>4,198</u>
Total intergovernmental	<u>-</u>	<u>-</u>	<u>4,198</u>	<u>4,198</u>
Totals	<u>\$ 13,265,995</u>	<u>\$ 13,266,210</u>	<u>\$ 12,971,514</u>	<u>\$(294,696)</u>

CITY OF COPPERAS COVE, TEXAS

GENERAL FUND

SCHEDULE OF EXPENDITURES BUDGET AND ACTUAL (BUDGETARY BASIS)

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
GENERAL GOVERNMENT				
City council	\$ 38,675	\$ 38,675	\$ 26,269	\$ 12,406
City manager	278,086	288,542	260,091	28,451
Financial services and accounting	947,995	963,239	900,309	62,930
City secretary	150,682	173,712	168,194	5,518
City attorney	87,526	92,922	78,746	14,176
Personnel	297,468	311,666	299,133	12,533
Nondepartmental	388,073	372,167	359,566	12,601
Engineering	<u>257,023</u>	<u>294,271</u>	<u>260,033</u>	<u>34,238</u>
Total general government	<u>2,445,528</u>	<u>2,535,194</u>	<u>2,352,341</u>	<u>182,853</u>
COMMUNITY SERVICES				
Parks and recreation	1,025,981	1,038,131	963,257	74,874
Library	570,051	579,051	515,275	63,776
Code and health	<u>214,327</u>	<u>212,186</u>	<u>190,012</u>	<u>22,174</u>
Total community services	<u>1,810,359</u>	<u>1,829,368</u>	<u>1,668,544</u>	<u>160,824</u>
FLEET AND FACILITY SERVICES				
Fleet maintenance	254,048	269,449	260,432	9,017
Facility maintenance	<u>104,238</u>	<u>105,334</u>	<u>99,825</u>	<u>5,509</u>
Total fleet and facility services	<u>358,286</u>	<u>374,783</u>	<u>360,257</u>	<u>14,526</u>
HIGHWAYS AND STREETS				
Streets	<u>813,862</u>	<u>816,919</u>	<u>632,916</u>	<u>184,003</u>
Total highways and streets	<u>813,862</u>	<u>816,919</u>	<u>632,916</u>	<u>184,003</u>
PUBLIC SAFETY				
Building inspections	265,308	232,832	222,801	10,031
Municipal court	415,444	442,634	405,982	36,652
Animal control	238,300	245,193	212,715	32,478
Police department	4,920,864	4,942,349	4,551,535	390,814
Fire/EMS department	3,268,324	3,299,830	3,021,592	278,238
Emergency management	<u>12,219</u>	<u>7,359</u>	<u>6,718</u>	<u>641</u>
Total public safety	<u>9,120,459</u>	<u>9,170,197</u>	<u>8,421,343</u>	<u>748,854</u>
DEBT SERVICE				
Principal retirement	170,389	140,581	135,617	4,964
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>4,947</u>	<u>(4,947)</u>
Total debt service	<u>170,389</u>	<u>140,581</u>	<u>140,564</u>	<u>17</u>
Total expenditures	<u>\$ 14,718,883</u>	<u>\$ 14,867,042</u>	<u>\$ 13,575,965</u>	<u>\$ 1,291,077</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Charges for services	\$ 228,210	\$ 228,210	\$ 196,166	\$(32,044)
Investment income	1,000	1,000	182	(818)
Miscellaneous	<u>100</u>	<u>100</u>	<u>10</u>	<u>(90)</u>
Total revenues	<u>229,310</u>	<u>229,310</u>	<u>196,358</u>	<u>(32,952)</u>
EXPENDITURES				
Current:				
Community services:				
Personnel services	86,567	86,567	79,225	7,342
Supplies and materials	159,394	158,569	132,457	26,112
Maintenance and repairs	7,480	7,815	768	7,047
Services and charges	<u>54,085</u>	<u>54,575</u>	<u>38,039</u>	<u>16,536</u>
Total expenditures	<u>307,526</u>	<u>307,526</u>	<u>250,489</u>	<u>57,037</u>
NET CHANGE IN FUND BALANCE	<u>\$(78,216)</u>	<u>\$(78,216)</u>	<u>(54,131)</u>	<u>\$ 24,085</u>
FUND BALANCE, BEGINNING			101,121	
CURRENT YEAR ENCUMBRANCES			<u>5,137</u>	
FUND BALANCE, ENDING			<u>\$ 52,127</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Taxes	\$ 186,600	\$ 202,600	\$ 227,756	\$ 25,156
Investment income	<u>1,100</u>	<u>2,070</u>	<u>684</u>	<u>(1,386)</u>
Total revenues	<u>187,700</u>	<u>204,670</u>	<u>228,440</u>	<u>23,770</u>
EXPENDITURES				
Current:				
Community services:				
Supplies and materials	188,500	204,500	203,409	1,091
Maintenance and repairs	20,000	30,000	30,000	-
Capital outlay:				
General government	-	205,839	35,305	170,534
Debt service:				
Principal retirement	25,000	25,000	25,000	-
Interest and fiscal charges	<u>7,394</u>	<u>7,394</u>	<u>4,813</u>	<u>2,581</u>
Total expenditures	<u>240,894</u>	<u>472,733</u>	<u>298,527</u>	<u>174,206</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(53,194)</u>	<u>(268,063)</u>	<u>(70,087)</u>	<u>197,976</u>
OTHER FINANCING SOURCES (USES)				
Issuance of bonds	<u>-</u>	<u>210,000</u>	<u>-</u>	<u>(210,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>210,000</u>	<u>-</u>	<u>(210,000)</u>
NET CHANGE IN FUND BALANCES	<u>\$(53,194)</u>	<u>\$(58,063)</u>	<u>(70,087)</u>	<u>\$(12,024)</u>
FUND BALANCE, BEGINNING			316,704	
CURRENT YEAR ENCUMBRANCES			<u>4,240</u>	
FUND BALANCE, ENDING			<u>\$ 250,857</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Charges for services	\$ 868,000	\$ 868,000	\$ 864,635	\$(3,365)
Investment income	8,200	9,358	2,226	(7,132)
Miscellaneous	<u>200</u>	<u>200</u>	<u>4,658</u>	<u>4,458</u>
Total revenues	<u>876,400</u>	<u>877,558</u>	<u>871,519</u>	<u>(6,039)</u>
EXPENDITURES				
Current:				
Highways and streets:				
Personnel services	284,675	294,424	255,252	39,172
Supplies and materials	38,787	37,852	19,469	18,383
Maintenance and repairs	20,846	20,846	11,625	9,221
Services and charges	20,472	15,471	2,664	12,807
Capital outlay:				
Capital drainage projects	350,600	483,641	299,255	184,386
Debt service:				
Principal	282,895	282,895	282,458	437
Interest and fiscal charges	48,175	43,656	46,671	(3,015)
Bond issuance costs	<u>-</u>	<u>4,519</u>	<u>-</u>	<u>4,519</u>
Total expenditures	<u>1,046,450</u>	<u>1,183,304</u>	<u>917,394</u>	<u>265,910</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(170,050)</u>	<u>(305,746)</u>	<u>(45,875)</u>	<u>259,871</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(100,000)</u>	<u>(100,001)</u>	<u>(135,734)</u>	<u>(35,733)</u>
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,001)</u>	<u>(135,734)</u>	<u>(35,733)</u>
NET CHANGE IN FUND BALANCE	<u>\$(270,050)</u>	<u>\$(405,747)</u>	<u>(181,609)</u>	<u>\$ 224,138</u>
FUND BALANCE, BEGINNING			1,197,991	
CURRENT YEAR ENCUMBRANCES			134,308	
PRIOR YEAR ENCUMBRANCES			<u>(63,720)</u>	
FUND BALANCE, ENDING			<u>\$ 1,086,970</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Investment income	\$ 30	\$ 30	\$ 25	\$(5)
Contributions	<u>100</u>	<u>100</u>	<u>-</u>	<u>(100)</u>
Total revenues	<u>130</u>	<u>130</u>	<u>25</u>	<u>(105)</u>
EXPENDITURES				
Current:				
Public safety:				
Services and charges	<u>13,902</u>	<u>13,902</u>	<u>739</u>	<u>13,163</u>
