

City of Copperas Cove

T E X A S

**FISCAL YEAR
2010-2011**

**COMPREHENSIVE
ANNUAL FINANCIAL
REPORT**

**John Hull, Mayor
Frank Seffrood, Mayor Pro Tem**

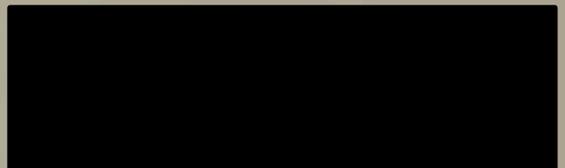
**Members of the City Council:
Cheryl L. Meredith
Charlie Youngs
Gary L. Kent
Danny Palmer
Kenn Smith
Im Schmitz**

**Andrea Gardner,
City Manager**

**Velia Key,
Director of Financial Services**



City Built for Family Living.



CITY OF COPPERAS COVE, TEXAS

VISION STATEMENT

The Vision of the City of Copperas Cove is a military friendly and environmentally sensitive community with a high quality of life in a safe environment where people genuinely care about the City.

MISSION STATEMENT

The Mission of the City of Copperas Cove is to provide excellent public services using revenues effectively to meet the needs of our diverse community.

Adopted by the City Council on April 19, 2011



The City Built for Family Living

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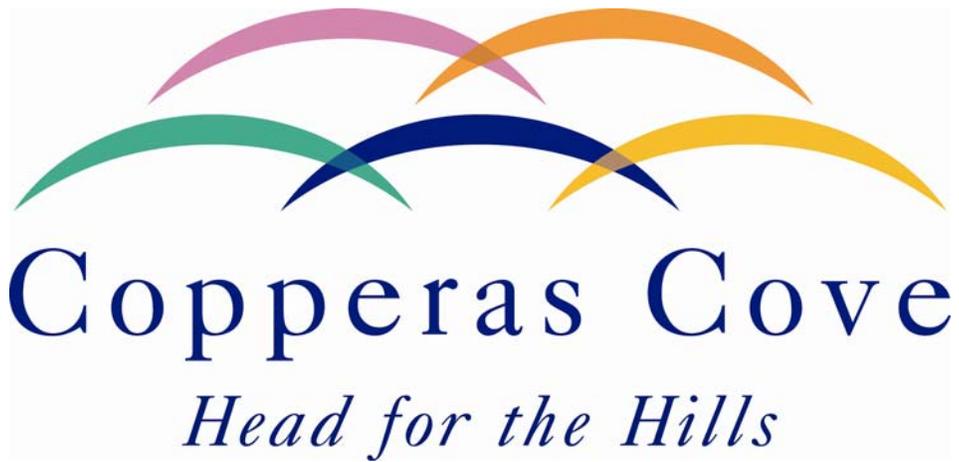
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Copperas Cove

Head for the Hills



“The City Built for Family Living”

March 2, 2012

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, 2011, 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, 2011, 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, 2011, 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. Discretely presented component units are legally separate entities and not part of the primary government’s operations. Accordingly, the Copperas Cove Economic Development Corporation is included in the financial statements as discretely presented component unit. 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 32,032 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 over 47,000. 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 and change in the legislature are having an impact on the City of Copperas Cove. The City is encountering significant decreases in property tax.

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). The Independent School District serves the educational needs of over 8,000 students in grades K-12 with a staff of over 1,300 teachers, administrators, and support personnel. There are 11 campuses and 40% of the student population comes from military families due to the close proximity to Fort Hood. All campuses are accredited by 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 economic downturn that the country is experiencing continues to affect the City as the total value of building permits issued from FY 2009-10 to FY 2010-11 decreased by \$70,619,206 or 26%. The City's Sales Tax revenues reflected a decrease of \$52,507 or 2.12% over the FY 2009-10 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 2010-11 totaled \$24,524,972. New residential construction made up \$21,432,079, of this amount while \$502,240 was related to new non-residential buildings, and new construction additions totaled approximately \$2,590,653.

Ad Valorem Taxes. Total assessed value within the City has increased by approximately 22 percent since fiscal year 2006. The fiscal year 2011 projections, based on data provided by the Coryell County Appraisal District, indicate a 6.11 percent decrease in assessed value over fiscal year 2010 levels. The decline in assessed value is attributed to the new property tax exemption for 100% disabled veterans. Ad Valorem taxes increased in fiscal year 2011 from fiscal year 2010 by \$62,760 or approximately .7 percent.

Sales Tax. Sales tax collections have increased by approximately 18 percent since fiscal year 2006. Collections for fiscal year 2011 decreased by approximately 2 percent in comparison to fiscal year 2010.

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 2010-11 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 2011.

City Council and City staff continue working to ensure completion of ongoing projects that will provide infrastructure improvements to the City's water/wastewater system, roadways and drainage systems. The City of Copperas Cove and the Texas Department of Transportation Commission began construction in the fall of 2011 of the Southeast Bypass, 5.73 mile two-lane roadway to reduce traffic congestion on U. S. Highway 190. The project is anticipated to be completed in the spring of 2014. The total construction contract of the project is \$46.6 million and is funded through federal, state, and local funds. The City issued Contract Revenue and Tax Bonds in the amount of \$39 million in 2011 and General Obligation Bonds in the amount of \$5.5 million. A change order in the amount of \$616,825 to install a signalized crossover at the Shops at Five Hills development is funded through the Copperas Cove Industrial Foundation. A previous land swap with Fort Hood, 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 continue to work together to connect Tank Destroyer Boulevard with U. S. Highway 190 providing a northeast bypass known as SH 9 from east U. S. Highway 190 to north FM 116. The 30-month project is funded and underway. The project is anticipated to be completed in August 2013. The voters authorized General Obligation Bonds were issued for construction of 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 complements the State Highway 9 project.

The water and sewer infrastructure needs for the retail development as a result of the land swap with Fort Hood and construction of the 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 2012, which was approved by voters in November 2008 as a general obligation bond proposition. The NE Sewer Line project was let for bids in January 2012.

The 2008 Limited Tax Notes provided the funding for the golf course effluent storage pond project. Construction of the effluent pond began in the summer of 2011 and is complete as of this writing. Completion of the pond will provide a water source to maintain the green and fairways of the course. The Rolling Heights Drainage project encountered difficulty acquiring easements however, all issues have been resolved and the project is scheduled for bid letting in February 2012.

The 2008A Limited Tax Notes provided the funding to complete water tank rehabilitations during 2011 and begin the Bradford Drive road extension in the summer of 2011. City staff is preparing the site for road construction. Construction of the road will be let for bids in February 2012. The Texas and Golf Course Road drainage project is anticipated to be completed in 2012.

The 2009 General Obligation Bonds will assist with the completion of a detention pond and parking awnings for the Police Department facility, which was completed in 2010. The pond will keep the City compliant with its own drainage policies and the awning will protect the City's public safety fleet.

Included in the 2009 Limited Tax Notes is the Long Mountain Tank Rehabilitation project. The project was bid in 2010 and completed in the summer of 2011. The Civic Center renovations and improvements will be complete by the summer of 2012.

The 2010 General Obligation Bonds is the funding for the Northeast Sewer Line project and a large portion of the Northeast Water Line project. The NE Sewer Line project was let for bids in late 2009, with bid award of Phase IA in January 2010. Construction is anticipated to be completed prior to calendar year 2012.

The 2010 Limited Tax Notes provided additional funding for the extension of Bradford Drive, Avenue F reconstruction, and additional funding for the Northeast Water Line Project. Mountaintop phases I and II will provide water to the Mesa Verde additions. Discussions with the developer are currently underway. The Weir Gates replacement was completed in April 2011, and the study of utility rates was completed in the fall of 2011.

The 2010A Limited Tax Notes issue is funding a Sewer Capacity Study and additional design fees for the Northeast Sewer Line project. The Sewer Capacity Study was completed in the fall of 2011 and is a planning tool for future development of the wastewater system.

ACCOMPLISHMENTS

During fiscal year 2011, 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)
- ◆ Participated in Coryell County Community Planning.
- ◆ Maintained above average clearance rates in Part I & Part II crimes as compared to state averages.
- ◆ Completed the process of repainting all marked police vehicles.

Fire

- ◆ Purchased new Fire Engine, Ambulance, and Apparatus.
- ◆ 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 including “Fired Up About Reading Program” and “Big Trucks Day.”
- ◆ Selected an Architectural and Design firm for construction of Fire Station #2.

Community Services

- ◆ Expanded adult recreational programming opportunities.
- ◆ Conducted Youth Cheerleading program with 35 participants.
- ◆ Conducted two youth Soccer program with 871 participants.
- ◆ Conducted Youth Baseball / Softball program with over 796 participants.
- ◆ Coordinated the 2011 Rabbit Festival Adult Softball Tournament.
- ◆ Conducted Youth Flag Football and Youth Tackle Football with 500 participants.
- ◆ Conducted Youth Basketball with 494 participants.
- ◆ Hosted annual Easter Egg Hunt, Christmas Tree Lighting and Polar Bear Swim.
- ◆ Maintained accreditation by the Texas State Library & Archives Commission.
- ◆ Improved public access to Library access computers with installation of Time Limit Management Software.
- ◆ Provided computer literacy and on-line job hunting classes
- ◆ Provided monthly informative Brown Bag Lunch Programs with diverse topics.
- ◆ Provided diversified author visits and book talks.
- ◆ Improved statistical recording methods to more accurately measure usage of the facility and materials.
- ◆ Provided access to e-book, and downloadable e- materials
- ◆ Placed road signage on US 190 to direct travelers to the Library.

Public Works

- ◆ All Federal, State and Local requirements were met.
- ◆ All departments maintained effective operations within budget constraints.
- ◆ Assisted with Golf Course Effluent Pond Project.
- ◆ Designed, bid, and reconstructed 7 Mile ground storage tank.
- ◆ Provided oversight for design and easement acquisition of Eastside infrastructure Projects (water and sewer).
- ◆ Completed repairs for Allen House, City Hall, Library, and Fire Department roofs.
- ◆ All personnel continued training for license/certification requirements

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 Budget. 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 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 the General and Administrative cost 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, 2010. This was the nineteenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Furthermore, the work of the independent auditors from Pattillo, Brown & Hill, and L.L.P. is greatly appreciated.

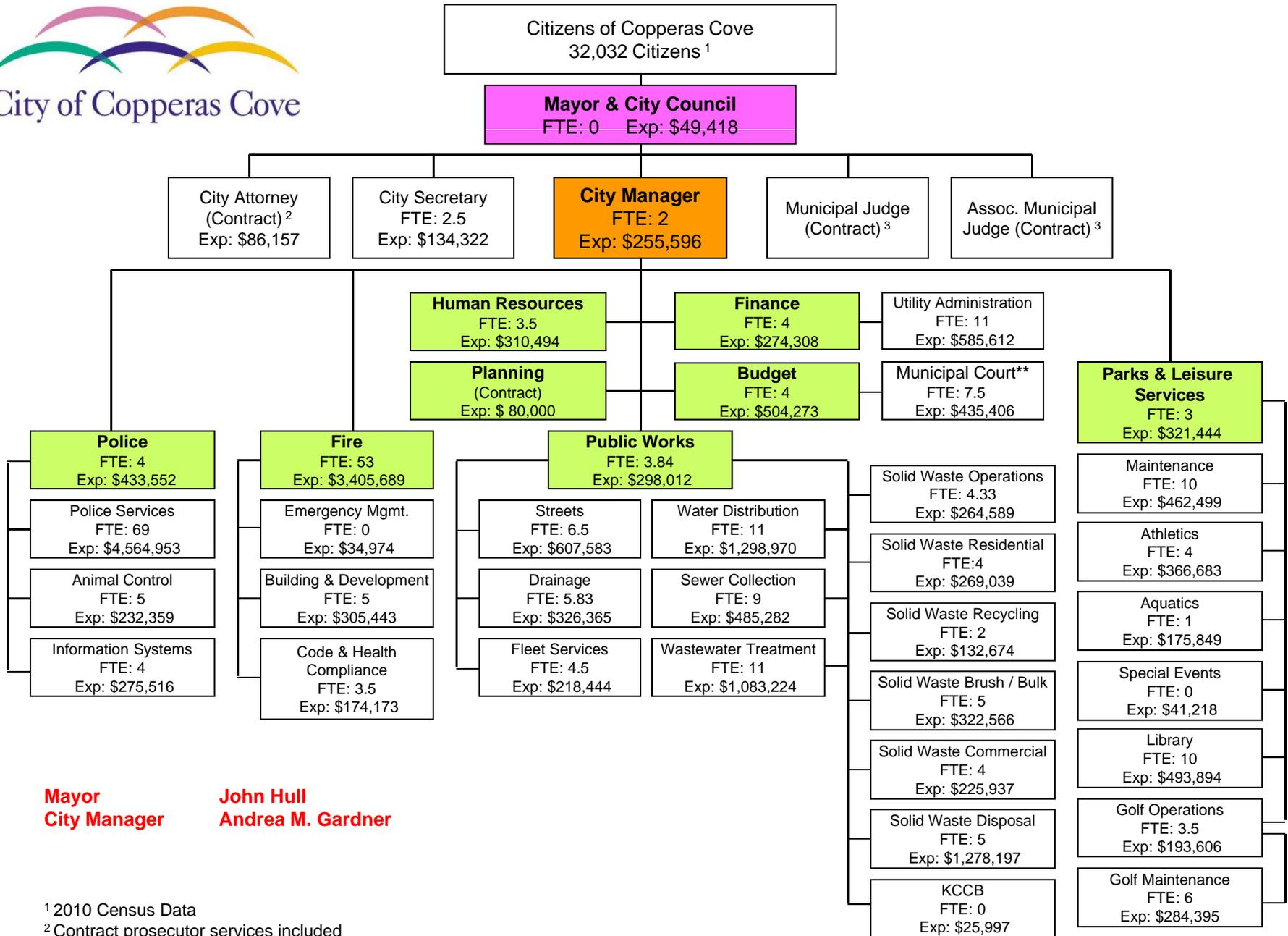
Respectfully submitted,



Andrea M. Gardner
City Manager



Velia Key
Director of Financial Services



Mayor John Hull
City Manager Andrea M. Gardner

¹ 2010 Census Data

² Contract prosecutor services included

³ Contract cost for the Judge and Associate Judge are included in Municipal Court

⁴ Unfunded positions are included in the FTE count for many departments. Details are in departmental statements.

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 D. Youngs - Council Member
Gary L. 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
Velia Key, Director of Financial Services
Ryan D. Haverlah, Budget Director
James M. Baker, Fire Chief/EMC
Wesley Wright, Public Works Division Head/City Engineer
Kelli T. Sames, Human Resources Division Head
Ken E. Wilson, Division Head of Parks & Leisure Services
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, 2010

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.



Linda C. Danson

President

Jeffrey R. Emer

Executive Director

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, 2011, 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, 2011, 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 2, 2012, 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 53 through 54 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 2, 2012



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, 2011. 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 decreased to \$48.7 million from the prior year's \$53.7 million, a decrease of 9 percent.
- As of September 30, 2011, the City's governmental funds reported combined ending fund balances of \$10.9 million, an increase of \$0.5 million in comparison with prior year.
- At September 30, 2011, unassigned fund balance for the General Fund was \$5.4 million, or 38% of total General Fund expenditures. Unassigned fund balance, when compared to prior year unreserved fund balance, decreased 0.5%.

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 2011 Revenue and Limited Tax Bonds 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 53 and 65 – 74.

The basic governmental fund financial statements can be found on pages 18 – 20 of this report.

Proprietary funds – Proprietary funds are used to account for business-type activities of the City. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. The City maintains one type of proprietary fund. Proprietary funds are used for activities that primarily serve customers outside the governmental unit for which fees are charged. The City has three enterprise funds: the Water and Sewer Fund, the 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 – 52 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 55 – 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, 2011.

Net Assets

The following table reflects the Condensed Statement of Net Assets as of September 30, 2011.

Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Current and other assets \$	55,491,316	\$ 12,795,345	\$ 13,431,491	\$ 14,181,316	\$ 68,922,807	\$ 26,976,661
Capital assets	<u>37,565,396</u>	<u>37,454,376</u>	<u>46,842,590</u>	<u>48,073,210</u>	<u>84,407,986</u>	<u>85,527,586</u>
Total assets	<u>93,056,712</u>	<u>50,249,721</u>	<u>60,274,081</u>	<u>62,254,526</u>	<u>153,330,793</u>	<u>112,504,247</u>
Other liabilities	1,310,826	1,616,343	1,284,236	1,365,357	2,595,062	2,981,700
Long-term liabilities	<u>70,992,758</u>	<u>23,059,265</u>	<u>30,997,673</u>	<u>32,777,118</u>	<u>101,990,431</u>	<u>55,836,383</u>
Total liabilities	<u>72,303,584</u>	<u>24,675,608</u>	<u>32,281,909</u>	<u>34,142,475</u>	<u>104,585,493</u>	<u>58,818,083</u>
Net assets:						
Invested in capital assets, net of related debt	8,931,762	18,043,868	22,369,970	22,596,745	31,301,732	40,640,613
Restricted	3,960,315	2,012,341	512,401	772,228	4,472,716	2,784,569
Unrestricted	<u>7,861,051</u>	<u>5,517,904</u>	<u>5,109,801</u>	<u>4,743,078</u>	<u>12,970,852</u>	<u>10,260,982</u>
Total net assets	<u>\$ 20,753,128</u>	<u>\$ 25,574,113</u>	<u>\$ 27,992,172</u>	<u>\$ 28,112,051</u>	<u>\$ 48,745,300</u>	<u>\$ 53,686,164</u>

The City's combined net assets were \$48.7 million as of September 30, 2011. Of the \$48.7 million, \$20.8 was in the governmental activities and \$28.0 million was in the business-type activities. The City's total net assets decreased when compared to the prior year with a decrease of \$4.9 million or 9 percent.

Net Assets consist of three components: investment in capital assets net of related debt, restricted net assets and unrestricted net assets. The first portion of net assets \$(31.3) million (or 64 percent) reflects the City's investment in capital assets, less any related debt used to acquire or construct the assets that are still outstanding. Compared to last year, the City's investment in capital assets net of related debt decreased \$9.3 million or 23 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 which totaled \$4.5 million at September 30, 2011, or 9 percent of overall total net assets. Restricted net assets represent resources that are subject to external restrictions on how they may be used. Restricted net assets increased \$1.7 million or 61 percent compared to September 30, 2010.

The third portion consists of unrestricted net assets totaling \$13.0 million or 27 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 \$2.7 million or 26 percent compared to September 30, 2010.

Changes in Net Assets. The City's total revenues for the fiscal year ended September 30, 2011, were \$72.3 million. Total revenues increased when compared to the prior year by \$42.5 million or 143 percent. The City's total cost of all programs and services increased from the prior year's \$29.1 million to \$77.2 million, an increase of 165 percent. The increase is primarily attributable to a \$39 million grant received from the Texas Department of Transportation related to the construction of the U.S. Highway 190 Southeast Bypass. The following table presents a summary of the changes in net assets for the fiscal year ended September 30, 2011.

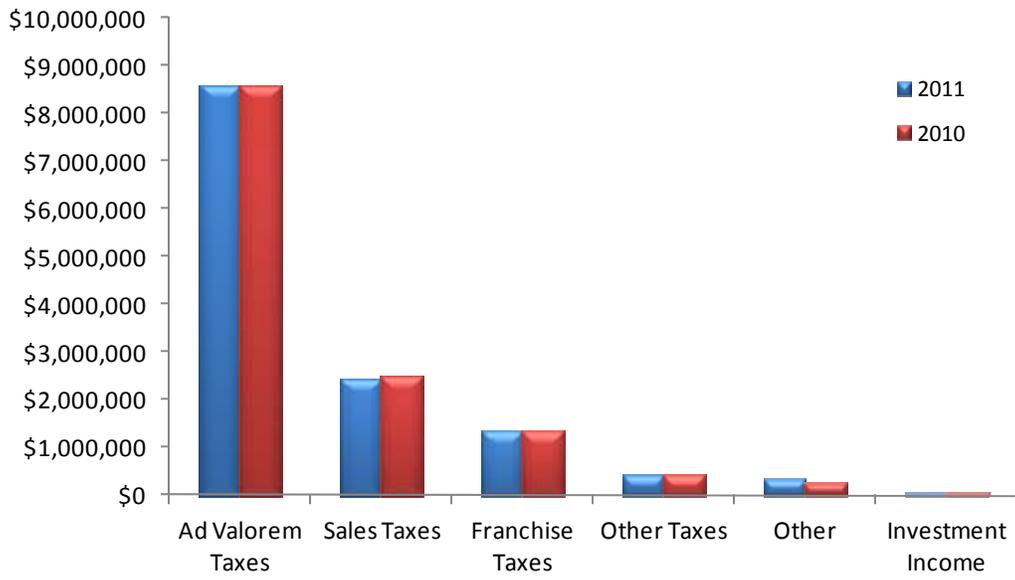
Changes in Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 2,775,981	\$ 3,018,606	\$ 13,418,644	\$ 12,591,577	\$ 16,194,625	\$ 15,610,183
Operating grants and contributions	42,807,297	314,701	-	-	42,807,297	314,701
Capital grants and contributions	169,298	709,919	-	-	169,298	709,919
General revenues:						
Ad valorem taxes	8,590,003	8,570,742	-	-	8,590,003	8,570,742
Franchise taxes	1,315,430	1,318,570	-	-	1,315,430	1,318,570
Sales taxes	2,427,417	2,479,925	-	-	2,427,417	2,479,925
Other taxes	410,235	428,840	-	-	410,235	428,840
Interest and investment earnings	16,923	48,967	15,194	16,420	32,117	65,387
Miscellaneous	319,754	245,860	-	-	319,754	245,860
Total revenues	<u>58,832,338</u>	<u>17,136,130</u>	<u>13,433,838</u>	<u>12,607,997</u>	<u>72,266,176</u>	<u>29,744,127</u>
Expenses:						
General government	2,875,722	2,623,640	-	-	2,875,722	2,623,640
Community services	2,438,256	2,373,405	-	-	2,438,256	2,373,405
Fleet and facility maintenance	279,016	364,763	-	-	279,016	364,763
Highways and streets	46,924,619	1,404,332	-	-	46,924,619	1,404,332
Public safety	10,026,320	9,586,380	-	-	10,026,320	9,586,380
Interest on long-term debt	2,070,699	948,569	-	-	2,070,699	948,569
Water and sewer	-	-	9,409,881	8,867,419	9,409,881	8,867,419
Solid waste	-	-	2,608,915	2,397,273	2,608,915	2,397,273
Golf course	-	-	573,612	579,846	573,612	579,846
Total expenses	<u>64,614,632</u>	<u>17,301,089</u>	<u>12,592,408</u>	<u>11,844,538</u>	<u>77,207,040</u>	<u>29,145,627</u>
Increase (decrease) in net assets before transfers	(5,782,294)	(164,959)	841,430	763,459	(4,940,864)	598,500
Transfers	961,309	1,275,776	(961,309)	(1,275,776)	-	-
Change in net assets	(4,820,985)	1,110,817	(119,879)	(512,317)	(4,940,864)	598,500
Net assets, beginning	<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>
Net assets, ending	<u>\$ 20,753,128</u>	<u>\$ 25,574,113</u>	<u>\$ 27,992,172</u>	<u>\$ 28,112,051</u>	<u>\$ 48,745,300</u>	<u>\$ 53,686,164</u>

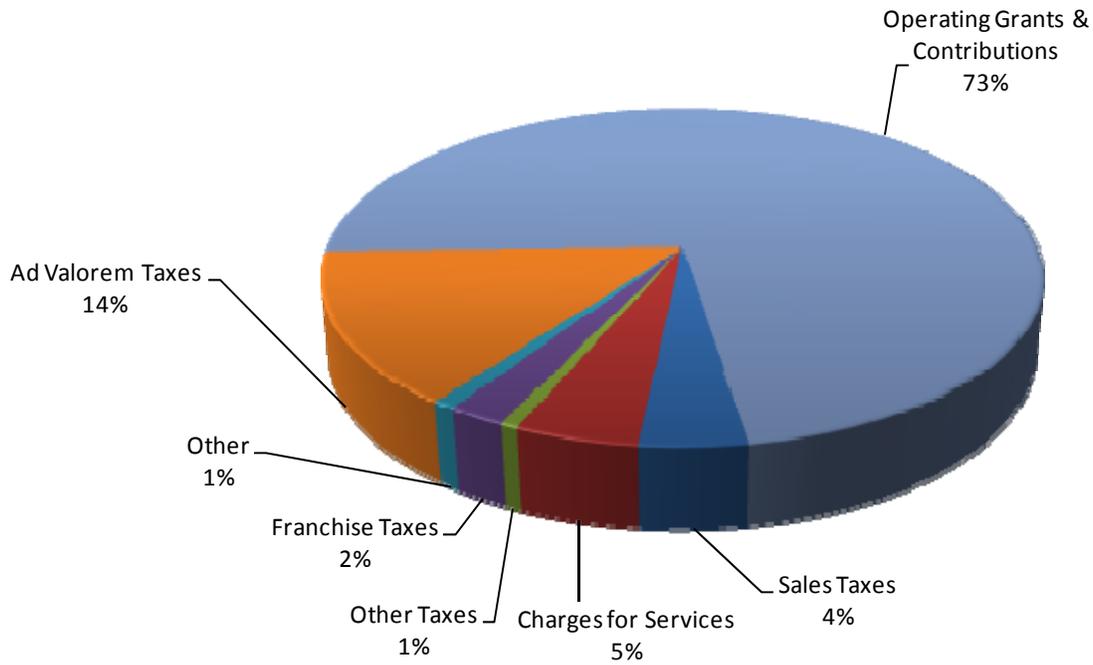
General Revenues – Governmental Activities

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 \$19 thousand, which is an increase of 0.2 percent compared to last year. Sales tax decreased by \$53 thousand or 2.1 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.

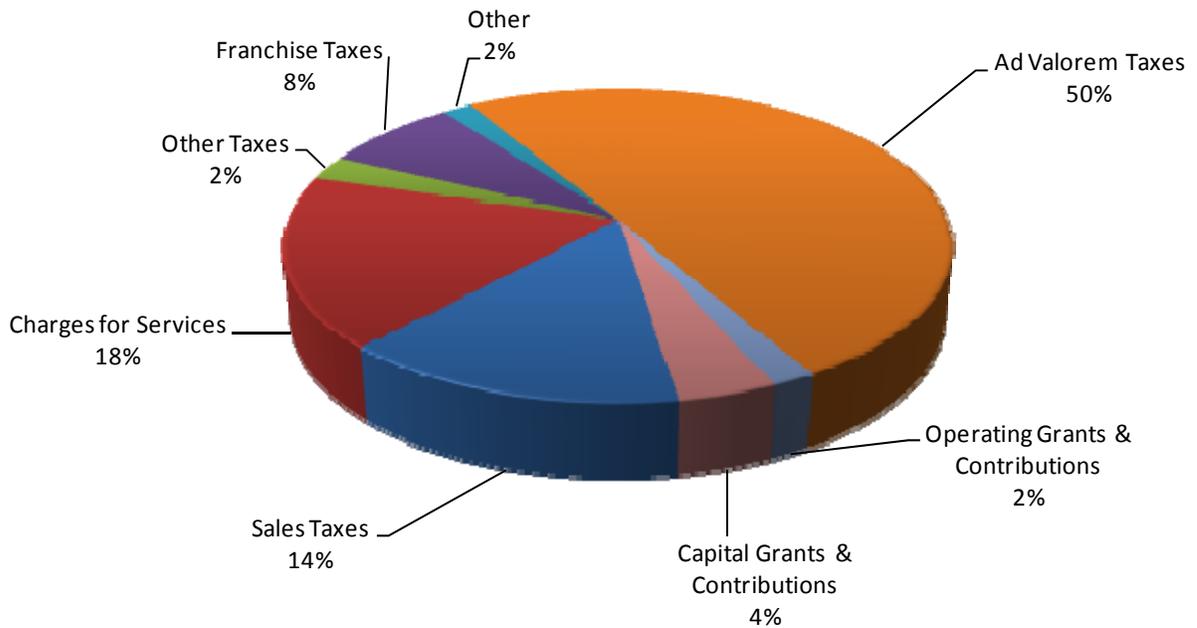
General Revenues – Governmental Activities



Revenues by Source – Governmental Activities – FY 2011



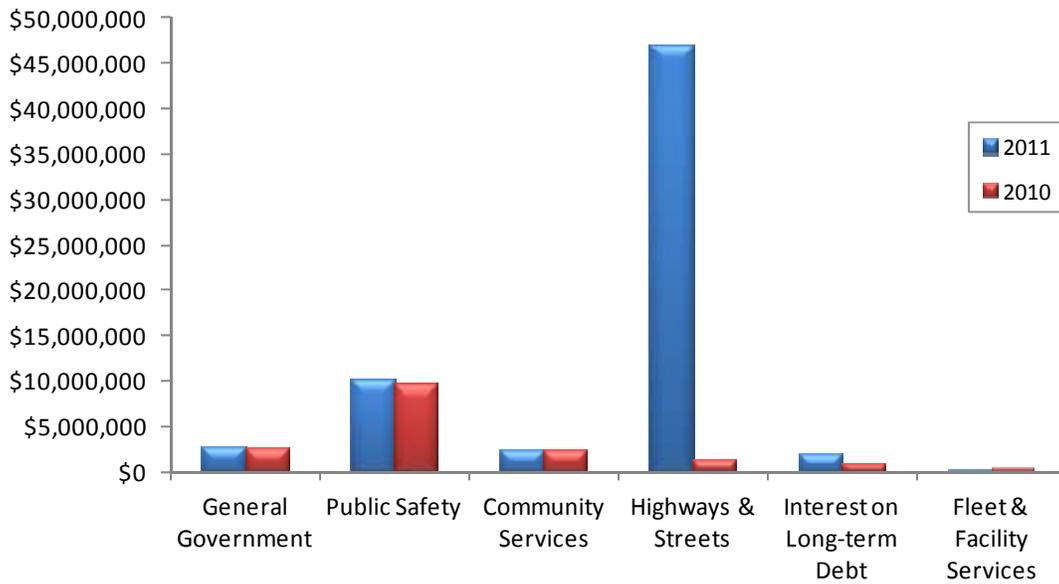
Revenues by Source – Governmental Activities – FY 2010



Expenses – Governmental Activities

The chart below illustrates the City's governmental expenses by function. As shown, Highways and Streets is the largest function in expenses at \$46.9 million, or 73 percent compared to the prior year's \$1.4 million, or 8 percent, followed by Public Safety \$10 million, or 15.5 percent compared to prior year's \$9.6 million, or 55.4 percent. General Government recorded \$2.9 million, or 4.5 percent compared to prior year's \$2.6 million, or 15.2 percent. Community Services recorded \$2.4 million, or 3.8 percent compared to prior year's \$2.4 million, or 13.7 percent.

Expenses – Governmental Activities

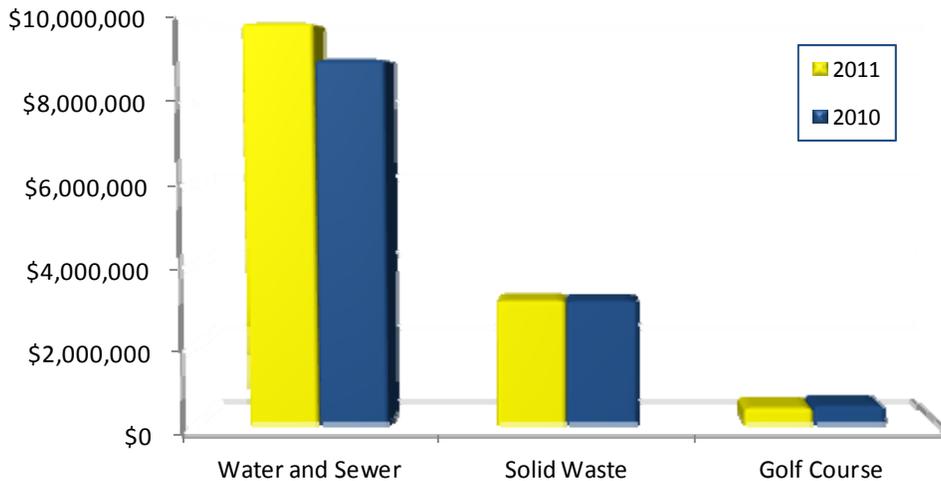


Business-type Activities – Revenues

Business-type activities decreased the City’s net assets by \$119,879. 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 \$9.9 million in revenue. Compared to the prior year, water and sewer revenues increased \$875,878 or 9.7 percent. Solid Waste revenues increased \$5,200 or 0.2 percent. The Golf Course Fund revenues decreased from \$439,810 in 2010 to \$385,799 in 2011, a decrease of \$54,011 or 12 percent.

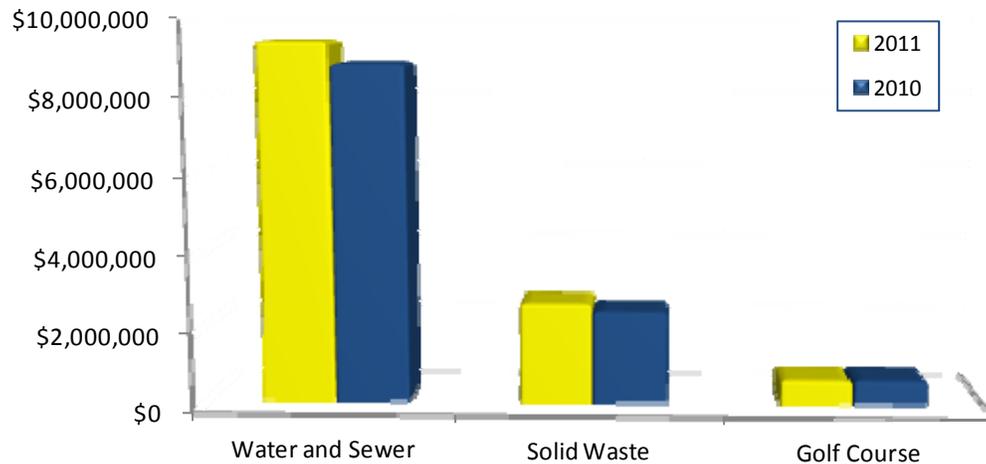
Program Revenues – Business-type Activities



Business-type Activities – Expenses

Total expenses for business-type activities were \$12.6 million, an increase of \$747,870 or 6.3 percent compared to the prior year. Water and Sewer, the largest proprietary fund, recorded \$9.4 million in expenses, an increase of \$0.5 million or 6 percent compared to the prior year. Solid Waste expenses increased \$212,207 or 8 percent. Golf Course expenses decreased from \$579,846 in 2010 to \$573,612 in 2011, a decrease of \$6,234 or 1 percent.

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, unassigned 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 \$10.9 million, an increase of \$0.5 million in comparison with the prior year.

The General Fund is the chief operating fund of the City. At September 30, 2011, unassigned fund balance of the General Fund was slightly below \$5.4 million, while total fund balance reached just under \$5.6 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 38 percent of total General Fund expenditures, while total fund balance represents 40 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 \$3.6 million an increase of \$218,145 or 6.3 percent. The Solid Waste Fund unrestricted net assets was \$2.1 million, an increase of \$450,780 or 23 percent. Unrestricted net assets for the Golf Course Fund decreased from prior year's \$(379,171) to \$(681,373) in 2011. The golf course had a significant decrease in cash on hand and outstanding debt.