Total expenditures	<u>13,902</u>	<u>13,902</u>	<u>739</u>	<u>13,163</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u><u>\$(13,772)</u></u>	<u><u>\$(13,772)</u></u>	<u><u>\$(714)</u></u>	<u><u>\$ 13,058</u></u>
FUND BALANCE, BEGINNING			<u>18,280</u>	
FUND BALANCE, ENDING			<u><u>\$ 17,566</u></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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES				
Investment income	\$ 20	\$ 20	\$ 14	\$(6)
Sale of plots	13,000	13,000	19,150	6,150
Miscellaneous	<u>50</u>	<u>50</u>	<u>55</u>	<u>5</u>
Total revenues	<u>13,070</u>	<u>13,070</u>	<u>19,219</u>	<u>6,149</u>
EXPENDITURES				
Current:				
Community services:				
Personnel services	33,343	34,661	33,664	997
Supplies and materials	1,300	800	8	792
Maintenance and repairs	2,092	2,092	1,404	688
Services and charges	1,558	1,288	930	358
Debt service:				
Principal retirement	1,246	1,246	1,246	-
Interest and fiscal charges	<u>47</u>	<u>47</u>	<u>47</u>	<u>-</u>
Total expenditures	<u>39,586</u>	<u>40,134</u>	<u>37,299</u>	<u>2,835</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(26,516)</u>	<u>(27,064)</u>	<u>(18,080)</u>	<u>8,984</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>23,400</u>	<u>23,400</u>	<u>23,400</u>	<u>-</u>
Total other financing sources (uses)	<u>23,400</u>	<u>23,400</u>	<u>23,400</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$(3,116)</u>	<u>\$(3,664)</u>	5,320	<u>\$ 8,984</u>
FUND BALANCE, BEGINNING			<u>2,920</u>	
FUND BALANCE, ENDING			<u>\$ 8,240</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Fines	\$ 54,862	\$ 54,862	\$ 55,131	\$ 269
Investment income	1,270	1,270	280	(990)
Total revenues	<u>56,132</u>	<u>56,132</u>	<u>55,411</u>	<u>(721)</u>
EXPENDITURES				
Current:				
Public safety:				
Personnel services	25,598	25,598	24,533	1,065
Supplies and materials	4,324	15,909	13,654	2,255
Maintenance and repairs	23,753	22,753	20,916	1,837
Services and charges	9,475	9,300	4,193	5,107
Capital outlay:				
Public safety	13,000	7,590	11,284	(3,694)
Debt service:				
Principal retirement	15,971	15,971	15,968	3
Interest and fiscal charges	3,085	3,085	3,085	-
Total expenditures	<u>95,206</u>	<u>100,206</u>	<u>93,633</u>	<u>6,573</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$(39,074)</u>	<u>\$(44,074)</u>	<u>\$(38,222)</u>	<u>\$ 5,852</u>
FUND BALANCE, BEGINNING			152,462	
CURRENT YEAR ENCUMBRANCES			5,050	
PRIOR YEAR ENCUMBRANCES			<u>(1,085)</u>	
FUND BALANCE, ENDING			<u>\$ 118,205</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Investment income	\$ 50	\$ 50	\$ 7	\$(43)
Contributions	<u>28,000</u>	<u>28,000</u>	<u>-</u>	<u>(28,000)</u>
Total revenues	<u>28,050</u>	<u>28,050</u>	<u>7</u>	<u>(28,043)</u>
EXPENDITURES				
Current:				
General government:				
Services and charges	<u>30,633</u>	<u>30,633</u>	<u>18,355</u>	<u>12,278</u>
Total expenditures	<u>30,633</u>	<u>30,633</u>	<u>18,355</u>	<u>12,278</u>
NET CHANGE IN FUND BALANCE	<u>\$(2,583)</u>	<u>\$(2,583)</u>	<u>(18,348)</u>	<u>\$(15,765)</u>
FUND BALANCE, BEGINNING			<u>18,348</u>	
FUND BALANCE, ENDING			<u>\$ -</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 3,000	\$ 3,000	\$ 2,843	\$(157)
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>2,843</u>	<u>(157)</u>
 EXPENDITURES				
Current:				
Public safety:				
Personnel services	3,000	2,339	2,183	156
Supplies and materials	-	121	120	1
Services and charges	<u>-</u>	<u>540</u>	<u>540</u>	<u>-</u>
Total expenditures	<u>3,000</u>	<u>3,000</u>	<u>2,843</u>	<u>157</u>
 NET CHANGE IN FUND BALANCE	 <u>\$ -</u>	 <u>\$ -</u>	 -	 <u>\$ -</u>
 FUND BALANCE, BEGINNING			 <u>-</u>	
 FUND BALANCE, ENDING			 <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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Investment income	\$ 100	\$ 100	\$ 82	\$(18)
Contributions	<u>26,600</u>	<u>38,830</u>	<u>32,305</u>	<u>(6,525)</u>
Total revenues	<u>26,700</u>	<u>38,930</u>	<u>32,387</u>	<u>(6,543)</u>
EXPENDITURES				
Current:				
General government:				
Personnel services	-	1,000	1,000	-
Public safety:				
Supplies and materials	53,475	60,991	14,532	46,459
Services and charges	-	3,603	2,601	1,002
Community services:				
Supplies and materials	9,000	10,106	8,064	2,042
Services and charges	13,974	12,868	2,250	10,618
Capital outlay:				
Public safety	<u>-</u>	<u>111</u>	<u>110</u>	<u>1</u>
Total expenditures	<u>76,449</u>	<u>88,679</u>	<u>28,557</u>	<u>60,122</u>
NET CHANGE IN FUND BALANCE	<u><u>\$(49,749)</u></u>	<u><u>\$(49,749)</u></u>	3,830	<u><u>\$ 53,579</u></u>
FUND BALANCE, BEGINNING			<u>61,298</u>	
FUND BALANCE, ENDING			<u><u>\$ 65,128</u></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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Investment income	\$ -	\$ -	\$ 195	\$ 195
Intergovernmental	152,824	324,938	278,294	(46,644)
Total revenues	<u>152,824</u>	<u>324,938</u>	<u>278,489</u>	<u>(46,449)</u>
EXPENDITURES				
Current:				
Public safety:				
Personnel services	347,763	358,598	310,240	48,358
Supplies and materials	-	99,272	96,196	3,076
Services and charges	-	17,611	10,131	7,480
Capital outlay	<u>17,500</u>	<u>91,064</u>	<u>91,064</u>	<u>-</u>
Total expenditures	<u>365,263</u>	<u>566,545</u>	<u>507,631</u>	<u>58,914</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(212,439)</u>	<u>(241,607)</u>	<u>(229,142)</u>	<u>12,465</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>212,439</u>	<u>215,774</u>	<u>215,774</u>	<u>-</u>
Total other financing sources (uses)	<u>212,439</u>	<u>215,774</u>	<u>215,774</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$(25,833)</u>	<u>(13,368)</u>	<u>\$ 12,465</u>
FUND BALANCE, BEGINNING			13,423	
CURRENT YEAR ENCUMBRANCES			<u>17,500</u>	
FUND BALANCE, ENDING			<u>\$ 17,555</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Taxes	\$ 1,716,882	\$ 1,716,882	\$ 1,799,272	\$ 82,390
Investment income	<u>7,000</u>	<u>7,000</u>	<u>23,009</u>	<u>16,009</u>
Total revenues	<u>1,723,882</u>	<u>1,723,882</u>	<u>1,822,281</u>	<u>98,399</u>
EXPENDITURES				
Debt service:				
Principal retirement	1,061,037	1,061,037	968,650	92,387
Interest and fiscal charges	<u>891,920</u>	<u>891,920</u>	<u>840,062</u>	<u>51,858</u>
Total expenditures	<u>1,952,957</u>	<u>1,952,957</u>	<u>1,808,712</u>	<u>144,245</u>
NET CHANGE IN FUND BALANCE	\$ <u>(229,075)</u>	\$ <u>(229,075)</u>	13,569	\$ <u>242,644</u>
FUND BALANCE, BEGINNING			<u>424,487</u>	
FUND BALANCE, ENDING			\$ <u>438,056</u>	