The total decrease/increase in net assets for the three funds was \$2,727, \$64,949, and \$(187,555), respectively. Total operating revenues in fiscal year 2010-11 were \$13.4 million, an increase of 6 percent over the year ending September 2010. Total operating expenses totaled \$11.2 million, an increase of 5.1 percent. Total operating income was \$2.3 million, an increase of \$284,170 or 14.4 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 54 for more information on budget policies).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2011, the City has \$84.4 million invested in various capital assets, net of accumulated depreciation. Of the \$84.4 million, \$37.6 million is invested in governmental activities and \$46.8 million is invested in business-type activities. Compared to last year, total capital assets decreased \$1.1 million or 1.3 percent. Capital assets in Governmental Activities increased \$111,020 or 0.3 percent from the prior year. Infrastructure increased \$741,876 or 6.9 percent. Capital assets in Business-type Activities decreased \$1.2 million or 2.6 percent from the prior year, with the construction in progress line item decreasing by \$4.0 million from the prior year.

The following table provides a breakdown of the capital asset balances net of accumulated depreciation at September 30, 2011. Additional information on the City's capital assets may be found in Note III-E on pages 38 – 40.

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

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Land	\$ 1,263,035	\$ 1,250,553	\$ 769,433	\$ 853,886	\$ 2,032,468	\$ 2,104,439
Buildings and improvements	3,143,596	3,389,627	62,492	75,385	3,206,088	3,465,012
Furniture and fixtures	17,623	6,191	-	-	17,623	6,191
Vehicles	1,111,156	604,014	540,097	728,851	1,651,253	1,332,865
Equipment	976,279	818,416	778,670	624,249	1,754,949	1,442,665
Facilities/infrastructure	28,132,050	28,063,068	43,598,066	40,726,677	71,730,116	68,789,745
Construction in progress	<u>2,921,657</u>	<u>3,322,507</u>	<u>1,093,832</u>	<u>5,064,162</u>	<u>4,015,489</u>	<u>8,386,669</u>
Total capital assets	\$ <u>37,565,396</u>	\$ <u>37,454,376</u>	\$ <u>46,842,590</u>	\$ <u>48,073,210</u>	\$ <u>84,407,986</u>	\$ <u>85,527,586</u>

Long-term Debt

The City's total debt increased by \$52,450,000 during the current fiscal year as a result of the following debt issuances:

- Series 2011 Contract Revenue and Limited Tax Bonds in the amount of \$39,000,000 issued February 1, 2011
- Series 2011 General Obligation Bonds in the amount of \$5,490,000 issued February 1, 2011
- Series 2010 General Obligation Bonds in the amount of \$6,045,000 issued November 15, 2010; and
- Series 2010A Limited Tax Notes in the amount of \$1,915,000 issued November 15, 2010.

The following schedule shows the outstanding bonds and notes of the City (both current and long-term) as of September 30, 2011.

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

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
General obligations	\$ 16,860,570	\$ 10,273,174	\$ 18,379,431	\$ 16,561,827	\$ 35,240,001	\$ 26,835,001
Tax/revenue certificates of obligation	45,340,000	8,087,000	4,875,000	8,348,000	50,215,000	16,435,000
Tax notes	<u>4,690,000</u>	<u>3,980,000</u>	<u>7,315,000</u>	<u>7,195,000</u>	<u>12,005,000</u>	<u>11,175,000</u>
	\$ <u>66,890,570</u>	\$ <u>22,340,174</u>	\$ <u>30,569,431</u>	\$ <u>32,104,827</u>	\$ <u>97,460,001</u>	\$ <u>54,445,001</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, 2011

<u>Bond Type</u>	<u>Standard & Poor's</u>	<u>Moody's</u>
General Obligation Bonds	AA-	Aa3
Certificates of Obligation	AA-	Aa3
Revenue Bonds	AA-	Aa3

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 2011 with expected certificate of occupancy in 2012, valued at \$1.1 million. Residential developments planned for building permit issuance within the City during 2012 include House Creek North, Phase III (91 starts), Summers Place (30 starts), Skyline Flats, Phase II, Section 1 (31 starts), Skyline Ridge Phase I (18 starts), Walker Place Phase 7 (26 starts), Thousand Oaks (38 starts), Tonkawa, Phase III (6 starts).

The factors were considered in preparing the City's budget for Fiscal Year 2011-12 include:

- Conservative projections of major revenue sources.
- Ad valorem tax revenue is budgeted conservatively at a 99% collection rate. The City has been experiencing a decrease in its assessed valuation. The taxable property value was projected to decrease by 6%. In 2009, the legislature passed a bill that amended the Texas Property Tax code to provide a homestead exemption to disabled veterans equaling 100%. The impact of this action resulted in the loss of revenue in the amount of over \$300,000. The governing body lowered the authorized exemption to become effective January 1, 2012, on the assessed value of residence homesteads of persons sixty-five years of age or older from \$12,000 to \$5,000 of the assessed value of such person's residence homestead to help offset further anticipated reductions in property tax revenues in future years.
- As for the City's business-type activities, the City Council approved an increase of water and sewer fees that went into effect as of October 1, 2011.
- Essential expenditures to maintain current service levels.
- Employee benefits remain intact with moderate adjustments.

The ad valorem tax rate was increased to \$.7639 cents per \$100 of taxable assessed valuation in FY 2011-12. With the new legislation and the fact that property taxes are a leading source of revenue for the General Fund and tax supported debt for the City, 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>

CITY OF COPPERAS COVE, TEXAS

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 7,417,819	\$ 4,146,695	\$ 11,564,514	\$ 2,163,849
Receivables (net of allowance):				
Taxes	817,387	-	817,387	208,975
Ambulance fees	192,192	-	192,192	-
Accounts	174,600	3,220,424	3,395,024	-
Fines	68,109	-	68,109	-
Grants	42,367,772	-	42,367,772	-
Internal balances	592,521	(592,521)	-	-
Inventory	66,312	14,195	80,507	-
Prepaid items	5,671	8,800	14,471	1,879
Notes receivable	123,779	-	123,779	-
Restricted cash and investments	2,812,445	6,306,396	9,118,841	18,867
Deferred charges	852,709	327,502	1,180,211	-
Deferred contributions	-	-	-	1,361,464
Capital assets:				
Nondepreciable	4,184,692	1,863,265	6,047,957	2,381,976
Depreciable (net)	<u>33,380,704</u>	<u>44,979,325</u>	<u>78,360,029</u>	<u>313,774</u>
Total assets	<u>93,056,712</u>	<u>60,274,081</u>	<u>153,330,793</u>	<u>6,450,784</u>
LIABILITIES				
Accounts payable	447,102	536,994	984,096	30,052
Accrued liabilities	333,952	155,241	489,193	11,597
Retainage payable	-	20,487	20,487	-
Unearned revenue	33,448	-	33,448	-
Other liabilities	144,407	-	144,407	-
Accrued interest payable	351,917	125,448	477,365	4,510
Customer deposits	-	446,066	446,066	-
Noncurrent liabilities:				
Due within one year	2,358,065	2,922,604	5,280,669	60,000
Due in more than one year	<u>68,634,693</u>	<u>28,075,069</u>	<u>96,709,762</u>	<u>548,396</u>
Total liabilities	<u>72,303,584</u>	<u>32,281,909</u>	<u>104,585,493</u>	<u>654,555</u>
NET ASSETS				
Investment in capital assets (net of related debt)	8,931,762	22,369,970	31,301,732	2,087,354
Restricted for:				
Debt service	2,241,325	512,401	2,753,726	14,357
Community services	339,794	-	339,794	-
Highways and streets	1,296,342	-	1,296,342	-
Public safety	82,854	-	82,854	-
Economic development	-	-	-	3,694,518
Unrestricted	<u>7,861,051</u>	<u>5,109,801</u>	<u>12,970,852</u>	<u>-</u>
Total net assets	<u>\$ 20,753,128</u>	<u>\$ 27,992,172</u>	<u>\$ 48,745,300</u>	<u>\$ 5,796,229</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, 2011

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 2,875,722	\$ 352,865	\$ 36,882	\$ -
Community services	2,438,256	1,016,328	119,601	148,202
Fleet and facility services	279,016	-	-	-
Highways and streets	46,924,619	832,234	42,318,000	17,325
Public safety	10,026,320	574,554	332,814	3,771
Interest on long-term debt	2,070,699	-	-	-
Total governmental activities	<u>64,614,632</u>	<u>2,775,981</u>	<u>42,807,297</u>	<u>169,298</u>
Business-type activities:				
Water and sewer	9,409,881	9,933,243	-	-
Solid waste	2,608,915	3,099,602	-	-
Golf course	573,612	385,799	-	-
Total business-type activities	<u>12,592,408</u>	<u>13,418,644</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ 77,207,040</u>	<u>\$ 16,194,625</u>	<u>\$ 42,807,297</u>	<u>\$ 169,298</u>
COMPONENT UNIT				
Economic development	<u>\$ 972,706</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total component unit	<u>\$ 972,706</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
Net assets, ending

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

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	
\$(2,485,975)	\$ -	\$(2,485,975)	
(1,154,125)	-	(1,154,125)	
(279,016)	-	(279,016)	
(3,757,060)	-	(3,757,060)	
(9,115,181)	-	(9,115,181)	
(2,070,699)	-	(2,070,699)	
<u>(18,862,056)</u>	<u>-</u>	<u>(18,862,056)</u>	
-	523,362	523,362	
-	490,687	490,687	
<u>-</u>	<u>(187,813)</u>	<u>(187,813)</u>	
<u>-</u>	<u>826,236</u>	<u>826,236</u>	
<u>(18,862,056)</u>	<u>826,236</u>	<u>(18,035,820)</u>	
			\$(<u>972,706</u>)
			<u>(972,706)</u>
8,590,003	-	8,590,003	-
2,427,417	-	2,427,417	1,213,669
1,315,430	-	1,315,430	-
410,235	-	410,235	-
319,754	-	319,754	2,000
16,923	15,194	32,117	1,665
961,309	(961,309)	-	-
<u>14,041,071</u>	<u>(946,115)</u>	<u>13,094,956</u>	<u>1,217,334</u>
(4,820,985)	(119,879)	(4,940,864)	244,628
<u>25,574,113</u>	<u>28,112,051</u>	<u>53,686,164</u>	<u>5,551,601</u>
<u>\$ 20,753,128</u>	<u>\$ 27,992,172</u>	<u>\$ 48,745,300</u>	<u>\$ 5,796,229</u>

CITY OF COPPERAS COVE, TEXAS

GOVERNMENTAL FUNDS

BALANCE SHEET

SEPTEMBER 30, 2011

	<u>General</u>	<u>Debt Service</u>	<u>2011 Revenue & Limited Tax Bonds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and investments	\$ 5,227,961	\$ 2,020,284	\$ 65,793	\$ 2,916,226	\$ 10,230,264
Receivables (net of allowance):					
Taxes	735,753	40,776	-	40,858	817,387
Ambulance fees	192,192	-	-	-	192,192
Accounts	25,055	-	-	149,545	174,600
Fines	62,535	-	-	5,574	68,109
Grants	30,417	42,318,000	-	19,355	42,367,772
Due from other funds	488,620	188,050	-	3,897	680,567
Inventory	66,312	-	-	-	66,312
Prepaid items	5,671	-	-	-	5,671
Notes receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,779</u>	<u>123,779</u>
 Total assets	 <u>\$ 6,834,516</u>	 <u>\$ 44,567,110</u>	 <u>\$ 65,793</u>	 <u>\$ 3,259,234</u>	 <u>\$ 54,726,653</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 357,561	\$ -	\$ -	\$ 89,541	\$ 447,102
Due to other funds	3,453	-	-	84,593	88,046
Deferred revenue	422,037	42,358,776	-	26,227	42,807,040
Accrued liabilities	321,353	-	-	12,599	333,952
Other liabilities	<u>136,622</u>	<u>7,785</u>	<u>-</u>	<u>-</u>	<u>144,407</u>
Total liabilities	<u>1,241,026</u>	<u>42,366,561</u>	<u>-</u>	<u>212,960</u>	<u>43,820,547</u>
 Fund balances:					
Nonspendable	71,983	-	-	123,779	195,762
Restricted	22,680	2,200,549	65,793	2,922,495	5,211,517
Assigned	136,710	-	-	-	136,710
Unassigned	<u>5,362,117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,362,117</u>
Total fund balances	<u>5,593,490</u>	<u>2,200,549</u>	<u>65,793</u>	<u>3,046,274</u>	<u>10,906,106</u>
 Total liabilities and fund balances	 <u>\$ 6,834,516</u>	 <u>\$ 44,567,110</u>	 <u>\$ 65,793</u>	 <u>\$ 3,259,234</u>	 <u>\$ 54,726,653</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, 2011

Total fund balances - governmental funds balance sheet	\$ 10,906,106
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.	37,565,396
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.	(70,491,966)
Other long-term assets/liabilities are not available to pay for current period expenditures and, therefore, are deferred in the funds.	<u>42,773,592</u>
Net assets of governmental activities - statement of net assets	\$ <u>20,753,128</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, 2011

	General	Debt Service	2011 Revenue & Limited Tax Bonds	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 10,564,831	\$ 1,997,792	\$ -	\$ 199,495	\$ 12,762,118
Charges for services	1,089,345	-	-	831,559	1,920,904
Intergovernmental	70,442	17,325	-	547,668	635,435
Fines	577,926	-	-	40,057	617,983
Licenses	48,403	-	-	-	48,403
Permits	161,296	-	-	-	161,296
Contributions	17,627	-	-	-	17,627
Investment income	7,300	2,739	1,287	5,597	16,923
Miscellaneous	471,299	300	-	33,534	505,133
Total revenues	<u>13,008,469</u>	<u>2,018,156</u>	<u>1,287</u>	<u>1,657,910</u>	<u>16,685,822</u>
EXPENDITURES					
Current:					
General government	2,418,237	-	-	152,795	2,571,032
Community services	1,993,535	-	-	213,632	2,207,167
Fleet and facility services	269,820	-	-	-	269,820
Highways and streets	801,020	-	39,000,135	6,652,508	46,453,663
Public safety	8,501,686	-	-	431,775	8,933,461
Capital outlay	44,940	-	-	1,931,769	1,976,709
Debt service:					
Principal retirement	58,394	1,243,694	-	293,420	1,595,508
Interest and fiscal charges	658	1,737,249	-	45,607	1,783,514
Bond issuance costs	-	62,186	446,110	161,937	670,233
Total expenditures	<u>14,088,290</u>	<u>3,043,129</u>	<u>39,446,245</u>	<u>9,883,443</u>	<u>66,461,107</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,079,821)</u>	<u>(1,024,973)</u>	<u>(39,444,958)</u>	<u>(8,225,533)</u>	<u>(49,775,285)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of bonds	-	1,958,580	39,000,000	7,401,960	48,360,540
Premium on bonds	-	2,758,800	510,751	132,327	3,401,878
Payment to refunded bond escrow agent	-	(1,929,914)	-	(524,174)	(2,454,088)
Transfers in	1,250,500	-	-	287,849	1,538,349
Transfers out	<u>(282,540)</u>	<u>-</u>	<u>-</u>	<u>(294,500)</u>	<u>(577,040)</u>
Total other financing sources (uses)	<u>967,960</u>	<u>2,787,466</u>	<u>39,510,751</u>	<u>7,003,462</u>	<u>50,269,639</u>
NET CHANGE IN FUND BALANCES	<u>(111,861)</u>	<u>1,762,493</u>	<u>65,793</u>	<u>(1,222,071)</u>	<u>494,354</u>
FUND BALANCES, BEGINNING, RESTATED	<u>5,705,351</u>	<u>438,056</u>	<u>-</u>	<u>4,268,345</u>	<u>10,411,752</u>
FUND BALANCES, ENDING	<u>\$ 5,593,490</u>	<u>\$ 2,200,549</u>	<u>\$ 65,793</u>	<u>\$ 3,046,274</u>	<u>\$ 10,906,106</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, 2011

Net change in fund balances - total governmental funds \$ 494,354

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.

118,312

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.

(47,091,593)

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.

(481,282)

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

42,146,516

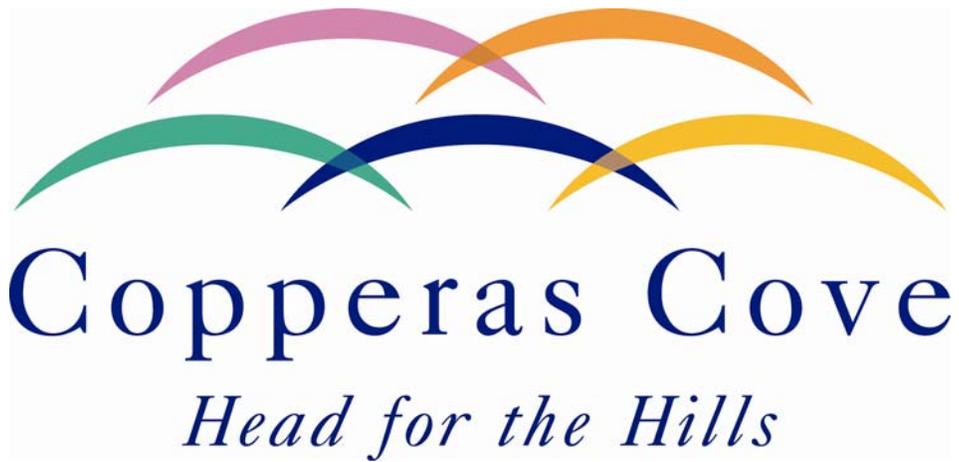
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.