CITY OF COPPERAS COVE, TEXAS

STATISTICAL SECTION

(All Tables in the Statistical Section are Unaudited)

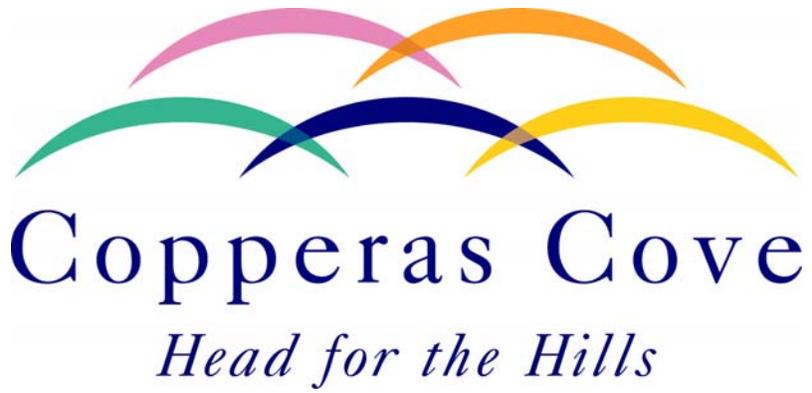
“The City Built for Family Living”



STATISTICAL SECTION

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

“The City Built for Family Living”



FINANCIAL TRENDS INFORMATION

CITY OF COPPERAS COVE, TEXAS
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities:								
Invested in capital assets, net of related debt	\$ 18,043,868	\$ 11,374,872	\$ 15,403,434	\$ 12,609,887	\$ 2,464,242	\$ 2,647,484	\$ 4,619,317	\$ 3,816,831
Restricted:								
Debt service	478,387	424,487	366,564	156,930	97,478	129,781	121,112	221,994
Community services	311,224	5,387,776	342,815	43,821	1,124,834	1,700,723	2,056,112	-
Highways and streets	1,086,970	-	-	-	-	-	-	-
Public safety	135,760	-	-	-	-	-	-	-
Unrestricted	<u>5,517,904</u>	<u>7,276,161</u>	<u>7,088,728</u>	<u>5,933,671</u>	<u>5,642,526</u>	<u>4,823,357</u>	<u>1,156,366</u>	<u>3,124,279</u>
Total governmental activities net assets	\$ <u>25,574,113</u>	\$ <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	\$ 22,596,745	\$ 25,553,411	\$ 23,052,050	\$ 20,770,346	\$ 21,359,736	\$ 19,448,721	\$ 19,766,421	\$ 17,378,940
Restricted:								
Debt service	772,228	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	<u>4,743,078</u>	<u>1,995,872</u>	<u>3,415,881</u>	<u>3,170,782</u>	<u>2,001,545</u>	<u>2,534,178</u>	<u>773,682</u>	<u>2,182,114</u>
Total business-type activities net assets	\$ <u>28,112,051</u>	\$ <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	\$ 40,640,613	\$ 36,928,283	\$ 38,455,484	\$ 33,380,233	\$ 23,823,978	\$ 22,096,205	\$ 24,385,738	\$ 21,195,771
Restricted:								
Debt service	1,250,615	1,499,572	744,702	982,456	653,378	700,781	692,112	897,394
Community services	311,224	5,387,776	866,272	827,071	1,202,989	1,778,878	202,011,112	-
Highways and streets	1,086,970	-	-	-	-	-	-	-
Public safety	135,760	-	-	-	-	-	-	-
Unrestricted	<u>10,260,982</u>	<u>9,272,033</u>	<u>10,504,609</u>	<u>9,104,453</u>	<u>7,644,071</u>	<u>7,357,535</u>	<u>1,930,048</u>	<u>5,306,393</u>
Total primary government net assets	\$ <u>53,686,164</u>	\$ <u>53,087,664</u>	\$ <u>50,571,067</u>	\$ <u>44,294,213</u>	\$ <u>33,324,416</u>	\$ <u>31,933,399</u>	\$ <u>229,019,010</u>	\$ <u>27,399,558</u>

Note:

The City first applied GASB Statement No. 34 in fiscal year 2003; therefore, government-wide financial information for years prior to fiscal year 2003 is not available.

TABLE 2

CITY OF COPPERAS COVE, TEXAS
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
EXPENSES								
Governmental activities:								
General government	\$ 2,623,640	\$ 3,034,581	\$ 2,175,856	\$ 1,839,306	\$ 2,091,253	\$ 1,977,274	\$ 1,896,278	\$ 1,708,931
Community services	2,373,405	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	364,763	354,495	414,669	386,747	437,608	354,464	344,483	321,073
Highways and streets	1,404,332	1,178,405	1,598,678	897,493	1,212,838	877,655	834,013	778,099
Public safety	9,586,380	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	948,569	765,655	679,576	492,193	444,344	364,607	464,477	399,906
Total governmental activities expenses	<u>17,301,089</u>	<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	8,867,419	8,380,368	8,095,813	7,071,789	7,429,996	6,416,373	6,093,256	5,353,609
Solid waste	2,397,273	2,329,168	2,435,324	2,267,473	2,115,989	1,906,728	1,863,151	1,694,338
Golf course	579,846	741,818	789,415	786,556	949,662	760,694	744,913	661,982
Total business-type activities expenses	<u>11,844,538</u>	<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>\$ 29,145,627</u>	<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>
PROGRAM REVENUES								
Governmental activities:								
Charges for services:								
General government	\$ 254,356	\$ 318,728	\$ 253,864	\$ 470,885	\$ 355,323	\$ 324,440	\$ 265,068	\$ 256,191
Community services	970,855	1,018,263	1,315,084	933,020	900,461	825,813	672,719	314,729
Highways and streets	865,236	865,821	861,909	837,486	790,940	754,729	730,424	740,218
Public safety	928,159	994,799	2,299,739	1,261,826	938,489	1,026,549	1,156,323	1,447,861
Operating grants and contributions	314,701	299,511	821,392	450,303	160,504	699,807	654,160	25,513
Capital grants and contributions	709,919	507,970	1,805,607	450,824	909,162	-	-	-
Total governmental activities program revenues	<u>4,043,226</u>	<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	9,057,365	8,782,371	8,901,647	8,526,099	8,035,814	8,084,493	7,294,845	6,453,411
Solid waste	3,094,402	2,991,428	3,023,495	2,690,123	2,795,138	2,430,997	2,305,309	2,314,581
Golf course	439,810	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>12,591,577</u>	<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>\$ 16,634,803</u>	<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>