(7,292)

Change in net assets of governmental activities - statement of activities

\$(4,820,985)

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



Copperas Cove

Head for the Hills

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, 2011

	Business-type Activities			Total
	Water and Sewer	Solid Waste	Nonmajor Golf Course	
ASSETS				
Current assets:				
Cash and investments	\$ 2,508,903	\$ 1,637,792	\$ -	\$ 4,146,695
Accounts receivable, net	1,947,728	1,271,631	1,065	3,220,424
Due from other funds	3,453	-	-	3,453
Inventory	-	-	14,195	14,195
Prepaid expenses	8,800	-	-	8,800
Restricted cash and investments	5,992,976	104,252	209,168	6,306,396
Total current assets	<u>10,461,860</u>	<u>3,013,675</u>	<u>224,428</u>	<u>13,699,963</u>
Noncurrent assets:				
Deferred charges	303,303	14,107	10,092	327,502
Property and equipment:				
Land	349,433	120,000	300,000	769,433
Buildings	189,590	-	132,722	322,312
Vehicles	546,525	1,056,547	16,723	1,619,795
Equipment	2,031,134	1,633,392	350,888	4,015,414
Facilities	28,260,964	3,581,837	1,366,465	33,209,266
Infrastructure	41,165,865	-	-	41,165,865
Construction in progress	964,930	-	128,902	1,093,832
Less: accumulated depreciation	<u>(31,358,740)</u>	<u>(3,195,875)</u>	<u>(798,712)</u>	<u>(35,353,327)</u>
Net property and equipment	<u>42,149,701</u>	<u>3,195,901</u>	<u>1,496,988</u>	<u>46,842,590</u>
Total noncurrent assets	<u>42,453,004</u>	<u>3,210,008</u>	<u>1,507,080</u>	<u>47,170,092</u>
Total assets	<u>\$ 52,914,864</u>	<u>\$ 6,223,683</u>	<u>\$ 1,731,508</u>	<u>\$ 60,870,055</u>
LIABILITIES AND NET ASSET:				
Current liabilities				
Accounts payable	\$ 351,268	\$ 119,726	\$ 66,000	\$ 536,994
Customer deposits	446,066	-	-	446,066
Retainage payable	20,487	-	-	20,487
Due to other funds	-	-	595,974	595,974
Accrued liabilities	62,676	82,620	9,945	155,241
Accrued interest	121,283	3,990	175	125,448
Long-term debt, current portion	2,558,879	212,805	150,920	2,922,604
Total current liabilities	<u>3,560,659</u>	<u>419,141</u>	<u>823,014</u>	<u>4,802,814</u>
Noncurrent liabilities				
Compensated absences	123,953	38,480	8,205	170,638
Bonds payable	25,660,187	1,088,965	503,903	27,253,055
Net pension obligation	109,658	41,398	19,368	170,424
Net OPEB obligation	17,910	6,361	3,793	28,064
Estimated landfill postclosure care costs	-	452,888	-	452,888
Total noncurrent liabilities	<u>25,911,708</u>	<u>1,628,092</u>	<u>535,269</u>	<u>28,075,069</u>
Total liabilities	<u>29,472,367</u>	<u>2,047,233</u>	<u>1,358,283</u>	<u>32,877,883</u>
Net assets:				
Investment in capital assets (net of related debt)	19,420,111	1,895,261	1,054,598	22,369,970
Restricted for:				
Debt service	412,139	100,262	-	512,401
Unrestricted	<u>3,610,247</u>	<u>2,180,927</u>	<u>(681,373)</u>	<u>5,109,801</u>
Total net assets	<u>\$ 23,442,497</u>	<u>\$ 4,176,450</u>	<u>\$ 373,225</u>	<u>\$ 27,992,172</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, 2011

	Business-type Activities			Total Funds
	Water and Sewer	Solid Waste	Nonmajor Golf Course	
OPERATING REVENUES				
Charges for services	\$ 9,672,233	\$ 2,907,505	\$ 361,528	\$ 12,941,266
Miscellaneous	261,010	192,097	24,271	477,378
Total operating revenues	<u>9,933,243</u>	<u>3,099,602</u>	<u>385,799</u>	<u>13,418,644</u>
OPERATING EXPENSES				
Personnel services	2,164,430	773,114	311,086	3,248,630
Supplies and materials	2,318,845	221,732	41,732	2,582,309
Services and charges	1,444,741	1,160,656	115,608	2,721,005
Maintenance and repairs	301,333	116,417	23,900	441,650
Depreciation	1,786,235	300,945	80,648	2,167,828
Total operating expenses	<u>8,015,584</u>	<u>2,572,864</u>	<u>572,974</u>	<u>11,161,422</u>
OPERATING INCOME (LOSS)	<u>1,917,659</u>	<u>526,738</u>	<u>(187,175)</u>	<u>2,257,222</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	12,674	2,262	258	15,194
Interest expense	(1,388,790)	(36,051)	(638)	(1,425,479)
Bond agent fees	(1,897)	-	-	(1,897)
Gain (loss) on sale of asset	(3,610)	-	-	(3,610)
Total nonoperating revenues (expenses)	<u>(1,381,623)</u>	<u>(33,789)</u>	<u>(380)</u>	<u>(1,415,792)</u>
NET INCOME (LOSS) BEFORE TRANSFERS	536,036	492,949	(187,555)	841,430
TRANSFERS				
Transfers in	257,517	-	-	257,517
Transfers out	(790,826)	(428,000)	-	(1,218,826)
CHANGE IN NET ASSETS	2,727	64,949	(187,555)	(119,879)
NET ASSETS, BEGINNING	<u>23,439,770</u>	<u>4,111,501</u>	<u>560,780</u>	<u>28,112,051</u>
NET ASSETS, ENDING	<u>\$ 23,442,497</u>	<u>\$ 4,176,450</u>	<u>\$ 373,225</u>	<u>\$ 27,992,172</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, 2011

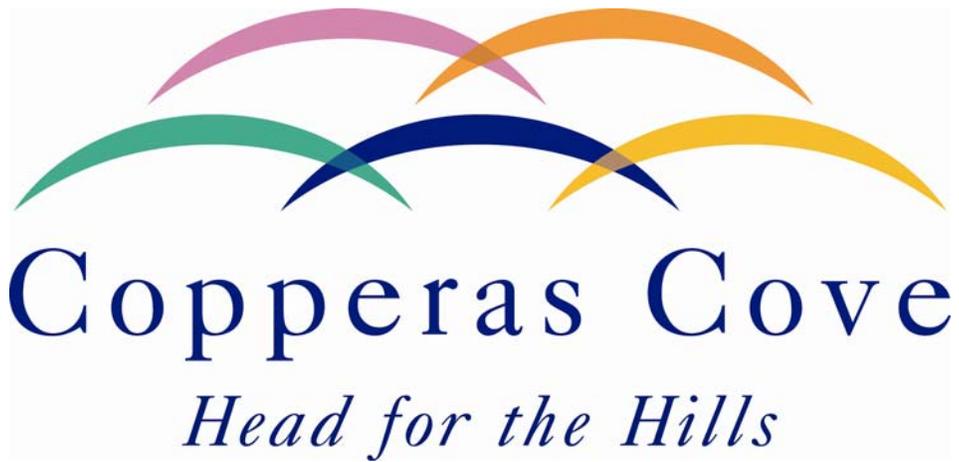
	Business-type Activities			Total Funds
	Water and Sewer	Solid Waste	Nonmajor Golf Course	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 9,875,650	\$ 2,929,306	\$ 362,403	\$ 13,167,359
Payments to suppliers	(4,078,357)	(1,387,118)	(93,473)	(5,558,948)
Payments to employees	(2,213,811)	(765,849)	(317,603)	(3,297,263)
Net cash flows provided (used) by operating activities	<u>3,583,482</u>	<u>776,339</u>	<u>(48,673)</u>	<u>4,311,148</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income received	<u>12,674</u>	<u>2,262</u>	<u>258</u>	<u>15,194</u>
Net cash flows provided by investing activities	<u>12,674</u>	<u>2,262</u>	<u>258</u>	<u>15,194</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash received from other funds	257,517	-	246,358	503,875
Cash paid to other funds	(790,826)	(428,000)	-	(1,218,826)
Net cash provided (used) by noncapital financing activities	<u>(533,309)</u>	<u>(428,000)</u>	<u>246,358</u>	<u>(714,951)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from issuance of long-term debt	3,624,460	465,000	-	4,089,460
Principal paid on long-term debt	(5,438,004)	(269,891)	(142,025)	(5,849,920)
Interest paid on long-term debt	(1,396,584)	(33,153)	(5,669)	(1,435,406)
Acquisition of property and equipment	(670,439)	(151,307)	(128,902)	(950,648)
Proceeds from sale of capital assets	<u>9,830</u>	<u>-</u>	<u>-</u>	<u>9,830</u>
Net cash provided (used) by capital and related financing activities	<u>(3,870,737)</u>	<u>10,649</u>	<u>(276,596)</u>	<u>(4,136,684)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(807,890)</u>	<u>361,250</u>	<u>(78,653)</u>	<u>(525,293)</u>
CASH AND CASH EQUIVALENTS, BEGINNING	<u>9,309,769</u>	<u>1,380,794</u>	<u>287,821</u>	<u>10,978,384</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 8,501,879</u>	<u>\$ 1,742,044</u>	<u>\$ 209,168</u>	<u>\$ 10,453,091</u>

(continued)

CITY OF COPPERAS COVE, TEXAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	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)	\$ 1,917,659	\$ 526,738	\$(187,175)	\$ 2,257,222
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,786,235	300,945	80,648	2,167,828
Decrease (increase) in assets:				
Accounts receivable	(66,444)	(170,296)	875	(235,865)
Inventory	-	-	7,869	7,869
Increase (decrease) in liabilities:				
Accounts payable	5,172	9,811	55,627	70,610
Retainage payable	(18,609)	-	-	(18,609)
Accrued liabilities	(66,667)	(26,407)	(11,565)	(104,639)
Landfill closure costs	-	101,876	-	101,876
Accrued compensated absences	(29,733)	15,178	(1,746)	(16,301)
Net pension obligation	39,046	15,779	4,984	59,809
Net OPEB obligation	7,972	2,715	1,810	12,497
Customer deposits	8,851	-	-	8,851
Total adjustments	<u>1,665,823</u>	<u>249,601</u>	<u>138,502</u>	<u>2,053,926</u>
Net cash provided (used) by operating activities	<u>\$ 3,583,482</u>	<u>\$ 776,339</u>	<u>\$(48,673)</u>	<u>\$ 4,311,148</u>

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



Copperas Cove

Head for the Hills

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, 2011

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.

2011 Revenue and Limited Tax Bonds – This Capital Projects Fund is used to account for the proceeds from debt issued for a TXDOT project for the South East Bypass Project.

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 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 Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Balance Classification (Continued)

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by resolution of the City Council, the City's highest level of decision making authority. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council.
- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

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 \$(70,491,966) difference are as follows:

Bonds payable	\$(66,890,570)
Bond issuance costs	852,709
Unamortized bond discounts and premiums	(3,401,127)
Deferred loss on refunding	475,525
Net pension obligation	(482,322)
Net OPEB obligation	(80,757)
Accrued interest payable	(351,917)
Capital leases	(7,764)
Compensated absences	<u>(605,743)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$(70,491,966)</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 \$42,773,592 difference are as follows:

Grants	\$ 42,318,000
Property taxes	193,287
Ambulance charges for services	192,192
Municipal court fines	68,111
Miscellaneous revenues	<u>2,002</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>\$ 42,773,592</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 \$118,312 difference are as follows:

Capital outlay	\$ 1,980,291
Depreciation expense	<u>(1,861,979)</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>\$ 118,312</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 \$(47,091,593) difference are as follows:

Principal repayments	\$	1,595,501
Issuance of debt	(45,906,452)
Bond issuance costs		645,964
Discounts and premiums	(3,402,381)
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>(47,091,593)</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 \$(481,282) difference are as follows:

Compensated absences	\$	(45,405)
Accrued interest	(238,181)
Net pension obligation	(161,877)
Net OPEB obligation	(<u>35,819</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>(481,282)</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, 2011, 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, 2011, are shown below:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
State operated pools:		
TexPool	\$ 17,414,837	44
TexStar	<u>1,345,152</u>	40
Total Fair Value	<u>\$ 18,759,989</u>	44

(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, 2011, for the City's individual major and nonmajor funds including the applicable allowances for uncollectible accounts, consist of the following:

	General	Debt Service	Water and Sewer	Solid Waste	Nonmajor	Total
Receivables:						
Taxes	\$ 735,753	\$ 40,776	\$ -	\$ -	\$ 40,858	\$ 817,387
Ambulance	3,378,585	-	-	-	-	3,378,585
Fines	1,250,716	-	-	-	111,490	1,362,206
Utilities	-	-	2,991,262	1,582,408	-	4,573,670
Miscellaneous	25,055	-	-	-	244,509	269,564
Grants	30,417	42,318,000	-	-	19,355	42,367,772
Notes	-	-	-	-	123,779	123,779
Gross receivables	5,420,526	42,358,776	2,991,262	1,582,408	539,991	52,892,963
Less: allowance for uncollectible	(4,374,574)	-	(1,043,534)	(310,777)	(199,815)	(5,928,700)
Net total receivables	<u>\$ 1,045,952</u>	<u>\$ 42,358,776</u>	<u>\$ 1,947,728</u>	<u>\$ 1,271,631</u>	<u>\$ 340,176</u>	<u>\$ 46,964,263</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:

	Unavailable	Unearned
Governmental funds:		
Taxes receivable	\$ 193,287	\$ -
Ambulance fees	192,192	-
Municipal court fines	68,111	-
Miscellaneous	2,002	12,796
Grants	42,318,000	20,652
Total	<u>\$ 42,773,592</u>	<u>\$ 33,448</u>

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. Capital Assets

Capital asset activity for the year ended September 30, 2011, was as follows:

Primary Government

	Balance 09/30/10	Additions	Deletions	Balance 09/30/11
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,250,553	\$ 12,482	\$ -	\$ 1,263,035
Construction in progress	<u>3,322,507</u>	<u>658,368</u>	<u>1,059,218</u>	<u>2,921,657</u>
Total assets not being depreciated	<u>4,573,060</u>	<u>670,850</u>	<u>1,059,218</u>	<u>4,184,692</u>
Capital assets, being depreciated:				
Buildings	7,950,148	27,194	10,146	7,967,196
Furniture and fixtures	294,567	12,730	-	307,297
Vehicles	3,103,912	857,939	242,579	3,719,272
Equipment	3,649,676	423,014	7,883	4,064,807
Infrastructure	12,672,295	1,059,218	-	13,731,513
Facilities	<u>18,863,987</u>	<u>2,170</u>	<u>-</u>	<u>18,866,157</u>
Total capital assets being depreciated	<u>46,534,585</u>	<u>2,382,265</u>	<u>260,608</u>	<u>48,656,242</u>
Less accumulated depreciation:				
Buildings	4,560,521	265,041	1,962	4,823,600
Furniture and fixtures	288,376	1,298	-	289,674
Vehicles	2,499,898	350,797	242,579	2,608,116
Equipment	2,821,260	265,151	7,883	3,078,528
Infrastructure	1,987,383	317,342	-	2,304,725
Facilities	<u>1,495,831</u>	<u>675,064</u>	<u>-</u>	<u>2,170,895</u>
Total accumulated depreciation	<u>13,653,269</u>	<u>1,874,693</u>	<u>252,424</u>	<u>15,275,538</u>
Total capital assets being depreciated, net	<u>32,881,316</u>	<u>507,572</u>	<u>8,184</u>	<u>33,380,704</u>
Governmental activities capital assets, net	<u>\$ 37,454,376</u>	<u>\$ 1,178,422</u>	<u>\$ 1,067,402</u>	<u>\$ 37,565,396</u>

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. Capital Assets (Continued)

	Balance 09/30/10	Additions	Deletions	Adjustments	Balance 09/30/11
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 853,886	\$ -	\$ -	\$(84,453)	\$ 769,433
Construction in progress	<u>5,064,162</u>	<u>613,568</u>	<u>4,583,898</u>	<u>-</u>	<u>1,093,832</u>
Total assets not being depreciated	<u>5,918,048</u>	<u>613,568</u>	<u>4,583,898</u>	<u>(84,453)</u>	<u>1,863,265</u>
Capital assets, being depreciated:					
Buildings	322,312	-	-	-	322,312
Vehicles	1,588,741	25,555	36,670	42,169	1,619,795
Equipment	3,854,364	307,735	125,460	(21,225)	4,015,414
Infrastructure	39,534,714	1,647,478	-	(16,327)	41,165,865
Facilities	<u>30,265,194</u>	<u>2,936,420</u>	<u>76,800</u>	<u>84,452</u>	<u>33,209,266</u>
Total capital assets being depreciated	<u>75,565,325</u>	<u>4,917,188</u>	<u>238,930</u>	<u>89,069</u>	<u>80,332,652</u>
Less accumulated depreciation:					
Buildings	246,927	12,893	-	-	259,820
Vehicles	859,890	214,304	36,670	42,173	1,079,697
Equipment	3,230,115	164,337	140,447	(17,260)	3,236,745
Infrastructure	20,355,760	1,002,135	-	(10,963)	21,346,932
Facilities	<u>8,717,471</u>	<u>774,159</u>	<u>63,360</u>	<u>1,863</u>	<u>9,430,133</u>
Total accumulated depreciation	<u>33,410,163</u>	<u>2,167,828</u>	<u>240,477</u>	<u>15,813</u>	<u>35,353,327</u>
Total capital assets being depreciated, net	<u>42,155,162</u>	<u>2,749,360</u>	<u>(1,547)</u>	<u>73,256</u>	<u>44,979,325</u>
Business-type activities capital assets, net	<u>\$ 48,073,210</u>	<u>\$ 3,362,928</u>	<u>\$ 4,582,351</u>	<u>\$(11,197)</u>	<u>\$ 46,842,590</u>

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

Government activities:	
General government	\$ 261,750
Public safety	946,951
Community service	199,326
Highways and streets	463,600
Fleet maintenance	<u>3,066</u>
Total depreciation expense - governmental activities	<u>\$ 1,874,693</u>
Business-type activities:	
Water and sewer	\$ 1,786,235
Solid waste	300,945
Golf course	<u>80,648</u>
Total depreciation expense - business-type activities	<u>\$ 2,167,828</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, 2011, was as follows:

	Balance 09/30/10	Additions	Deletions	Adjustments	Balance 09/30/11
Capital assets, not being depreciated:					
Land	\$ 2,365,070	\$ -	\$ -	\$ -	\$ 2,365,070
Construction in progress	598,129	981,316	246,600	(1,315,939)	16,906
Total assets not being depreciated	<u>2,963,199</u>	<u>981,316</u>	<u>246,600</u>	<u>(1,315,939)</u>	<u>2,381,976</u>
Capital assets, being depreciated:					
Buildings	177,379	-	-	-	177,379
Equipment	108,534	5,568	-	-	114,102
Improvements other than buildings	-	246,600	-	-	246,600
Total capital assets being depreciated	<u>285,913</u>	<u>252,168</u>	<u>-</u>	<u>-</u>	<u>538,081</u>
Less accumulated depreciation:					
Buildings	89,367	7,095	-	-	96,462
Equipment	98,025	5,160	-	-	103,185
Improvements other than buildings	-	24,660	-	-	24,660
Total accumulated depreciation	<u>187,392</u>	<u>36,915</u>	<u>-</u>	<u>-</u>	<u>224,307</u>
Total capital assets being depreciated, net	<u>98,521</u>	<u>215,253</u>	<u>-</u>	<u>-</u>	<u>313,774</u>
Governmental activities capital assets, net	<u>\$ 3,061,720</u>	<u>\$ 1,196,569</u>	<u>\$ 246,600</u>	<u>\$(1,315,939)</u>	<u>\$ 2,695,750</u>

F. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables at September 30, 2011, is as follows:

	Interfund Receivables	Interfund Payables
General fund		
Water and sewer	\$ -	\$ 3,453
Nonmajor governmental funds	84,593	-
Nonmajor enterprise funds	404,027	-
Total general fund	<u>488,620</u>	<u>3,453</u>
Debt service		
Nonmajor enterprise funds	188,050	-
Total Debt Service	<u>188,050</u>	<u>-</u>
Water and sewer		
Nonmajor governmental funds	3,453	-
Total water and sewer	<u>3,453</u>	<u>-</u>
Nonmajor governmental funds		
General fund	-	84,593
Nonmajor enterprise funds	3,897	-
Total nonmajor governmental funds	<u>3,897</u>	<u>84,593</u>
Nonmajor enterprise funds		
General fund	-	404,027
Debt service	-	188,050
Nonmajor governmental funds	-	3,897
Total nonmajor enterprise funds	<u>-</u>	<u>595,974</u>
Total	<u>\$ 684,020</u>	<u>\$ 684,020</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, 2011, were:

	<u>Transfers in</u>	<u>Transfers out</u>
Governmental activities:		
General fund	\$ 1,250,500	\$ 282,540
Nonmajor governmental funds	287,849	294,500
Business-type activities:		
Water and sewer	257,517	790,826
Solid waste	<u>-</u>	<u>428,000</u>
Total	<u>\$ 1,795,866</u>	<u>\$ 1,795,866</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, 2011.

<u>Year Ending September 30,</u>	<u>Governmental Funds</u>	<u>Business-type Funds</u>
2012	\$ <u>7,938</u>	\$ <u>95,534</u>
Total minimum lease payments	7,938	95,534
Less amount representing interest	<u>174</u>	<u>2,614</u>
Present value of future minimum lease payments	<u>\$ 7,764</u>	<u>\$ 92,920</u>

The assets acquired under capital leases are as follows:

Asset:	
Equipment	\$ 796,079
Vehicles	16,723
Less: accumulated depreciation, net	<u>507,864</u>
	<u>\$ 304,938</u>

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. Long-term Debt

A summary of long-term debt transactions, including current position, for the year ended September 30, 2011, is as follows:

	Balance 09/30/10	Additions	Deletions	Amount Refunded	Balance 09/30/11	Due Within One Year
Governmental activities:						
General obligation bonds	\$ 10,273,175	\$ 7,980,540	\$(653,145)	\$(740,000)	\$ 16,860,570	\$ 741,279
Certificates of obligation	8,087,000	39,000,000	(195,000)	(1,552,000)	45,340,000	120,000
Limited tax notes	3,980,000	1,380,000	(670,000)	-	4,690,000	685,000
Unamortized bond premium	104,736	3,401,878	(5,933)	-	3,500,681	558,989
Unamortized bond discounts	(117,454)	-	6,436	11,464	(99,554)	(6,589)
Deferred amount on refunding	(279,033)	(220,717)	24,225	-	(475,525)	(31,554)
Total bonds payable	22,048,424	51,541,701	(1,493,417)	(2,280,536)	69,816,172	2,067,125
Capital leases	85,120	-	(77,356)	-	7,764	7,764
Compensated absences	560,338	608,316	(562,911)	-	605,743	283,176
Net pension obligation	320,445	161,877	-	-	482,322	-
Net OPEB obligation	44,938	35,819	-	-	80,757	-
Governmental activities long-term debt	\$ 23,059,265	\$ 52,347,713	\$(2,133,684)	\$(2,280,536)	\$ 70,992,758	\$ 2,358,065
Business-type activities:						
General obligation bonds	\$ 16,561,827	\$ 3,554,460	\$(1,296,856)	\$(440,000)	\$ 18,379,431	\$ 1,673,721
Certificates of obligation	8,348,000	-	(660,000)	(2,813,000)	4,875,000	375,000
Limited tax notes	7,195,000	535,000	(415,000)	-	7,315,000	720,000
Unamortized bond premiums	24,180	32,393	(7,014)	(4,475)	45,084	-
Unamortized bond discounts	(37,436)	-	4,746	20,108	(12,582)	-
Deferred amount on refunding	(361,458)	(256,077)	34,416	-	(583,119)	-
Total bonds payable	31,730,113	3,865,776	(2,339,708)	(3,237,367)	30,018,814	2,768,721
Estimated landfill postclosure care costs	377,653	101,876	-	-	479,529	26,641
Compensated absences	221,261	154,213	(170,514)	-	204,960	34,322
Capital leases	321,909	-	(228,989)	-	92,920	92,920
Net pension obligation	110,615	59,809	-	-	170,424	-
Net OPEB obligation	15,567	12,497	-	-	28,064	-
Business-type activities long-term debt	\$ 32,777,118	\$ 4,194,171	\$(2,739,211)	\$(3,237,367)	\$ 30,994,711	\$ 2,922,604
Discretely Presented Component Unit:						
Revenue bonds	\$ 650,000	\$ -	\$ 50,000	\$ 600,000	\$ 60,000	\$ 60,000
Net pension obligation	4,729	2,465	-	7,194	-	-
Net OPEB obligation	657	545	-	1,202	-	-
Discretely Presented Component Unit	\$ 655,386	\$ 3,010	\$ 50,000	\$ 608,396	\$ 60,000	\$ 60,000

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, 2011, 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	\$ -
2005 refunding	3.68	11/29/05	08/15/07	1,892,800	683,405
2006 refunding	3.78	03/09/06	08/15/21	996,000	980,000
2007 refunding	3.94	05/31/07	09/30/23	1,408,500	1,366,500
2009 various purpose	3.00 - 4.875	09/10/09	08/15/34	4,770,000	4,685,000
2010 various purpose	4.00 - 4.50	05/25/10	08/15/35	1,425,000	1,425,000
2010 refunding	1.00 - 2.75	11/15/10	08/15/19	2,490,540	2,230,665
2011 various purpose	3.50 - 5.00	02/01/11	08/15/28	5,490,000	5,490,000
Limited tax notes:					
2006	3.50 - 4.00	09/26/06	08/15/13	1,260,000	345,000
2008	2.78	05/01/08	02/15/14	1,640,000	1,145,000
2008A	3.611	10/28/08	08/30/15	1,235,000	1,045,000
2009	2.00 - 3.00	09/10/09	08/15/16	890,000	735,000
2010	2.375 - 3.00	05/27/10	08/15/16	165,000	165,000
2010A	1.00 - 2.30	11/15/10	08/15/14	1,380,000	1,255,000
Tax/revenue certificates of obligation:					
2001 various purpose	3.00 - 5.25	06/15/01	08/15/21	1,915,000	-
2003 various purpose	2.00 - 5.00	08/05/03	09/30/23	4,190,000	1,085,000
2007 various purpose	3.94	05/31/07	09/30/27	5,300,000	5,255,000
2011 various purpose	3.50 - 5.00	02/01/11	08/15/17	<u>39,000,000</u>	<u>39,000,000</u>
Total				\$ <u>79,197,840</u>	\$ <u>66,890,570</u>
Business-type activities:					
General obligation bonds:					
2003A refunding	2.00 - 5.00	08/05/03	09/30/23	\$ 4,720,000	\$ 1,550,000
2005 refunding	3.68	11/29/05	08/15/19	4,022,200	3,141,596
2006 refunding	3.78	03/09/06	08/15/21	3,984,000	3,920,000
2007 refunding	3.94	05/31/07	09/30/23	3,286,500	3,188,500
2010 various purpose	2.375 - 3.00	05/25/10	08/30/35	3,260,000	3,260,000
2010 refunding	1.00 - 2.75	11/15/10	08/15/19	3,554,460	3,319,335
Limited tax notes:					
2008	2.78	05/31/08	02/15/14	1,215,000	880,000
2008A	3.611	10/28/08	08/15/15	955,000	665,000
2009	2.00 - 3.00	09/10/09	08/15/16	1,620,000	1,350,000
2010	2.375 - 3.00	05/27/10	08/15/16	3,885,000	3,885,000
2010A	1.00 - 2.30	11/15/10	08/15/14	535,000	535,000
Tax/revenue certificates of obligation:					
2001 various purpose	4.00 - 5.25	06/15/01	08/15/21	6,485,000	-
2003 various purpose	2.00 - 5.00	08/05/03	09/30/23	9,820,000	2,445,000
2005 various purpose	3.63	11/10/05	08/15/25	<u>3,050,000</u>	<u>2,430,000</u>
Total				\$ <u>50,392,160</u>	\$ <u>30,569,431</u>

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. Long-term Debt (Continued)

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.

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, 2011, the amount of defeased debt outstanding amounted to \$8,755,000.

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
2012	\$ 741,279	\$ 685,150	\$ 1,673,721	\$ 655,327
2013	429,607	666,569	1,675,392	617,557
2014	733,144	651,383	1,571,857	547,600
2015	618,560	633,976	1,416,429	493,682
2016	758,940	617,108	1,451,060	446,620
2017-2021	4,596,040	2,682,925	6,898,973	1,502,358
2022-2026	4,363,000	1,762,800	2,007,000	523,591
2027-2031	3,345,000	662,660	845,000	296,294
2032-2036	1,275,000	131,427	839,999	96,259
Total	\$ 16,860,570	\$ 8,493,998	\$ 18,379,431	\$ 5,179,288

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
2012	\$ 10,970,000	\$ 2,024,945	\$ 375,000	\$ 205,523
2013	15,820,000	2,020,865	355,000	190,921
2014	12,569,000	1,575,701	231,000	174,499
2015	424,000	783,610	351,000	165,322
2016	650,500	267,113	354,500	150,876
2017-2021	2,165,000	879,774	1,925,000	751,324
2022-2026	2,276,500	359,114	1,283,500	237,056
2027-2031	465,000	18,320	-	-
Total	\$ 45,340,000	\$ 7,929,442	\$ 4,875,000	\$ 1,875,521

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. Long-term Debt (Continued)

Tax and Revenue Certificates of Obligation (Continued)

In February of 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%. The City concurrently 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 are being used to pay for highway improvements to U. S. 190.

Under an agreement with the Texas Department of Transportation ("TxDOT"), the City will provide \$45,400,000 in funding for a highway improvement project designed to allow traffic to bypass the City to the east and reconnect to S. H. 190 south of the City. The City issued the obligations described above to provide the funding for the project. In addition, pursuant to the TxDOT agreement, TxDOT has agreed to pay the City up to \$42,318,000 for the purpose of reimbursing the City for costs to construct the project. TxDOT will reimburse the actual final construction cost of the project up to \$42,318,000 according to the following schedule: 30% of the bid construction cost of the project not to exceed \$12,695,400 in September 2012; 40% of the bid construction cost of the project not to exceed \$16,927,200 in September 2013; and 30% of the bid construction cost of the project not to exceed \$12,695,400 in September 2014.

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
2012	\$ 690,000	\$ 130,136	\$ 720,000	\$ 188,774
2013	830,000	106,817	780,000	167,928
2014	1,050,000	78,083	860,000	139,256
2015	1,015,000	58,501	860,000	85,962
2016	605,000	27,086	3,825,000	99,636
2017-2021	500,000	11,500	270,000	6,210
Total	\$ 4,690,000	\$ 412,123	\$ 7,315,000	\$ 687,766

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.

(continued)

IV. OTHER INFORMATION (Continued)

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.

The City has active governmental and water and sewer construction projects as of September 30, 2011. 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	\$ 637,234	\$ 384,901	\$ 252,333
Water and sewer	<u>1,382,940</u>	<u>1,263,406</u>	<u>119,534</u>
Total	<u>\$ 2,020,174</u>	<u>\$ 1,648,307</u>	<u>\$ 371,867</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

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.

(continued)

IV. OTHER INFORMATION (Continued)

C. Employee Retirement Plan (Continued)

Contributions (Continued)

In June 2011, SB 350 was enacted by the Texas Legislature, resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed, as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Board at their May 2011 meeting (the review compared actual to expected experience for the four-year period of January 2006 through December 31, 2009). For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS city rates and funding ratios, please see the December 31, 2010 TMRS Comprehensive Annual Financial Report (CAFR).

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	Actuarial Value of Assets	Actuarial Accrued Liability	Percentage Funded	Unfunded Actuarial Accrued Liability	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
12/31/08	\$ 17,320,997	\$ 26,423,899	65.6%	\$ 9,102,902	\$ 10,702,600	85.1%
12/31/09	19,032,818	28,931,950	65.8%	9,899,132	11,032,423	89.7%
12/31/10 ¹	19,871,597	30,413,072	65.3%	10,541,475	10,800,859	97.6%
12/31/10 ²	32,237,271	41,374,396	77.9%	9,137,125	10,800,859	84.6%

(1) Actuarial valuation performed under the original fund structure

(2) Actuarial valuation performed under the new fund structure

	September 30,		
	2011	2010	2009
Annual Required Contribution (ARC)	\$ 1,424,875	\$ 1,327,035	\$ 1,175,778
Interest on NPO	32,684	14,104	-
Adjustment to the ARC	(27,042)	(11,483)	-
Annual pension cost	1,430,517	1,329,656	1,175,778
Contributions made	(1,207,012)	(1,081,916)	(987,729)
Increase (decrease) in NPO	223,505	247,740	188,049
Percentage of APC contributed	84%	81%	84%
Net pension obligation (NPO), beginning of year	435,791	188,050	-
Net pension obligation (NPO), end of year	\$ 659,296	\$ 435,791	\$ 188,050

(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, 2008 and 2009 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2010, also follows:

Actuarial Valuation Date	12/31/08	12/31/09	12/31/10 Prior to Restructuring	12/31/10 Restructured
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll	Level percent of payroll
GASB 25 equivalent single amortization period	29 years; closed period	28.1 years; closed period	27.3 years; closed period	27.3 years; closed period
Amortization period for new gains/losses	30 years	30 years	30 years	30 years
Asset valuation method	Amortized cost	10-year smoothed market	10-year smoothed market	10-year smoothed market
Actuarial Assumptions:				
Investment rate of return*	7%	7.5%	7.5%	7.5%
Projected salary increases*	varies by age and service	varies by age and service	varies by age and service	varies by age and service
*Includes inflation at	3.0%	3.0%	3.0%	3.0%
Cost-of-living adjustments	2.1%	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 269 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)	\$ 78,934
Interest on Net OPEB Obligation	2,752
Adjustment to the ARC	<u>(2,550)</u>
Annual OPEB Cost	79,136
Employer Contributions with Interest	<u>(29,681)</u>
Increase (Decrease) in Net OPEB Obligation	49,455
Net OPEB Obligation, beginning of year	<u>61,162</u>
 Net OPEB Obligation, end of year	 <u>\$ 110,617</u>

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

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

Fiscal Year Ended	Annual Required Contribution	Employer Contribution	Percentage Contributed	Net OPEB Obligation
09/30/09	\$ 53,277	\$ 22,159	42%	\$ 31,118
09/30/10	54,875	24,934	45%	61,162
09/30/11	78,934	29,681	38%	110,617

Funding Status and Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (AAL) (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/08	\$ -	\$ 523,754	\$ 523,754	- %	\$ 11,032,423	4.75%
12/31/10	-	829,152	829,152	- %	11,028,900	7.52%

This is the third year of implementation for GASB Statement No. 45 for the City. Two actuarial evaluations have been performed through September 30, 2011, and both are 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	12/31/2010
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	Inflation rate of 9% declining to an ultimate rate of 4.5% after 9 years

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 years ended 2011, 2010 and 2009 were \$23,695, \$21,770 and \$24,432, which equaled the required contributions.

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
09/30/09	\$ 24,432	\$ 24,432	100%	\$ -
09/30/10	21,770	21,770	100%	-
09/30/11	23,695	23,695	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, 2011, are \$479,529. It is estimated that the landfill requires 20 years of postclosure care as of September 30, 2011.

F. Change in Accounting Principles

For fiscal year 2011, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that compromise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the City reclassifying fund balances of its governmental funds.

The implementation of GASB Statement No. 54 had the following effect on fund balances as they were previously reported:

	<u>General</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Fund balance at September 30, 2010	\$ 5,562,290	\$ 4,411,406	\$ 9,973,696
Change in fund structure	<u>143,061</u>	<u>(143,061)</u>	<u>-</u>
Adjusted fund balance at September 30, 2010	<u>\$ 5,705,351</u>	<u>\$ 4,268,345</u>	<u>\$ 9,973,696</u>

G. Subsequent Events

On January 17, 2012, the City authorized the issuance of Limited Tax Note Series 2012 in the amount of \$1,325,000, maturing in 2018 with an interest rate of 1.960%. The proceeds of the notes will be used to make repairs to the roofs of the City’s City Hall, fire station and library and purchasing mobile data terminals for police patrol cars, fire trucks, and ambulances. In addition, proceeds will also be used for the U. S. Highway 190 South Bypass project, a traffic impact analysis, and the purchase of land to access a future water tank.