(continued)

CITY OF COPPERAS COVE, TEXAS
CHANGES IN NET ASSETS
(Continued)
LAST EIGHT FISCAL YEARS

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
NET (EXPENSE) REVENUES								
Governmental activities	\$(13,257,863)	\$(12,782,956)	\$(8,748,785)	\$(9,358,235)	\$(10,881,490)	\$(8,515,299)	\$(8,446,428)	\$(8,313,896)
Business-type activities	747,039	853,353	2,624,506	2,094,568	1,896,919	2,139,349	1,504,036	1,677,515
Total primary government net expense	<u>(12,510,824)</u>	<u>(11,929,603)</u>	<u>(6,124,279)</u>	<u>(7,263,667)</u>	<u>(8,984,571)</u>	<u>(6,375,950)</u>	<u>(6,942,392)</u>	<u>(6,636,381)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS								
Governmental activities:								
Ad valorem taxes	8,570,742	8,468,730	7,717,778	6,831,452	6,014,274	5,527,376	5,271,694	5,015,694
Sales taxes	2,479,925	2,309,693	2,582,748	2,275,752	2,122,243	2,034,195	1,985,647	1,924,665
Franchise taxes	1,318,570	1,321,777	1,246,655	1,270,632	1,325,208	1,111,332	1,075,859	1,064,181
Other taxes	428,840	362,779	103,775	97,844	99,160	86,688	78,817	77,620
Unrestricted investment earnings	48,967	143,829	489,974	610,569	372,250	206,744	87,779	138,493
Miscellaneous	245,860	344,326	-	-	-	-	-	-
Transfers	1,275,776	1,049,271	1,065,087	996,616	976,090	897,402	708,408	970,324
Total governmental activities	<u>14,368,680</u>	<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	16,420	60,154	260,206	456,616	442,453	200,849	157,176	140,550
Loss on sale of capital asset	-	-	-	-	-	-	-	(5,055)
Transfers	(1,275,776)	(1,049,271)	(1,065,087)	(996,616)	(976,090)	(897,402)	(708,408)	(970,324)
Total business-type activities	<u>(1,259,356)</u>	<u>(989,117)</u>	<u>(804,881)</u>	<u>(540,000)</u>	<u>(533,637)</u>	<u>(696,553)</u>	<u>(551,232)</u>	<u>(834,829)</u>
Total primary government	<u>13,109,324</u>	<u>13,011,288</u>	<u>12,401,136</u>	<u>11,542,865</u>	<u>10,375,588</u>	<u>9,167,184</u>	<u>8,656,972</u>	<u>8,356,148</u>
CHANGE IN NET ASSETS								
Governmental activities	1,110,817	1,217,449	4,457,232	2,724,630	27,735	1,348,438	761,776	877,081
Business-type activities	(512,317)	(135,764)	1,819,625	1,554,568	1,363,282	1,442,796	952,804	842,686
Total primary government	<u>\$ 598,500</u>	<u>\$ 1,081,685</u>	<u>\$ 6,276,857</u>	<u>\$ 4,279,198</u>	<u>\$ 1,391,017</u>	<u>\$ 2,791,234</u>	<u>\$ 1,714,580</u>	<u>\$ 1,719,767</u>

Note:

The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

CITY OF COPPERAS COVE, TEXAS

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

LAST TEN CALENDAR YEARS

Calendar Year	Property	Sales	Franchise	Bingo	Mixed Beverage	Totals
2010	\$ 8,528,952	\$ 2,479,925	\$ 1,318,570	\$ 185,018	\$ 16,066	\$ 12,528,531
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

Source: City of Copperas Cove Finance Department

TABLE 4

CITY OF COPPERAS COVE, TEXAS
FUND BALANCES
GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
General fund								
Reserved								
Encumbrances	\$ 97,009	\$ 147,926	\$ 439,561	\$ 590,556	\$ 131,428	\$ 60,697	\$ 77,437	\$ 83,476
Inventory and prepaid items	75,642	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
Unreserved, undesignated	5,389,639	3,982,944	3,678,639	3,328,429	3,124,192	2,940,696	2,590,806	2,933,941
Total general fund	\$ 5,562,290	\$ 5,206,332	\$ 5,191,908	\$ 4,986,337	\$ 4,364,210	\$ 4,133,347	\$ 3,793,433	\$ 4,077,751
All other governmental funds								
Reserved								
Debt service	\$ 438,056	\$ 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	543,181	64,805	729,673	638,251	562,887	226,636	265,466	44,432
Inventory and prepaid items	-	94	2,510	323	936	452	-	-
Notes receivable	115,499	127,799	-	-	-	-	52,000	59,200
Unreserved, reported in:								
Special revenue funds	1,538,631	1,893,415	1,110,626	1,076,333	1,030,414	1,085,112	965,868	947,594
Capital projects funds	2,214,095	5,387,776	8,078,317	7,394,289	2,964,353	2,078,533	2,514,807	4,469,610
Total all other governmental funds	\$ 4,849,462	\$ 7,898,376	\$ 15,803,562	\$ 14,604,759	\$ 5,780,902	\$ 5,221,237	\$ 5,975,365	\$ 9,830,230

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
GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
REVENUES								
Taxes	\$ 12,756,287	\$ 12,472,480	\$ 11,636,499	\$ 10,435,134	\$ 9,526,380	\$ 8,747,317	\$ 8,398,186	\$ 8,028,158
Charges for services	1,935,879	1,976,286	1,957,335	1,790,420	1,707,578	1,486,260	1,312,024	1,346,013
Intergovernmental	991,057	573,215	728,358	103,226	220,980	781,026	760,500	191,917
Fines	851,855	923,735	800,841	815,533	706,025	733,830	938,078	862,917
Licenses	50,438	51,347	38,848	39,784	49,830	47,858	52,878	55,847
Permits	209,272	143,658	181,354	178,795	216,373	181,123	117,262	112,590
Contributions	32,305	75,355	98,560	153,077	43,420	126,549	46,792	1,612
Investment income	48,967	143,829	489,974	610,569	372,250	206,744	87,779	138,493
Miscellaneous	335,267	397,183	320,553	509,390	214,310	226,273	247,657	242,176
Total revenues	<u>17,211,327</u>	<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>
EXPENDITURES								
General government	2,340,206	2,739,976	2,054,435	1,872,769	1,823,669	1,849,677	1,752,068	1,556,318
Community services	2,193,410	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	360,257	347,946	400,647	376,342	361,661	341,005	331,170	306,347
Highways and streets	959,247	815,197	986,425	878,940	854,966	711,295	632,486	602,395
Public safety	8,962,367	8,559,414	8,274,073	7,433,330	6,807,383	6,333,450	6,010,275	5,783,487
Capital outlay	5,610,024	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	1,428,939	1,277,501	873,731	926,000	710,600	640,000	635,000	751,111
Interest and fiscal charges	915,609	729,758	666,848	464,207	411,537	508,259	550,497	381,784
Bond issuance costs	-	91,072	-	-	-	-	-	-
Total expenditures	<u>22,770,059</u>	<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	<u>(5,558,732)</u>	<u>(9,938,285)</u>	<u>(3,307,054)</u>	<u>(1,466,526)</u>	<u>(2,604,996)</u>	<u>(1,147,503)</u>	<u>(2,844,340)</u>	<u>(1,293,093)</u>