(continued)

IV. OTHER INFORMATION (Continued)

H. Appropriations

For the year ended September 30, 2011, expenditures exceeded appropriations in the following departments (the legal level of control):

<u>Fund</u>	<u>Department</u>	<u>Amount</u>
General	City Attorney	\$ <u>7,063</u>
		\$ <u>7,063</u>

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, 2011

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 10,880,742	\$ 10,774,262	\$ 10,564,831	\$(209,431)
Charges for services	1,139,940	1,102,626	1,089,345	(13,281)
Intergovernmental	-	-	70,442	70,442
Fines	892,984	639,839	577,926	(61,913)
Licenses	49,780	41,634	48,403	6,769
Permits	197,935	166,975	161,296	(5,679)
Contributions	13,800	10,701	17,627	6,926
Investment income	15,485	10,090	7,300	(2,790)
Miscellaneous	<u>293,340</u>	<u>396,969</u>	<u>471,299</u>	<u>74,330</u>
Total revenues	<u>13,484,006</u>	<u>13,143,096</u>	<u>13,008,469</u>	<u>(134,627)</u>
EXPENDITURES				
Current:				
General government	2,575,481	2,545,355	2,423,985	121,370
Community services	2,279,385	2,129,413	1,993,535	135,878
Fleet and facility services	310,325	297,523	269,820	27,703
Highways and streets	871,885	831,990	801,020	30,970
Public safety	9,333,159	8,860,884	8,528,762	332,122
Capital outlay	132,168	85,344	44,940	40,404
Debt service:				
Principal retirement	58,398	58,398	58,394	4
Interest and fiscal charges	<u>658</u>	<u>658</u>	<u>658</u>	<u>-</u>
Total expenditures	<u>15,561,459</u>	<u>14,809,565</u>	<u>14,121,114</u>	<u>688,451</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,077,453)</u>	<u>(1,666,469)</u>	<u>(1,112,645)</u>	<u>553,824</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,250,500	1,250,500	1,250,500	-
Transfers out	<u>(308,722)</u>	<u>(308,905)</u>	<u>(282,540)</u>	<u>26,365</u>
Total other financing sources (uses)	<u>941,778</u>	<u>941,595</u>	<u>967,960</u>	<u>26,365</u>
NET CHANGE IN FUND BALANCE	<u>\$(1,135,675)</u>	<u>\$(724,874)</u>	<u>(144,685)</u>	<u>\$ 580,189</u>
FUND BALANCE, BEGINNING			5,705,351	
CURRENT YEAR ENCUMBRANCES			35,324	
PRIOR YEAR ENCUMBRANCES			<u>(2,500)</u>	
FUND BALANCE, ENDING			<u>\$ 5,593,490</u>	

CITY OF COPPERAS COVE, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2011

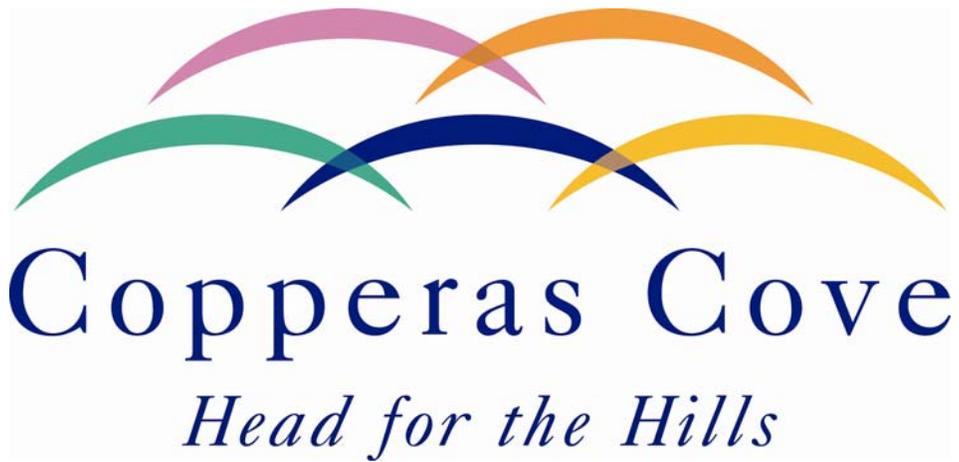
Budgets

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. 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.



Copperas Cove

Head for the Hills

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 BY FUND TYPE
SEPTEMBER 30, 2011

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 1,567,715	\$ 1,348,511	\$ 2,916,226
Receivables (net of allowances for uncollectibles):			
Taxes	40,858	-	40,858
Accounts	149,545	-	149,545
Fines	5,574	-	5,574
Grants	19,355	-	19,355
Due from other funds	3,897	-	3,897
Notes receivable	<u>123,779</u>	<u>-</u>	<u>123,779</u>
Total assets	<u>\$ 1,910,723</u>	<u>\$ 1,348,511</u>	<u>\$ 3,259,234</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 73,889	\$ 15,652	\$ 89,541
Due to other funds	84,593	-	84,593
Deferred revenue	26,227	-	26,227
Accrued liabilities	<u>12,599</u>	<u>-</u>	<u>12,599</u>
Total liabilities	<u>197,308</u>	<u>15,652</u>	<u>212,960</u>
Fund balances:			
Nonspendable	123,779	-	123,779
Restricted	<u>1,589,636</u>	<u>1,332,859</u>	<u>2,922,495</u>
Total fund balances	<u>1,713,415</u>	<u>1,332,859</u>	<u>3,046,274</u>
Total liabilities and fund balances	<u>\$ 1,910,723</u>	<u>\$ 1,348,511</u>	<u>\$ 3,259,234</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, 2011

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Taxes	\$ 199,495	\$ -	\$ 199,495
Charges for services	831,559	-	831,559
Intergovernmental	547,668	-	547,668
Fines	40,057	-	40,057
Investment income	1,843	3,754	5,597
Miscellaneous	<u>6,100</u>	<u>27,434</u>	<u>33,534</u>
Total revenues	<u>1,626,722</u>	<u>31,188</u>	<u>1,657,910</u>
EXPENDITURES			
Current:			
General government	103,021	49,774	152,795
Community services	213,632	-	213,632
Highways and streets	252,506	6,400,002	6,652,508
Public safety	431,775	-	431,775
Capital outlay	594,617	1,337,152	1,931,769
Debt service:			
Principal retirement	148,420	145,000	293,420
Interest and fiscal charges	28,997	16,610	45,607
Bond issuance costs	<u>12,015</u>	<u>149,922</u>	<u>161,937</u>
Total expenditures	<u>1,784,983</u>	<u>8,098,460</u>	<u>9,883,443</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(158,261)</u>	<u>(8,067,272)</u>	<u>(8,225,533)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of bonds	531,960	6,870,000	7,401,960
Premium on bonds	4,229	128,098	132,327
Payment to refunded bond escrow agent	(524,174)	-	(524,174)
Transfers in	282,357	5,492	287,849
Transfers out	<u>(100,000)</u>	<u>(194,500)</u>	<u>(294,500)</u>
Total other financing sources (uses)	<u>194,372</u>	<u>6,809,090</u>	<u>7,003,462</u>
NET CHANGE IN FUND BALANCES	36,111	(1,258,182)	(1,222,071)
FUND BALANCES, BEGINNING	<u>1,677,304</u>	<u>2,591,041</u>	<u>4,268,345</u>
FUND BALANCES, ENDING	<u>\$ 1,713,415</u>	<u>\$ 1,332,859</u>	<u>\$ 3,046,274</u>

CITY OF COPPERAS COVE, TEXAS

NONMAJOR SPECIAL REVENUE FUNDS

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.

Drainage Utility Fund – to account for drainage assessment fees and grants.

Municipal Court Fund – to account for funds required 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.

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

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

FEMA Grant Fund – to account for activity related to federal assistance awarded to the City by FEMA.

City Wide Grants Fund – to account for activity related to state and federal assistance.

CITY OF COPPERAS COVE, TEXAS

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

SEPTEMBER 30, 2011

	<u>Hotel/Motel Tax</u>	<u>Drainage Utility</u>	<u>Municipal Court</u>	<u>Texas Community Development Loan</u>	<u>Tobacco Grant</u>
ASSETS					
Cash and investments	\$ 155,275	\$ 1,161,782	\$ 72,522	\$ 76,375	\$ 1,673
Receivables (net of allowance):					
Taxes	40,858	-	-	-	-
Accounts	-	149,545	-	-	-
Fines	-	-	5,574	-	-
Grants	-	-	-	-	-
Due from other funds	-	-	-	-	-
Notes receivable	-	-	-	123,779	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 196,133</u>	<u>\$ 1,311,327</u>	<u>\$ 78,096</u>	<u>\$ 200,154</u>	<u>\$ 1,673</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 60,438	\$ 7,652	\$ 336	\$ -	\$ 25
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	5,575	-	1,500
Accrued liabilities	-	7,333	399	-	148
Total liabilities	<u>60,438</u>	<u>14,985</u>	<u>6,310</u>	<u>-</u>	<u>1,673</u>
Fund balances:					
Nonspendable	-	-	-	123,779	-
Restricted	135,695	1,296,342	71,786	76,375	-
Total fund balances	<u>135,695</u>	<u>1,296,342</u>	<u>71,786</u>	<u>200,154</u>	<u>-</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 196,133</u>	<u>\$ 1,311,327</u>	<u>\$ 78,096</u>	<u>\$ 200,154</u>	<u>\$ 1,673</u>

<u>Homeland Security Grants</u>	<u>FEMA Grant</u>	<u>City Wide Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 100,061	\$ 9	\$ 18	\$ 1,567,715
-	-	-	40,858
-	-	-	149,545
-	-	-	5,574
-	-	19,355	19,355
-	3,897	-	3,897
<u>-</u>	<u>-</u>	<u>-</u>	<u>123,779</u>
<u>\$ 100,061</u>	<u>\$ 3,906</u>	<u>\$ 19,373</u>	<u>\$ 1,910,723</u>
\$ 5,438	\$ -	\$ -	\$ 73,889
67,959	-	16,634	84,593
16,452	-	2,700	26,227
4,719	-	-	12,599
<u>94,568</u>	<u>-</u>	<u>19,334</u>	<u>197,308</u>
-	-	-	123,779
<u>5,493</u>	<u>3,906</u>	<u>39</u>	<u>1,589,636</u>
<u>5,493</u>	<u>3,906</u>	<u>39</u>	<u>1,713,415</u>
<u>\$ 100,061</u>	<u>\$ 3,906</u>	<u>\$ 19,373</u>	<u>\$ 1,910,723</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, 2011

	<u>Hotel/Motel Tax</u>	<u>Drainage Utility</u>	<u>Municipal Court</u>	<u>Texas Community Development Loan</u>	<u>Tobacco Grant</u>
REVENUES					
Taxes	\$ 199,495	\$ -	\$ -	\$ -	\$ -
Charges for services	-	831,559	-	-	-
Intergovernmental	-	-	-	-	2,000
Fines	-	-	40,057	-	-
Investment income	290	1,330	125	90	-
Miscellaneous	-	-	5,847	250	-
Total revenues	<u>199,785</u>	<u>832,889</u>	<u>46,029</u>	<u>340</u>	<u>2,000</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Community services	209,975	-	-	-	-
Highways and streets	-	252,506	-	-	-
Public safety	-	-	67,289	-	2,000
Capital outlay	70,659	146,960	6,106	-	-
Debt service:					
Principal retirement	30,000	100,941	17,479	-	-
Interest and fiscal charges	4,313	23,110	1,574	-	-
Bond issuance costs	-	12,015	-	-	-
Total expenditures	<u>314,947</u>	<u>535,532</u>	<u>92,448</u>	<u>-</u>	<u>2,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(115,162)</u>	<u>297,357</u>	<u>(46,419)</u>	<u>340</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Issuance of bonds	-	531,960	-	-	-
Premium on bonds	-	4,229	-	-	-
Payment to refunded bond escrow agent	-	(524,174)	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	(100,000)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(87,985)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(115,162)</u>	<u>209,372</u>	<u>(46,419)</u>	<u>340</u>	<u>-</u>
FUND BALANCES, BEGINNING	<u>250,857</u>	<u>1,086,970</u>	<u>118,205</u>	<u>199,814</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 135,695</u>	<u>\$ 1,296,342</u>	<u>\$ 71,786</u>	<u>\$ 200,154</u>	<u>\$ -</u>

<u>Homeland Security Grants</u>	<u>FEMA Grant</u>	<u>City Wide Grants</u>	<u>Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ 199,495
-	-	-	831,559
72,608	-	473,060	547,668
-	-	-	40,057
8	-	-	1,843
-	3	-	6,100
<u>72,616</u>	<u>3</u>	<u>473,060</u>	<u>1,626,722</u>
-	-	103,021	103,021
3,657	-	-	213,632
-	-	-	252,506
362,486	-	-	431,775
892	-	370,000	594,617
-	-	-	148,420
-	-	-	28,997
-	-	-	12,015
<u>367,035</u>	<u>-</u>	<u>473,021</u>	<u>1,784,983</u>
(294,419)	3	39	(158,261)
-	-	-	531,960
-	-	-	4,229
-	-	-	(524,174)
282,357	-	-	282,357
-	-	-	(100,000)
<u>282,357</u>	<u>-</u>	<u>-</u>	<u>194,372</u>
(12,062)	3	39	36,111
<u>17,555</u>	<u>3,903</u>	<u>-</u>	<u>1,677,304</u>
<u>\$ 5,493</u>	<u>\$ 3,906</u>	<u>\$ 39</u>	<u>\$ 1,713,415</u>

CITY OF COPPERAS COVE, TEXAS

NONMAJOR CAPITAL PROJECTS FUNDS

2007 Capital Improvement Certificates of Obligation Fund – 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.

2009 Capital Improvement General Obligation Fund – to account for the proceeds from debt issued for a police station and Lutheran Church Road street improvements.

2011 General Obligation Bonds Fund – to account for the proceeds from debt issued to pay the costs of construction of highway improvements to U. S. 190 including improvements to frontage roads, main lanes, and entrance and exit ramps.

2010A Tax Notes Fund – to account for the proceeds from debt issued to construct roads and improvements within the City, design and construct a fire station and upgrade equipment for administrative, re and emergency purposes.

“The City Built for Family Living”

CITY OF COPPERAS COVE, TEXAS

NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

SEPTEMBER 30, 2011

	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	\$ 11,572	\$ -	\$ 18,195	\$ 15	\$ 41,454
Total assets	<u>\$ 11,572</u>	<u>\$ -</u>	<u>\$ 18,195</u>	<u>\$ 15</u>	<u>\$ 41,454</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Restricted	11,572	-	18,195	15	41,454
Total fund balances	<u>11,572</u>	<u>-</u>	<u>18,195</u>	<u>15</u>	<u>41,454</u>
Total liabilities and fund balances	<u>\$ 11,572</u>	<u>\$ -</u>	<u>\$ 18,195</u>	<u>\$ 15</u>	<u>\$ 41,454</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>2009 Capital Improvement General Obligation</u>	<u>2011 General Obligation Bonds</u>	<u>2010A Tax Notes</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ <u>6,726</u>	\$ <u>250,557</u>	\$ <u>1,609</u>	\$ <u>-</u>	\$ <u>344,365</u>	\$ <u>112,524</u>	\$ <u>4,647</u>	\$ <u>556,847</u>	\$ <u>1,348,511</u>
\$ <u>6,726</u>	\$ <u>250,557</u>	\$ <u>1,609</u>	\$ <u>-</u>	\$ <u>344,365</u>	\$ <u>112,524</u>	\$ <u>4,647</u>	\$ <u>556,847</u>	\$ <u>1,348,511</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>88</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>15,564</u>	\$ <u>15,652</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88</u>	<u>-</u>	<u>-</u>	<u>15,564</u>	<u>15,652</u>
<u>6,726</u>	<u>250,557</u>	<u>1,609</u>	<u>-</u>	<u>344,277</u>	<u>112,524</u>	<u>4,647</u>	<u>541,283</u>	<u>1,332,859</u>
<u>6,726</u>	<u>250,557</u>	<u>1,609</u>	<u>-</u>	<u>344,277</u>	<u>112,524</u>	<u>4,647</u>	<u>541,283</u>	<u>1,332,859</u>
\$ <u>6,726</u>	\$ <u>250,557</u>	\$ <u>1,609</u>	\$ <u>-</u>	\$ <u>344,365</u>	\$ <u>112,524</u>	\$ <u>4,647</u>	\$ <u>556,847</u>	\$ <u>1,348,511</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, 2011

	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	\$ 14	\$ 198	\$ 28	\$ 74	\$ 245
Miscellaneous	-	-	-	-	27,434
Total revenues	<u>14</u>	<u>198</u>	<u>28</u>	<u>74</u>	<u>27,679</u>
EXPENDITURES					
General government	-	-	4,730	-	-
Highways and streets	-	261,260	-	96,829	282,735
Capital outlay	-	-	-	-	4,016
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Total expenditures	<u>-</u>	<u>261,260</u>	<u>4,730</u>	<u>96,829</u>	<u>286,751</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>14</u>	<u>(261,062)</u>	<u>(4,702)</u>	<u>(96,755)</u>	<u>(259,072)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of bonds	-	-	-	-	-
Premium on bonds	-	-	-	-	-
Transfers in	-	183	-	-	-
Transfers out	-	-	-	-	(5,309)
Total other financing sources (uses)	<u>-</u>	<u>183</u>	<u>-</u>	<u>-</u>	<u>(5,309)</u>
NET CHANGE IN FUND BALANCES	14	(260,879)	(4,702)	(96,755)	(264,381)
FUND BALANCES, BEGINNING	<u>11,558</u>	<u>260,879</u>	<u>22,897</u>	<u>96,770</u>	<u>305,835</u>
FUND BALANCES, ENDING	<u>\$ 11,572</u>	<u>\$ -</u>	<u>\$ 18,195</u>	<u>\$ 15</u>	<u>\$ 41,454</u>