(continued)

TABLE 5

CITY OF COPPERAS COVE, TEXAS
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
(Continued)
LAST EIGHT FISCAL YEARS

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
OTHER FINANCING SOURCES (USES)								
Issuance of capital leases	\$ -	\$ 50,612	\$ 50,823	\$ -	\$ 559,828	\$ 191,286	\$ -	\$ -
Issuance of bonds	1,590,000	6,895,000	1,612,673	5,251,270	1,226,147	-	-	4,087,400
Sale of capital assets	-	-	-	-	300,186	-	-	-
Transfers in	1,938,505	1,386,352	1,571,164	1,264,260	1,280,920	1,194,335	1,143,412	1,084,188
Transfers out	(662,729)	(337,081)	(506,077)	(267,643)	(304,830)	(296,933)	(435,004)	(113,864)
Total other financing sources (uses)	2,865,776	7,994,883	2,728,583	6,247,887	3,062,251	1,088,688	708,408	5,057,724
NET CHANGE IN FUND BALANCES	\$(2,692,956)	\$(1,943,402)	\$(578,471)	\$ 4,781,361	\$ 457,255	\$(58,815)	\$(2,135,932)	\$ 3,764,631
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	13.6%	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 is not available.



REVENUE CAPACITY INFORMATION

TABLE 6

CITY OF COPPERAS COVE, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year	Tax Year	Real Property		Other Property		Less: Tax-exempt Property	Less: Real Property Freeze*	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
		Residential Property	Commercial Property	Personal Property	Other					
2010	2009	\$ 1,042,392,798	\$ 243,294,708	\$ 64,040,190	\$ 186,290	\$ 131,303,669	\$ 81,695,580	\$ 1,136,914,737	\$ 0.760	\$ 1,136,914,737
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
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
2007	2006	785,140,036	159,987,484	62,029,470	90,590	87,723,750	-	919,523,830	0.740	919,765,031
2006	2005	737,593,910	52,350,230	59,473,482	50,180	70,659,836	-	778,807,966	0.775	778,807,966
2005	2004	716,849,289	846,460	66,419,767	-	67,161,105	-	716,954,411	0.775	716,954,411
2004	2003	685,748,077	828,660	60,726,750	-	63,795,771	-	683,507,716	0.775	683,946,827
2003	2002	676,074,030	39,800	56,052,960	54,300	61,948,770	-	670,272,320	0.745	670,544,556
2002	2001	639,287,230	21,780	59,638,440	52,070	57,881,160	-	641,118,360	0.745	642,285,232
2001	2000	609,399,240	661,550	54,506,658	-	55,251,548	-	609,315,900	0.745	609,313,400

* Freeze on real property started Tax Year 2008

Source: Coryell County Appraisal District

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

Fiscal Year	Tax Year	City of Copperas Cove Rates					Total Direct and Overlapping Rates
		Basic Rate	Debt Service	Total City Rate	Coryell County Rate	Copperas Cove ISD Rate		Central Texas College
2010	2009	\$ 0.600	\$ 0.160	\$ 0.760	\$ 0.398	\$ 1.181	\$ 2.480
2009	2008	0.599	0.141	0.740	0.399	1.181	2.461
2008	2007	0.598	0.142	0.740	0.399	1.181	2.462
2007	2006	0.607	0.133	0.740	0.399	1.478	2.759
2006	2005	0.653	0.122	0.775	0.424	1.604	2.949
2005	2004	0.640	0.135	0.775	0.424	1.604	2.950
2004	2003	0.629	0.146	0.775	0.412	1.592	2.927
2003	2002	0.606	0.139	0.745	0.388	1.592	2.873
2002	2001	0.606	0.139	0.745	0.381	1.542	2.817
2001	2000	0.640	0.105	0.745	0.381	1.542	2.817

Source: Coryell County Tax Assessor - Collector

TABLE 8

CITY OF COPPERAS COVE, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

		2010	
Taxpayer	Type of Business	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
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%
Subtotal		65,250,474	5.73%
All other taxpayers		1,073,286,397	94.27%
Total		\$ 1,138,536,871	100.00%

		2000	
Taxpayer	Type of Business	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Wal-Mart Real Estate	Developer	\$ 13,584,440	2.12%
Texas Utilities	Electric utility	8,623,130	1.34%
Central Telephone Company of Texas	Developer	7,742,940	1.21%
HEB Grocery Store	Developer	4,825,210	0.75%
Colonial Plaza Partnership	Retailer	3,972,980	0.62%
Veteran's Administration	Hospitality	3,803,360	0.59%
TWE Advance Newhse Partnership	Telephone utility	3,312,140	0.52%
Judy Lane Properties	Retailer	3,141,430	0.49%
Copper Commons, III	Retailer	2,848,740	0.44%
Cove Terrace Associates, Ltd.	Developer	2,730,330	0.43%
Subtotal		54,584,700	8.50%
All other taxpayers		587,700,532	91.50%
Total		\$ 642,285,232	100.00%

Source: Coryell County Appraisal District, Gatesville, Texas

TABLE 9

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

Fiscal Year	Tax Year	Taxes Levied for the Fiscal Year	Collected With the Fiscal Year of the Levy		Delinquent Taxes Collected	Total Collections to Date		Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a Percent of Current Levy
			Amount	Percentage of Levy		Amount	Percentage of Levy		
2010	2009	\$ 8,640,552	\$ 8,388,219	97.1%	\$ 79,496	\$ 8,467,715	98.00%	\$ 172,837	2.00%
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%

Source: City of Copperas Cove Finance Department

CITY OF COPPERAS COVE, TEXAS

ADOPTED TAX RATES

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Total Assessed Valuation</u>	<u>Assessment Rate</u>	<u>Gross Tax Rate</u>
2010	2009	\$ 1,136,914,737	100.00%	\$ 0.7600
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

Source: City of Copperas Cove Finance Department

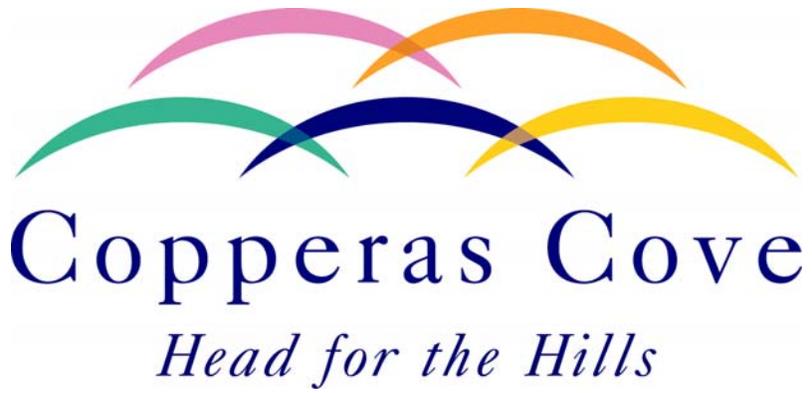
CITY OF COPPERAS COVE, TEXAS
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS

Fiscal Year	Tax Year	Estimated Actual Property Value ¹	Value of Construction Permits Issued ²	Bank Deposits ³
2010	2009	\$ 1,136,914,737	\$ 95,144,178	\$ 223,399,000
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

Sources:

- 1 - Coryell County Appraisal District
- 2 - Building Department, City of Copperas Cove, Texas
- 3 - Financial Institutions, Copperas Cove, Texas Only

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



**DEBT CAPACITY
INFORMATION**

CITY OF COPPERAS COVE, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2010

<u>Taxing Entity</u>	<u>Net General Obligation Debt</u>	<u>Percentage Applicable to the City of Copperas Cove</u>	<u>Amount Applicable to the City of Copperas Cove</u>
Copperas Cove Independent School District	\$ 38,653,682 *	82.02%	\$ 31,703,750
Lampasas County	7,125,000 *	2.36%	168,150
Lampasas Independent School District	47,816,036 *	17.89%	<u>8,554,289</u>
Subtotal overlapping debt			40,426,189
City direct debt			<u>21,962,740</u>
Total direct and overlapping debt			<u>\$ 62,388,929</u>
Total direct and overlapping debt % of A.V.			5.49%
Total direct and overlapping debt % of Capital			\$ 1,966

* Gross debt

Source: Municipal Advisory Council

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. The percentage of overlapping debt applicable is estimated using taxable assessed property values.

CITY OF COPPERAS COVE, TEXAS

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

	Fiscal Year			
	2010	2009	2008	2007
Assessed value, tax roll	\$ 1,067,456,541	\$ 1,136,914,737	\$ 1,138,536,871	\$ 1,035,057,214
	<u>2.50%</u>	<u>2.50%</u>	<u>2.50%</u>	<u>2.50%</u>
Debt limit	\$ <u>26,686,414</u>	\$ <u>28,422,868</u>	\$ <u>28,463,422</u>	\$ <u>25,876,430</u>
Debt applicable to limit	<u>21,962,740</u>	<u>21,433,777</u>	<u>16,994,728</u>	<u>14,199,551</u>
Legal debt margin	\$ <u><u>4,723,674</u></u>	\$ <u><u>6,989,091</u></u>	\$ <u><u>11,468,694</u></u>	\$ <u><u>11,676,879</u></u>
Debt applicable to limit as a percentage of debt limit	82.30%	75.41%	59.71%	54.87%

Source: City of Copperas Cove Finance Department

TABLE 13

Fiscal Year					
2006	2005	2004	2003	2002	2001
\$ 907,217,167	\$ 778,807,966	\$ 716,936,911	\$ 683,946,827	\$ 670,249,206	\$ 642,285,232
<u>2.50%</u>	<u>2.50%</u>	<u>2.50%</u>	<u>2.50%</u>	<u>2.50%</u>	<u>2.50%</u>
\$ <u>22,680,429</u>	\$ <u>19,470,199</u>	\$ <u>17,923,423</u>	\$ <u>17,098,671</u>	\$ <u>16,756,230</u>	\$ <u>16,057,131</u>
<u>10,355,050</u>	<u>10,896,050</u>				
<u>\$ 12,325,379</u>	<u>\$ 8,574,149</u>				
45.66%	55.96%				

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	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita		
	General Obligation Bonds	Certificates of Obligation	Tax Notes	Capital Leases	Note Payable	General Obligation Bonds	Certificates of Obligation	Revenue Bonds				Tax Notes	Capital Leases
2010	\$ 10,273	\$ 8,087	\$ 3,980	\$ 85	\$ -	\$ 16,562	\$ 8,348	\$ -	\$ 7,195	\$ 322	\$ 54,852	1.96%	\$ 1,829
2009	15,060	11,629	4,748	391	-	17,313	11,991	-	4,090	721	65,943	2.49%	2,199
2008	7,630	13,280	4,421	460	27	18,537	12,219	-	2,466	1,211	60,251	2.41%	2,003
2007	8,473	14,588	1,443	546	29	19,670	12,820	-	-	750	58,319	2.46%	1,933
2006	2,259	16,326	-	761	31	5,902	26,711	-	-	1,083	53,073	2.43%	1,818
2005	3,768	10,380	-	350	31	6,641	34,558	-	-	953	56,681	2.91%	1,890
2004	10,238	11,037	-	269	34	1,399	32,068	-	-	206	55,251	3.21%	1,842
2003	10,910	11,723	-	293	38	1,682	34,691	47	-	116	59,500	3.87%	1,984
2002	5,386	5,705	-	369	40	1,960	29,608	7,659	-	262	50,989	3.51%	1,700
2001	6,707	4,472	-	35	257	2,238	24,681	11,858	-	348	50,596	3.57%	1,613

Notes: The personal income used to calculate the percentage of personal income and the population used to compute the Per Capita are taken from the Demographic Statistics Report.

CITY OF COPPERAS COVE, TEXAS

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands, Except for Capita Amount)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Funds</u>	<u>Net General Bonded Debt</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2010	\$ 18,360	\$ 438	\$ 17,922	1.58%	\$ 598
2009	26,689	424	26,265	2.31%	876
2008	20,910	367	20,543	1.98%	685
2007	23,061	143	22,918	2.49%	764
2006	18,585	97	18,488	2.37%	616
2005	14,148	130	14,018	1.96%	467
2004	21,275	121	21,154	3.09%	705
2003	22,633	122	22,511	3.36%	751
2002	11,091	95	10,996	1.72%	372
2001	11,179	117	11,062	1.82%	374

Source: Finance Department, City of Copperas Cove

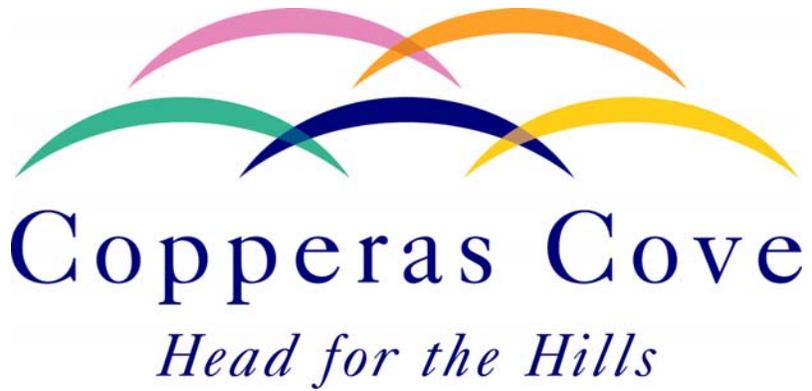
CITY OF COPPERAS COVE, TEXAS
REVENUE BOND COVERAGE - WATER AND SEWER FUND
LAST SEVEN FISCAL YEARS

Fiscal Year	Waterworks and Sewer Revenue Bonds						
	Gross Revenue	Less: Operating Expenses*	Net Revenue Available for Debt Service	Debt Service		Total	Coverage
				Principal	Interest		
2010	\$ 9,228,873	\$ 6,712,050	\$ 2,516,823	1,778,964	1,004,189	\$ 2,783,153	\$ 0.90
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

* Total operating expense less depreciation.