2008 Tax Notes	2008A Tax Notes	2009 Tax Notes	2010 General Obligation Bonds	2010 Tax Notes	2009 Capital Improvement General Obligation	2011 General Obligation Bonds	2010A Tax Notes	Total Nonmajor Capital Projects Funds
\$ 297	\$ 333	\$ 446	\$ 204	\$ 588	\$ 161	\$ 180	\$ 986	\$ 3,754
-	-	-	-	-	-	-	-	27,434
<u>297</u>	<u>333</u>	<u>446</u>	<u>204</u>	<u>588</u>	<u>161</u>	<u>180</u>	<u>986</u>	<u>31,188</u>
4,774	-	146	-	-	3,562	-	36,562	49,774
-	-	-	269,175	-	-	5,490,003	-	6,400,002
30,638	8,451	463,466	4,289	43,283	6,162	-	776,847	1,337,152
145,000	-	-	-	-	-	-	-	145,000
16,610	-	-	-	-	-	-	-	16,610
-	-	-	-	-	-	112,960	36,962	149,922
<u>197,022</u>	<u>8,451</u>	<u>463,612</u>	<u>273,464</u>	<u>43,283</u>	<u>9,724</u>	<u>5,602,963</u>	<u>850,371</u>	<u>8,098,460</u>
(196,725)	(8,118)	(463,166)	(273,260)	(42,695)	(9,563)	(5,602,783)	(849,385)	(8,067,272)
-	-	-	-	-	-	5,490,000	1,380,000	6,870,000
-	-	-	-	-	-	117,430	10,668	128,098
-	-	-	5,309	-	-	-	-	5,492
-	-	-	-	(189,191)	-	-	-	(194,500)
-	-	-	5,309	(189,191)	-	5,607,430	1,390,668	6,809,090
(196,725)	(8,118)	(463,166)	(267,951)	(231,886)	(9,563)	4,647	541,283	(1,258,182)
<u>203,451</u>	<u>258,675</u>	<u>464,775</u>	<u>267,951</u>	<u>576,163</u>	<u>122,087</u>	<u>-</u>	<u>-</u>	<u>2,591,041</u>
\$ <u>6,726</u>	\$ <u>250,557</u>	\$ <u>1,609</u>	\$ <u>-</u>	\$ <u>344,277</u>	\$ <u>112,524</u>	\$ <u>4,647</u>	\$ <u>541,283</u>	\$ <u>1,332,859</u>

CITY OF COPPERAS COVE, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
TAXES				
Current ad valorem	\$ 6,717,742	\$ 6,650,565	\$ 6,486,545	\$(164,020)
Delinquent ad valorem	55,000	57,500	69,700	12,200
Penalty and interest	50,000	50,000	54,999	4,999
Franchise	1,308,000	1,295,282	1,315,430	20,148
Sales	2,600,000	2,554,915	2,427,417	(127,498)
Mixed drink	15,000	16,000	13,527	(2,473)
Bingo	135,000	150,000	197,213	47,213
Total taxes	<u>10,880,742</u>	<u>10,774,262</u>	<u>10,564,831</u>	<u>(209,431)</u>
LICENSES				
Bicycle	10	4	6	2
Contractors	32,000	25,000	33,145	8,145
Animal	5,400	5,000	4,934	(66)
Wrecker	510	510	595	85
Food establishment	10,000	10,000	8,893	(1,107)
Vicious/dangerous	1,500	700	350	(350)
Taxi cab	360	420	480	60
Total licenses	<u>49,780</u>	<u>41,634</u>	<u>48,403</u>	<u>6,769</u>
PERMITS				
Building	77,500	50,000	46,310	(3,690)
Alarms	5,200	5,000	5,000	-
Street cut	10,000	10,000	4,914	(5,086)
Electrical	16,500	16,500	17,120	620
Solicitors	3,200	3,200	3,410	210
Gas	1,500	2,000	2,100	100
Mechanical	21,500	21,500	16,855	(4,645)
Garage sale	7,000	7,000	8,520	1,520
Plumbing	36,500	36,500	41,022	4,522
Car wash	500	500	450	(50)
Ambulance License	-	2,500	2,500	-
Beverage	300	540	540	-
Signs	1,500	1,500	1,725	225
Food workers	10,000	7,500	7,395	(105)
Miscellaneous	900	-	35	35
Swimming pools	800	200	365	165
Well and gas drilling	2,000	-	-	-
Land disturbance	35	35	35	-
Certificates	3,000	2,500	3,000	500
Total permits	<u>197,935</u>	<u>166,975</u>	<u>161,296</u>	<u>(5,679)</u>

(continued)

CITY OF COPPERAS COVE, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET AND ACTUAL (BUDGETARY BASIS)
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
CHARGES FOR SERVICES				
Swimming pool	\$ 40,500	\$ 40,500	\$ 42,365	\$ 1,865
Community building rental	22,000	17,100	17,427	327
Library miscellaneous	14,000	13,200	13,080	(120)
Animal shelter fees	34,750	19,500	19,891	391
Ambulance fees	655,000	650,000	654,271	4,271
Police overtime reimbursement	17,000	14,000	11,646	(2,354)
Police restitution	3,000	5,000	5,653	653
Open records	275	450	421	(29)
Festival	15,000	15,000	11,755	(3,245)
Copy machine	4,000	4,001	4,508	507
Mowing	17,500	17,500	15,380	(2,120)
Service charge - nsf checks	8,000	8,000	5,730	(2,270)
Plat filing fees	5,100	3,300	3,265	(35)
Animal identification	1,500	530	533	3
Sale of City maps	100	64	100	36
Special events	6,725	3,875	4,615	740
Re-inspection fees	8,500	4,000	5,450	1,450
Street sign	1,000	675	675	-
Pool rental	5,600	5,600	10,422	4,822
Animal tranquilization fees	350	120	120	-
Fire inspection fees	1,000	4,500	4,370	(130)
Fire testing fees	200	605	790	185
Rezoning request fees	1,000	1,800	2,200	400
Variance request fees	500	3,000	4,100	1,100
RV park fees	18,000	24,000	27,715	3,715
Football revenue	25,500	25,500	21,695	(3,805)
Basketball revenue	20,350	19,451	19,356	(95)
Volleyball entry fees	4,480	4,480	285	(4,195)
Youth baseball fees	49,625	43,500	44,967	1,467
Adult softball fees	4,500	4,500	5,115	615
Soccer registration fees	42,500	38,285	32,377	(5,908)
Concession sales	14,200	18,000	16,228	(1,772)
Flag football fees	17,250	16,450	14,670	(1,780)
Track revenue	-	-	48	48
Summer camp registration fees	39,060	39,060	38,165	(895)
Recreational classes revenue	3,850	3,850	5,973	2,123
Start Smart revenue	700	3,080	3,080	-
Cheerleader revenue	3,025	3,025	2,035	(990)
Swimming lessons	20,875	15,000	14,530	(470)
Cemetery plot sales	13,300	12,000	4,321	(7,679)
Miscellaneous	125	125	18	(107)
Total charges for services	<u>1,139,940</u>	<u>1,102,626</u>	<u>1,089,345</u>	<u>(13,281)</u>

(continued)

CITY OF COPPERAS COVE, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET AND ACTUAL (BUDGETARY BASIS)
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
FINES				
Traffic violations	\$ 225,000	\$ 141,900	\$ 128,864	\$(13,036)
Library fines	16,000	14,130	14,034	(96)
Municipal court fines	310,000	231,800	202,704	(29,096)
Arrest warrant income	102,000	47,500	39,835	(7,665)
Arresting officer fees	32,000	26,100	25,469	(631)
Child safety	6,500	8,700	7,393	(1,307)
HB 70 fees	15,000	10,980	11,744	764
Juvenile	119,484	116,704	116,892	188
Civil justice fee	-	25	32	7
State court fees	67,000	42,000	30,959	(11,041)
Total fines	<u>892,984</u>	<u>639,839</u>	<u>577,926</u>	<u>(61,913)</u>
INVESTMENT INCOME				
Investment income	<u>15,485</u>	<u>10,090</u>	<u>7,300</u>	<u>(2,790)</u>
Total investment income	<u>15,485</u>	<u>10,090</u>	<u>7,300</u>	<u>(2,790)</u>
MISCELLANEOUS				
Auction proceeds	7,000	6,000	20,540	14,540
Rental income	15,000	19,008	26,946	7,938
Miscellaneous	<u>271,340</u>	<u>371,961</u>	<u>423,813</u>	<u>51,852</u>
Total miscellaneous	<u>293,340</u>	<u>396,969</u>	<u>471,299</u>	<u>74,330</u>
CONTRIBUTIONS				
Parks and recreation	6,500	4,453	5,244	791
Library	-	200	165	(35)
Police	500	1,075	4,785	3,710
Fire	4,400	4,000	4,286	286
Animal shelter	500	500	2,638	2,138
Keep Copperas Cove Beautiful	<u>1,900</u>	<u>473</u>	<u>509</u>	<u>36</u>
Total contributions	<u>13,800</u>	<u>10,701</u>	<u>17,627</u>	<u>6,926</u>
INTERGOVERNMENTAL				
Grants	<u>-</u>	<u>-</u>	<u>70,442</u>	<u>70,442</u>
Total intergovernmental	<u>-</u>	<u>-</u>	<u>70,442</u>	<u>70,442</u>
Totals	<u>\$ 13,484,006</u>	<u>\$ 13,143,096</u>	<u>\$ 13,008,469</u>	<u>\$(134,627)</u>

CITY OF COPPERAS COVE, TEXAS

GENERAL FUND

SCHEDULE OF EXPENDITURES BUDGET AND ACTUAL (BUDGETARY BASIS)

FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
GENERAL GOVERNMENT				
City council	\$ 47,920	\$ 38,966	\$ 32,459	\$ 6,507
City manager	259,891	248,142	247,932	210
Financial services and accounting	1,060,645	983,038	964,404	18,634
City secretary	166,819	147,013	143,862	3,151
City attorney	83,256	100,647	107,710	(7,063)
Personnel	274,268	272,723	261,264	11,459
Nondepartmental	442,383	434,200	349,531	84,669
Engineering	<u>240,499</u>	<u>327,326</u>	<u>316,823</u>	<u>10,503</u>
Total general government	<u>2,575,681</u>	<u>2,552,055</u>	<u>2,423,985</u>	<u>128,070</u>
COMMUNITY SERVICES				
Parks and recreation	1,412,342	1,326,633	1,255,518	71,115
Library	600,826	578,412	538,065	40,347
Code and health	227,146	188,259	173,360	14,899
Cemetery	<u>39,571</u>	<u>38,580</u>	<u>26,592</u>	<u>11,988</u>
Total community services	<u>2,279,885</u>	<u>2,131,884</u>	<u>1,993,535</u>	<u>138,349</u>
FLEET AND FACILITY SERVICES				
Fleet maintenance	241,369	220,958	200,079	20,879
Facility maintenance	<u>68,956</u>	<u>76,565</u>	<u>69,741</u>	<u>6,824</u>
Total fleet and facility services	<u>310,325</u>	<u>297,523</u>	<u>269,820</u>	<u>27,703</u>
HIGHWAYS AND STREETS				
Streets	<u>881,635</u>	<u>841,772</u>	<u>810,802</u>	<u>30,970</u>
Total highways and streets	<u>881,635</u>	<u>841,772</u>	<u>810,802</u>	<u>30,970</u>
PUBLIC SAFETY				
Building inspections	239,408	225,781	219,341	6,440
Municipal court	424,738	390,052	387,935	2,117
Animal control	288,854	256,910	218,906	38,004
Police department	5,096,460	4,785,914	4,597,701	188,213
Fire/EMS department	3,399,869	3,263,169	3,135,945	127,224
Emergency management	<u>5,548</u>	<u>5,449</u>	<u>4,092</u>	<u>1,357</u>
Total public safety	<u>9,454,877</u>	<u>8,927,275</u>	<u>8,563,920</u>	<u>363,355</u>
DEBT SERVICE				
Principal retirement	58,398	58,398	58,394	4
Interest and fiscal charges	<u>658</u>	<u>658</u>	<u>658</u>	<u>-</u>
Total debt service	<u>59,056</u>	<u>59,056</u>	<u>59,052</u>	<u>4</u>
Total expenditures	<u>\$ 15,561,459</u>	<u>\$ 14,809,565</u>	<u>\$ 14,121,114</u>	<u>\$ 688,451</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Taxes	\$ 223,000	\$ 201,350	\$ 199,495	\$(1,855)
Investment income	-	697	290	(407)
Total revenues	<u>223,000</u>	<u>202,047</u>	<u>199,785</u>	<u>(2,262)</u>
EXPENDITURES				
Current:				
Community services:				
Supplies and materials	180,250	179,975	179,975	-
Maintenance and repairs	30,000	30,000	30,000	-
Capital outlay:				
Community services:	183,651	172,773	70,659	102,114
Debt service:				
Principal retirement	30,000	30,000	30,000	-
Interest and fiscal charges	4,313	5,167	4,313	854
Total expenditures	<u>428,214</u>	<u>417,915</u>	<u>314,947</u>	<u>102,968</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(205,214)</u>	<u>(215,868)</u>	<u>(115,162)</u>	<u>100,706</u>
FUND BALANCE, BEGINNING			<u>250,857</u>	
FUND BALANCE, ENDING			<u>\$ 135,695</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Charges for services	\$ 870,000	\$ 875,000	\$ 831,559	\$(43,441)
Investment income	<u>1,650</u>	<u>2,757</u>	<u>1,330</u>	<u>(1,427)</u>
Total revenues	<u>871,650</u>	<u>877,757</u>	<u>832,889</u>	<u>(44,868)</u>
EXPENDITURES				
Current:				
Highways and streets:				
Personnel services	243,252	226,937	195,587	31,350
Supplies and materials	36,232	28,168	19,112	9,056
Maintenance and repairs	22,608	22,471	14,898	7,573
Services and charges	19,986	23,825	22,909	916
Capital outlay:				
Capital drainage projects	385,410	536,990	138,835	398,155
Debt service:				
Principal	301,492	100,942	100,941	1
Interest and fiscal charges	34,816	18,530	23,110	(4,580)
Bond issuance costs	<u>7,954</u>	<u>4,580</u>	<u>12,015</u>	<u>(7,435)</u>
Total expenditures	<u>1,051,750</u>	<u>962,443</u>	<u>527,407</u>	<u>435,036</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(180,100)</u>	<u>(84,686)</u>	<u>305,482</u>	<u>390,168</u>
OTHER FINANCING SOURCES (USES)				
Issuance of bonds	-	4,659	531,960	527,301
Bond premium	-	-	4,229	4,229
Payment to refunded bond escrow agent	-	-	(524,174)	(524,174)
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(100,000)</u>	<u>(95,341)</u>	<u>(87,985)</u>	<u>7,356</u>
NET CHANGE IN FUND BALANCE	<u>\$(280,100)</u>	<u>\$(180,027)</u>	217,497	<u>\$ 397,524</u>
FUND BALANCE, BEGINNING			1,086,970	
PRIOR YEAR ENCUMBRANCES			<u>(8,125)</u>	
FUND BALANCE, ENDING			<u>\$ 1,296,342</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Fines	\$ 55,050	\$ 37,560	\$ 40,057	\$ 2,497
Investment income	290	190	125	(65)
Miscellaneous	-	-	5,847	5,847
Total revenues	<u>55,340</u>	<u>37,750</u>	<u>46,029</u>	<u>8,279</u>
EXPENDITURES				
Current:				
Public safety:				
Personnel services	25,536	24,050	23,588	462
Supplies and materials	6,860	5,745	15,168	(9,423)
Maintenance and repairs	24,225	24,759	24,249	510
Services and charges	9,886	24,515	4,634	19,881
Capital outlay:				
Public safety	15,495	19,860	9,721	10,139
Debt service:				
Principal retirement	17,479	17,481	17,479	2
Interest and fiscal charges	1,574	1,574	1,574	-
Total expenditures	<u>101,055</u>	<u>116,410</u>	<u>96,413</u>	<u>19,997</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(45,715)</u>	<u>(78,660)</u>	<u>(50,384)</u>	<u>28,276</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,513	1,513	-	(1,513)
Total other financing sources (uses)	<u>1,513</u>	<u>1,513</u>	<u>-</u>	<u>(1,513)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$(44,202)</u></u>	<u><u>\$(77,147)</u></u>	<u>(50,384)</u>	<u><u>\$ 26,763</u></u>
FUND BALANCE, BEGINNING			118,205	
CURRENT YEAR ENCUMBRANCES			5,050	
PRIOR YEAR ENCUMBRANCES			(1,085)	
FUND BALANCE, ENDING			<u><u>\$ 71,786</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 3,000	\$ 2,000	\$ 2,000	\$ -
Total revenues	<u>3,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
 EXPENDITURES				
Current:				
Public safety:				
Personnel services	2,000	1,955	1,558	397
Supplies and materials	-	-	88	(88)
Services and charges	<u>-</u>	<u>500</u>	<u>354</u>	<u>146</u>
Total expenditures	<u>2,000</u>	<u>2,455</u>	<u>2,000</u>	<u>455</u>
 NET CHANGE IN FUND BALANCE	 <u>\$ 1,000</u>	 <u>\$ (455)</u>	 -	 <u>\$ 455</u>
 FUND BALANCE, BEGINNING			 <u>-</u>	
 FUND BALANCE, ENDING			 <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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 54,760	\$ 117,893	\$ 72,608	\$(45,285)
Investment income	<u>250</u>	<u>20</u>	<u>8</u>	<u>(12)</u>
Total revenues	<u>55,010</u>	<u>117,913</u>	<u>72,616</u>	<u>(45,297)</u>
EXPENDITURES				
Current:				
Community services:				
Supplies and materials	-	2,318	2,218	100
Services and charges	-	1,439	1,439	-
Public safety:				
Personnel services	358,024	350,250	319,942	30,308
Supplies and materials	17,559	36,394	23,584	12,810
Services and charges	6,524	21,755	18,960	2,795
Capital outlay	<u>17,500</u>	<u>892</u>	<u>892</u>	<u>-</u>
Total expenditures	<u>399,607</u>	<u>413,048</u>	<u>367,035</u>	<u>46,013</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(344,597)</u>	<u>(295,135)</u>	<u>(294,419)</u>	<u>716</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>302,893</u>	<u>285,361</u>	<u>282,357</u>	<u>(3,004)</u>
Total other financing sources (uses)	<u>302,893</u>	<u>285,361</u>	<u>282,357</u>	<u>(3,004)</u>
NET CHANGE IN FUND BALANCE	<u>\$(41,704)</u>	<u>\$(9,774)</u>	<u>(12,062)</u>	<u>\$(2,288)</u>
FUND BALANCE, BEGINNING			<u>17,555</u>	
FUND BALANCE, ENDING			<u>\$ 5,493</u>	