Source: Finance Department, City of Copperas Cove

Note: Data prior to 2003 not available.



DEMOGRAPHIC & ECONOMIC INFORMATION

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

Fiscal Year	Population¹	Personal Income (millions of dollars)²	Per Capita Personal Income²	Median Age³	School Enrollment⁴	Unemployment Rate⁵
2010	29,988	\$ 2,800	\$ 37,831	29.4	8,234	7.5%
2009	29,988	2,648	36,005	30.5	7,932	6.9%
2008	29,988	2,504	34,267	27.3	7,871	5.4%
2007	29,988	2,368	32,613	26.9	7,788	4.7%
2006	29,988	2,181	30,401	28.1	7,315	5.4%
2005	29,988	1,948	26,657	28.1	7,340	5.4%
2004	29,988	1,721	23,679	27.1	7,444	5.3%
2003	29,988	1,539	20,389	28.0	7,592	5.5%
2002	29,592	1,453	19,468	28.0	7,414	5.1%
2001	29,592	1,419	19,020	N/A*	7,242	5.2%

Source:

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

2 http://www.bea.gov/scb/pdf/2010/05%20May/0510_lapi-tables.pdf

Personal income and per capita personal income are for Coryell County.

Per capital personal income was computed using Census Bureau mid-year population estimates.

Estimates for 2001-2008 reflect county population estimates available as of May 2010.

2009 and 2010 personal income and per capital personal income are calculated estimations based on prior year increases.

3 <http://factfinder.census.gov/servlet/DatasetMainPageServlet>

4 http://.tea.state.tx.us/per_report/aegis

5 <http://www.tracer2.com/cgi/dataanalysis/>

* Data not Available.

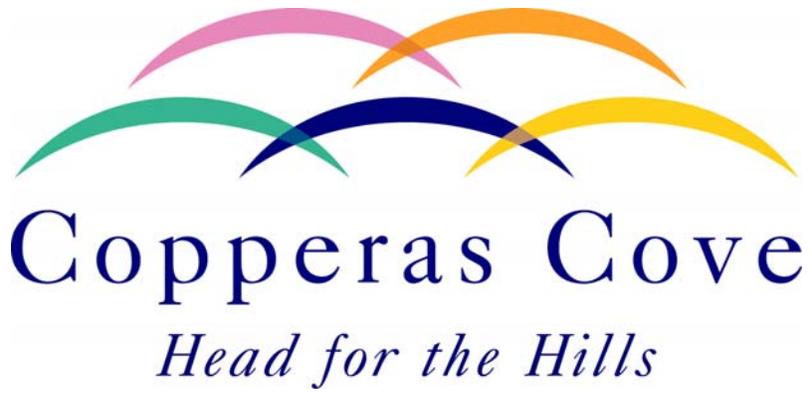
CITY OF COPPERAS COVE, TEXAS

PRINCIPAL EMPLOYERS

CURRENT AND NINE YEARS AGO

2010			
Employer	Employees	Percentage of Total City Taxable Assessed Value	Rank
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	300	0.4%	8
HEB Grocery Store	145	0.2%	9
Windcrest Nursing Home	101	0.1%	10
Total	<u>67,342</u>	<u>100.0%</u>	
2001			
Taxpayer	Type of Business	Percentage of Total City Taxable Assessed Value	Rank
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	269	0.5%	8
HEB Grocery Store	140	0.3%	9
Tarleton State University	100	0.2%	10
Total	<u>55,868</u>	<u>100.0%</u>	

Source: Each entity provided data.



OPERATING INFORMATION

CITY OF COPPERAS COVE, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	<u>2010</u>	<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>
General Fund										
City Manager	3	4	2	2	2	2	2	2	2	2
City Secretary	2	2	2	2	2	2	2	1.5	1.5	1.5
City Attorney (Contract)	1	1	1	1	1	1	1	1.5	1.5	1.5
Finance	7	7	6	5	6	6	6	6	6	6
Grants Administration	0	0	0	1	1	1	1	1	1	1
Human Resources	4.5	3.5	2	2	2	2	2	2	2	2
Information Systems	3	3	3	2	2	2	2	2	2	1
Municipal Court	7	7	8	8	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	1	0	0	0	0
Police	73.5	73.5	71	71	69	69	69	69	67	67
Public Affairs Office	1	1	1	0	0	0	0	0	0	0
Animal Control	5	5	4	4	4	4	4	4	4	4
Fire/EMS	53	53	52.5	52	46	46	46	46	46	46
Emergency Management	0	0	1	1	0	0	0	0	0	0
Engineering	2	2	2	1	4.5	4.5	4.5	5	5	4
Building & Development	4	4	5.5	5.5	5	4.5	4.5	4	4	4
Street	7.5	7.5	7.5	7	7	7	7	7	7.5	7.5
Public Works	0	0	0.5	0.5	0.5	0.5	0.5	1	1.5	1.5
Parks & Recreation	18	18	16	18	14	14	14	15	15	15
Fleet Services	5	5	5	5	5	5	5	4	4	4
Facility Maintenance	2	2	5	5	5	5	5	5	5	5
Planning	1	2	3	3	1	0.5	0.5	0.5	1	1
Library	10	10	10	10	9.5	9.5	9.5	9.5	9.5	9.5
Code & Health	4	4	3.5	3.5	2.5	2	2	2	2	2
Total General Fund	<u>215.5</u>	<u>216.5</u>	<u>213.5</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>
Water & Sewer Fund										
Water & Sewer Admin	2.25	2.25	2	2	2	2	2	1.5	1.5	1.5
Utility Administration	11	11	10	10	11	8	8	8	8	7
Water Distribution	11	11	9	9	9	12	12	12	13	13
Sewer Collection	9	9	7	7	7	7	7	7	7	7
Wastewater Treatment	11	11	11	11	11	10	10	10	10	10
Composting	3	3	3	3	2	2	2	2	2	1
Total Water & Sewer Fund	<u>47.25</u>	<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>
Solid Waste Fund										
Administration	4.25	4.25	4	4	4	2.5	2.5	2.5	2	3
Residential	4	4	4	4	4	4	4	4	4	6
Recycling	2	2	2	2	2	3	3	3	3	3
Brush	2	2	2	2	2	2	2	2	2	2
Commercial	4	4	4	4	4	4	5	5	4	2
Collection	0	0	0	0	0	0	0	0	0	0
Disposal	5	5	4.5	4	4	4.5	4.5	4.5	5	5
Total Solid Waste Fund	<u>21.25</u>	<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>

(continued)

CITY OF COPPERAS COVE, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
(Continued)
LAST TEN FISCAL YEARS

	<u>2010</u>	<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>
Recreational Activities Fund										
Recreational Activities Fund	<u>2</u>	<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>
Total Recreational Activities Fund	<u>2</u>	<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>
Cemetery Fund										
Cemetery Fund	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total Cemetery Fund	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Drainage Fund										
Drainage Utility	<u>6.5</u>	<u>6.5</u>	<u>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>
Total Drainage Fund	<u>6.5</u>	<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>
Golf Course Fund										
Golf Course	<u>9.5</u>	<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>
Total Golf Course Fund	<u>9.5</u>	<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>
Total All Funds	<u>303</u>	<u>309</u>	<u>299</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>

Source: Finance Department, City of Copperas Cove, TX

CITY OF COPPERAS COVE, TEXAS

CAPITAL ASSET STATISTICS AND OPERATING INDICATORS BY FUNCTIONS

LAST TEN FISCAL YEARS

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>Government Facilities</u>					
<u>Building and Development</u>					
<i>Use or Nature: Development Services</i>					
Building permits issued:	3,092	2,455	2,178	2,229	3,232
Inspections performed:	7,367	5,505	10,299	9,242	8,501
<u>Fire Protection</u>					
<i>Use or Nature: Public Safety</i>					
Number of stations:	3	3	3	3	3
Number of hydrants (approx.):	1,042	1,105	1,050	1,014	1,600
Number of volunteer firemen:	4	12	9	8	-
Number of paid firemen:	51	51	52	52	46
Firemen per 1,000 population:	1.70	1.70	1.73	1.73	1.51
Fire responses:	1,694	1,842	2,177	2,356	2,275
Emergency medical services responses:	2,694	2,882	3,402	3,339	3,100
<u>Police Protection</u>					
<i>Use or Nature: Public Safety</i>					
Number of stations:	1	1	1	1	1
Number of reserve police officers:	-	-	-	-	-
Number of sworn officers:	56	56	56	54	53
Officers per 1,000 population:	1.87	1.87	1.87	1.80	1.74
Calls for service:	19,000	19,000	17,808	21,000	21,467
Part I violent crimes reported*:	1,300	1,100	1,161	1,211	1,274
* Part I Crimes: Murder, Rape, Aggravated Assaulted, Burglary, Larceny, and Motor Vehicle Theft.					
<u>Animal Control</u>					
<i>Use or Nature: Public Safety</i>					
Number of animals impounded:	1,837	2,409	2,035	2,793	2,804
Number of euthanized:	887	981	1,104	1,432	1,324
Number of animals adopted:	680	663	638	648	696
Number of animals re-claimed:	467	660	612	595	602
<u>Municipal Court</u>					
<i>Use or Nature: Public Safety</i>					
Number of warrants issued:	3,243	3,258	3,266	3,129	3,493
Number of warrants cleared:	3,098	2,662	1,648	1,936	2,989
Number of violations processed:	11,159	9,846	10,581	8,561	10,124
<u>Libraries</u>					
<i>Use or Nature: Community Services</i>					
Number of public libraries:	1	1	1	1	1
Number of volumes:	70,570	68,972	66,606	64,180	62,572
Circulation of items:	115,199	120,224	113,457	95,826	102,986
Circulation per capita:	3.84	4.01	3.78	3.19	3.50

TABLE 20

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
3,019	NA**	NA**	NA**	NA**
6,036	NA**	NA**	NA**	NA**
3	3	2	2	2
1,600	885	750	865	838
-	-	-	-	10
46	45	45	45	39
1.51	1.48	1.74	1.74	1.22
2,190	1,845	1,543	1,461	1,396
3,242	2,845	2,645	2,635	2,591
1	1	1	1	1
-	-	-	1	2
53	53	51	48	51
1.74	1.74	1.70	1.85	1.73
NA**	NA**	NA**	NA**	NA**
NA**	1,072	984	1,137	1,124
2,380	NA**	NA**	NA**	NA**
1,075	NA**	NA**	NA**	NA**
1,365	NA**	NA**	NA**	NA**
683	NA**	NA**	NA**	NA**
6,847	NA**	NA**	NA**	NA**
2,544	NA**	NA**	NA**	NA**
12,450	NA**	NA**	NA**	NA**
1	1	1	1	1
59,957	57,363	57,427	55,100	50,643
109,299	106,348	130,785	112,050	129,592
3.70	3.63	5.12	4.31	5.04

(continued)

CITY OF COPPERAS COVE, TEXAS

CAPITAL ASSET STATISTICS AND OPERATING INDICATORS BY FUNCTIONS (Continued) LAST TEN FISCAL YEARS

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>Parks and Recreation</u>					
<i>Use or Nature: Community Services</i>					
Park acreage developed:	380	380	380	214	214
Park acreage undeveloped:	5	5	5	163	163
Playgrounds:	7	7	7	6	5
Participants in sports activities:	3,500	2,889	2,700	2,837	2,382
Coaches certified:	625	644	602	638	486
<u>Street</u>					
<i>Use or Nature: Public Works</i>					
Paved streets:	132.5 miles	132 miles	132 miles	129 miles	121 miles
Unpaved streets:	0 miles	0 miles	0 miles	0 miles	0 miles
<u>Utilities</u>					
<u>Water System</u>					
<i>Use or Nature: Public Works</i>					
Miles of water mains:	225	225	183	255	230
Daily average consumption:	4.2 MGD	4.2 MGD	4 MGD	4 MGD	4 MGD
Maximum daily capacity:	13.5 MGD	13.5 MGD	13.5 MGD	13.5 MGD	13.5 MGD
Number of service connections:	12,272	11,936	11,966	12,472	11,195
Source of water:	Belton Lake				
<u>Sewage System</u>					
<i>Use or Nature: Public Works</i>					
Miles of sanitary sewers:	375	375	350	350	210
Number of lift stations:	16	16	15	14	14
Daily average treatment:	3.1 MGD	3.1 MGD	3.1 MGD	3.1 MGD	3.1 MGD
Maximum capacity of treatment plants:	9.0 MGD	9.0 MGD	9.0 MGD	9.0 MGD	9.0 MGD
Number of service connections (active):	11,171	10,947	11,025	10,512	10,359
<u>Golf Course</u>					
<i>Use or Nature: Community Services</i>					
Rounds of golf played (annually):	23,907	27,911	32,954	30,004	32,437
Tournament rounds (annually):	728	1,190	1,495	1,429	1,798
Annual dues (memberships):	244	240	240	232	213
<u>Community Statistics</u>					
<i>Use or Nature: Employee Information</i>					
Manufacturing Employees:	-	-	-	-	-
School District Employees:	1,300	1,300	1,300	1,218	1,162
City Employees:	303	309	299	298	281.5
Fort Hood Servicemen:	44,000	44,000	53,416	39,262	43,995
Fort Hood Employees (Civilians):	17,098	17,098	17,098	8,909	8,909

Source: Various Departments, City of Copperas Cove

** Data not available.

TABLE 20

2005	2004	2003	2002	2001
214	214	214	214	214
163	163	163	163	163
5	5	5	5	5
2,353	1,500	1,484	1,423	1,960
486	125	150	285	273
121 miles 0 miles	110 miles 0 miles	110 miles 0 miles	106 miles 6.5 miles	104 miles 6.5 miles
230	227	225	200	200
4 MGD	5 MGD	3.7 MGD	3.2 MGD	3.0 MGD
13.5 MGD	13.5 MGD	7.21 MGD	7.19 MGD	8.75 MGD
10,801	10,466	10,132	10,365	10,441
210	200	200	143	138
14	14	13	11	13
3.1 MGD	3.1 MGD	2.6 MGD	2.6 MGD	2.6 MGD
9.0 MGD	6.35 MGD	6.35 MGD	6.35 MGD	6.35 MGD
10,022	9,794	9,531	9,439	9,413
35,060	NA**	NA**	NA**	NA**
NA**	NA**	NA**	NA**	NA**
NA**	NA**	NA**	NA**	NA**
-	-	-	-	96
1,159	1,142	1,253	1,263	1,265
279	279	279	278.25	271.75
45,777	45,777	40,672	40,672	42,000
12,134	12,134	13,724	13,724	6,538