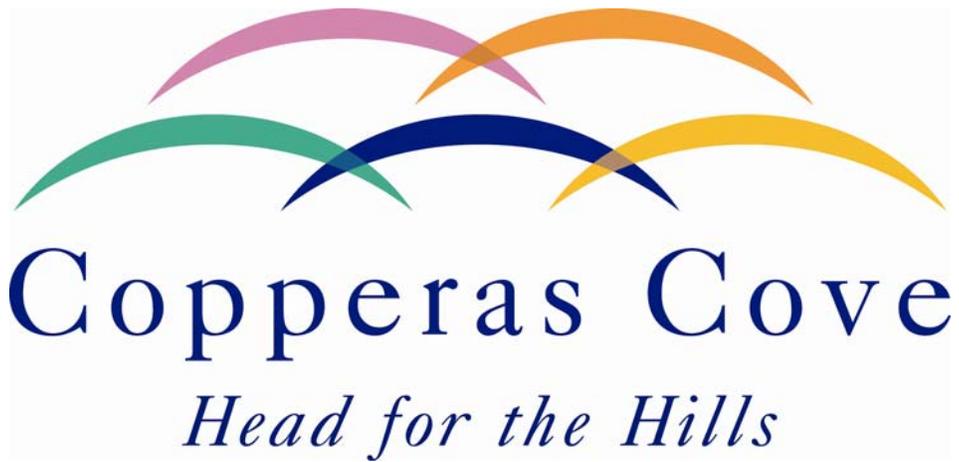
CITY OF COPPERAS COVE, TEXAS

DEBT SERVICE FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Taxes	\$ 1,903,266	\$ 1,987,000	\$ 1,997,792	\$ 10,792
Intergovernmental	-	-	17,325	17,325
Investment income	2,600	3,000	2,739	(261)
Miscellaneous	-	-	300	300
Total revenues	<u>1,905,866</u>	<u>1,990,000</u>	<u>2,018,156</u>	<u>28,156</u>
EXPENDITURES				
Debt service:				
Principal retirement	1,103,932	1,339,357	1,243,694	95,663
Interest and fiscal charges	971,832	1,929,548	1,737,249	192,299
Bond issuance costs	-	10,166	62,186	(52,020)
Total expenditures	<u>2,075,764</u>	<u>3,279,071</u>	<u>3,043,129</u>	<u>235,942</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(169,898)</u>	<u>(1,289,071)</u>	<u>(1,024,973)</u>	<u>264,098</u>
OTHER FINANCING SOURCES (USES)				
Issuance of bonds	-	-	1,958,580	1,958,580
Bond premiums	-	2,918,827	2,758,800	(160,027)
Payment to refunded bond escrow agent	-	-	<u>(1,929,914)</u>	<u>(1,929,914)</u>
Total other financing sources (uses)	<u>-</u>	<u>2,918,827</u>	<u>2,787,466</u>	<u>(131,361)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (169,898)</u>	<u>\$ 1,629,756</u>	1,762,493	<u>\$ 132,737</u>
FUND BALANCE, BEGINNING			<u>438,056</u>	
FUND BALANCE, ENDING			<u>\$ 2,200,549</u>	



Copperas Cove

Head for the Hills

CITY OF COPPERAS COVE, TEXAS

STATISTICAL SECTION

(All Tables in the Statistical Section are Unaudited)

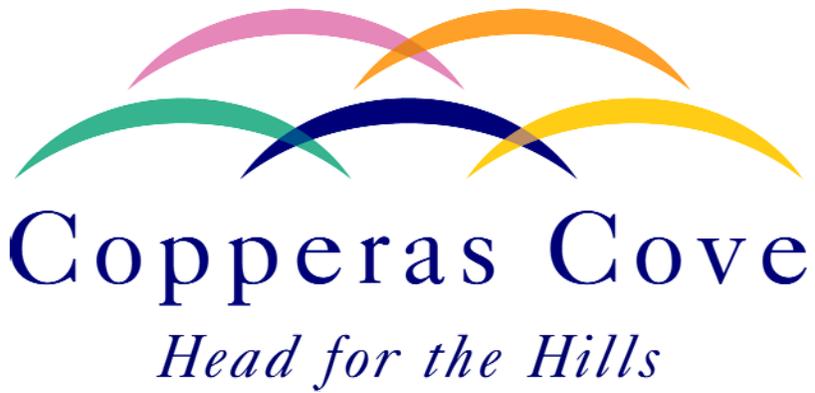
“The City Built for Family Living”



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

TABLE 1

CITY OF COPPERAS COVE, TEXAS

NET ASSETS BY COMPONENT

LAST NINE FISCAL YEARS

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities:									
Invested in capital assets, net of related debt	\$ 8,931,762	\$ 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	2,241,325	478,387	424,487	366,564	156,930	97,478	129,781	121,112	221,994
Community services	339,794	311,224	5,387,776	342,815	43,821	1,124,834	1,700,723	2,056,112	-
Highways and streets	1,296,342	1,086,970	-	-	-	-	-	-	-
Public safety	82,854	135,760	-	-	-	-	-	-	-
Unrestricted	<u>7,861,051</u>	<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>20,753,128</u>	\$ <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	\$ 22,369,970	\$ 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	512,401	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	78,155	-
Unrestricted	<u>5,109,801</u>	<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>27,992,172</u>	\$ <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>21,189,258</u>	\$ <u>20,236,454</u>
Primary government:									
Invested in capital assets, net of related debt	\$ 31,301,732	\$ 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	2,753,726	1,250,615	1,499,572	744,702	982,456	653,378	700,781	692,112	897,394
Community services	339,794	311,224	5,387,776	866,272	827,071	1,202,989	1,778,878	2,134,267	-
Highways and streets	1,296,342	1,086,970	-	-	-	-	-	-	-
Public safety	82,854	135,760	-	-	-	-	-	-	-
Unrestricted	<u>12,970,852</u>	<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>48,745,300</u>	\$ <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>29,142,165</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.

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

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
EXPENSES									
Governmental activities:									
General government	\$ 2,875,722	\$ 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	2,438,256	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	279,016	364,763	354,495	414,669	386,747	437,608	354,464	344,483	321,073
Highways and streets	46,924,619	1,404,332	1,178,405	1,598,678	897,493	1,212,838	877,655	834,013	778,099
Public safety	10,026,320	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	2,070,699	948,569	765,655	679,576	492,193	444,344	364,607	464,477	398,906
Total governmental activities expenses	<u>64,614,632</u>	<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	9,409,881	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	2,608,915	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	573,612	579,846	741,818	789,415	786,556	949,662	760,694	744,913	661,982
Total business-type activities expenses	<u>12,592,408</u>	<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>\$ 77,207,040</u>	<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	\$ 352,865	\$ 254,356	\$ 318,728	\$ 253,864	\$ 470,885	\$ 355,323	\$ 324,440	\$ 265,068	\$ 256,191
Community services	1,016,328	970,855	1,018,263	1,315,084	933,020	900,461	825,813	672,719	314,729
Highways and streets	832,234	865,236	865,821	861,909	837,486	790,940	754,729	730,424	740,218
Public safety	574,554	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	42,807,297	314,701	299,511	821,392	450,303	160,504	699,807	654,160	25,513
Capital grants and contributions	169,298	709,919	507,970	1,805,607	450,824	909,162	-	-	-
Total governmental activities program revenues	<u>45,752,576</u>	<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	9,933,243	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	3,099,602	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	385,799	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 revenue	<u>13,418,644</u>	<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>\$ 59,171,220</u>	<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 NINE FISCAL YEARS

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
NET (EXPENSE) REVENUES									
Governmental activities	\$(18,862,056)	\$(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	<u>826,236</u>	<u>747,039</u>	<u>853,353</u>	<u>2,624,506</u>	<u>2,094,568</u>	<u>1,896,919</u>	<u>2,139,349</u>	<u>1,504,036</u>	<u>1,677,515</u>
Total primary government net expense	<u>(18,035,820)</u>	<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	8,590,003	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	2,427,417	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	1,315,430	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	410,235	428,840	362,779	103,775	97,844	99,160	86,688	78,817	77,620
Unrestricted investment earnings	16,923	48,967	143,829	489,974	610,569	372,250	206,744	87,779	138,493
Miscellaneous	319,754	245,860	344,326	-	-	-	-	-	-
Transfers	<u>961,309</u>	<u>1,275,776</u>	<u>1,049,271</u>	<u>1,065,087</u>	<u>996,616</u>	<u>976,090</u>	<u>897,402</u>	<u>708,408</u>	<u>970,324</u>
Total governmental activities	<u>14,041,071</u>	<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	15,194	16,420	60,154	260,206	456,616	442,453	200,849	157,176	140,550
Loss on sale of capital assets	-	-	-	-	-	-	-	-	(5,055)
Transfers	<u>(961,309)</u>	<u>(1,275,776)</u>	<u>(1,049,271)</u>	<u>(1,065,087)</u>	<u>(996,616)</u>	<u>(976,090)</u>	<u>(897,402)</u>	<u>(708,408)</u>	<u>(970,324)</u>
Total business-type activities	<u>(946,115)</u>	<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>13,094,956</u>	<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:									
Business-type activities	<u>(119,879)</u>	<u>(512,317)</u>	<u>(135,764)</u>	<u>1,819,625</u>	<u>1,554,568</u>	<u>1,363,282</u>	<u>1,442,796</u>	<u>952,804</u>	<u>842,686</u>
Total primary government	<u>\$(4,940,864)</u>	<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
2011	\$ 8,609,036	\$ 2,427,417	\$ 1,315,430	\$ 197,213	\$ 13,527	\$ 12,562,623
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

Source: City of Copperas Cove Finance Department

TABLE 4

CITY OF COPPERAS COVE, TEXAS

FUND BALANCES
GOVERNMENTAL FUNDS

LAST NINE FISCAL YEARS

	Fiscal Year								
	2011	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
Nonspendable	71,983	-	-	-	-	-	-	-	-
Restricted	22,680	-	-	-	-	-	-	-	-
Assigned	136,710	-	-	-	-	-	-	-	-
Unassigned	<u>5,362,117</u>	-	-	-	-	-	-	-	-
Total general fund	<u>\$ 5,593,490</u>	<u>\$ 5,562,290</u>	<u>\$ 5,206,332</u>	<u>\$ 5,191,908</u>	<u>\$ 4,986,337</u>	<u>\$ 4,364,210</u>	<u>\$ 4,133,347</u>	<u>\$ 3,793,433</u>	<u>\$ 4,077,751</u>
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
Nonspendable	123,779	-	-	-	-	-	-	-	-
Restricted	<u>5,188,837</u>	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 5,312,616</u>	<u>\$ 4,849,462</u>	<u>\$ 7,898,376</u>	<u>\$ 15,803,562</u>	<u>\$ 14,604,759</u>	<u>\$ 5,780,902</u>	<u>\$ 5,221,237</u>	<u>\$ 5,975,365</u>	<u>\$ 9,830,230</u>

Notes: The 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.

The City of Copperas Cove first applied GASB Statement No. 54 in fiscal year 2011.

TABLE 5

CITY OF COPPERAS COVE, TEXAS

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

LAST NINE FISCAL YEARS

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
REVENUES									
Taxes	\$ 12,762,118	\$ 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	1,920,904	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	635,435	991,057	573,215	728,358	103,226	220,980	781,026	760,500	191,917
Fines	617,983	851,855	923,735	800,841	815,533	706,025	733,830	938,078	862,917
Licenses	48,403	50,438	51,347	38,848	39,784	49,830	47,858	52,878	55,847
Permits	161,296	209,272	143,658	181,354	178,795	216,373	181,123	117,262	112,590
Contributions	17,627	32,305	75,355	98,560	153,077	43,420	126,549	46,792	1,612
Investment income	16,923	48,967	143,829	489,974	610,569	372,250	206,744	87,779	138,493
Miscellaneous	505,133	335,267	397,183	320,553	509,390	214,310	226,273	247,657	242,176
Total revenues	<u>16,685,822</u>	<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	2,571,032	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	2,207,167	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	269,820	360,257	347,946	400,647	376,342	361,661	341,005	331,170	306,347
Highways and streets	46,453,663	959,247	815,197	986,425	878,940	854,966	711,295	632,486	602,395
Public safety	8,933,461	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	1,976,709	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	1,595,508	1,428,939	1,277,501	873,731	926,000	710,600	640,000	635,000	751,111
Interest and fiscal charges	1,783,514	915,609	729,758	666,848	464,207	411,537	508,259	550,497	381,784
Bond issuance costs	670,233	-	91,072	-	-	-	-	-	-
Total expenditures	<u>66,461,107</u>	<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>(49,775,285)</u>	<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>

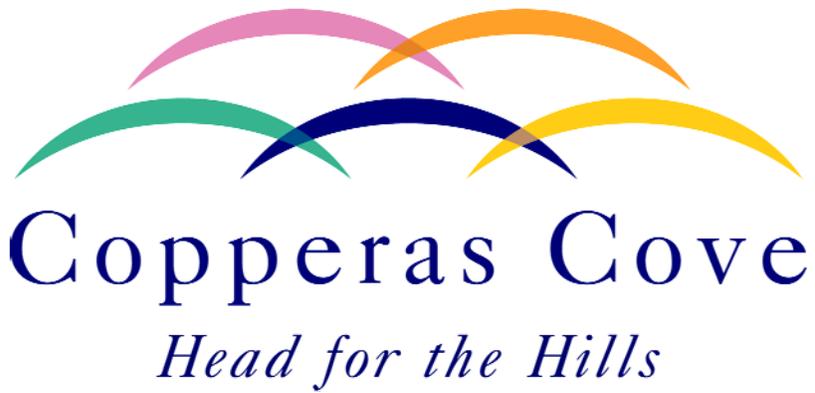
(continued)

TABLE 5

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

	Fiscal Year								
	2011	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	48,360,540	1,590,000	6,895,000	1,612,673	5,251,270	1,226,147	-	-	4,087,400
Premium on bonds	3,401,878	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	(2,454,088)	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	300,186	-	-	-
Transfers in	1,538,349	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	(577,040)	(662,729)	(337,081)	(506,077)	(267,643)	(304,830)	(296,933)	(435,004)	(113,864)
Total other financing sources (uses)	<u>50,269,639</u>	<u>2,865,776</u>	<u>7,994,883</u>	<u>2,728,583</u>	<u>6,247,887</u>	<u>3,062,251</u>	<u>1,088,688</u>	<u>708,408</u>	<u>5,057,724</u>
NET CHANGE IN FUND BALANCES	<u>\$ 494,354</u>	<u>\$(2,692,956)</u>	<u>\$(1,943,402)</u>	<u>\$(578,471)</u>	<u>\$ 4,781,361</u>	<u>\$ 457,255</u>	<u>\$(58,815)</u>	<u>\$(2,135,932)</u>	<u>\$ 3,764,631</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	<u>5.2%</u>	<u>13.6%</u>	<u>12.0%</u>	<u>10.2%</u>	<u>10.1%</u>	<u>8.9%</u>	<u>9.7%</u>	<u>10.5%</u>	<u>10.6%</u>

Note: City of Copperas Cove first applied GASB Statement No. 34 in fiscal year 2003; therefore, government-wide financial information for years prior to fiscal year 2003 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					
2011	2010	\$ 982,229,990	\$ 242,493,067	\$ 67,350,050	\$ 192,230	\$ 146,385,820	\$ 78,422,116	\$ 1,067,456,541	\$ 0.760	\$ 1,067,456,541
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	919,785,031
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

* Freeze on real property started Tax Year 2008

Source: Coryell County Appraisal District

TABLE 7

CITY OF COPPERAS COVE, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

Fiscal Year	Tax Year	City of Copperas Cove Rates			Coryell County Rate	Copperas Cove ISD Rate	Central Texas College	Middle Trinity GWCD*	Total Direct and Overlapping Rates
		Basic Rate	Debt Service	Total City Rate					
2011	2010	\$ 0.584	\$ 0.177	\$ 0.760	\$ 0.423	\$ 1.217	\$ 0.141	\$ 0.015	\$ 2.556
2010	2009	0.613	0.147	0.760	0.398	1.181	0.141	-	2.480
2009	2008	0.599	0.141	0.740	0.399	1.181	0.141	-	2.461
2008	2007	0.598	0.142	0.740	0.399	1.181	0.142	-	2.462
2007	2006	0.607	0.133	0.740	0.399	1.478	0.142	-	2.759
2006	2005	0.653	0.122	0.775	0.424	1.604	0.146	-	2.949
2005	2004	0.640	0.135	0.775	0.424	1.604	0.147	-	2.950
2004	2003	0.629	0.146	0.775	0.412	1.592	0.148	-	2.927
2003	2002	0.606	0.139	0.745	0.388	1.592	0.148	-	2.872
2002	2001	0.606	0.139	0.745	0.381	1.542	0.149	-	2.817

* GWCD - Groundwater Conservation District

Source: Coryell County Tax Assessor - Collector

TABLE 8

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

		2011	
Taxpayer	Type of Business	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Wal-Mart Real Estate	Developer	\$ 115,000,000	10.77%
Oncor Electric Delivery Co. (FKA TXU)	Electric utility	9,550,360	0.89%
Wal-Mart Properties Stores East	Developer	8,999,650	0.84%
Copperas Cove AL LLC	Assisted Living	6,508,920	0.61%
Cove Terrace Associates, Ltd.	Developer	5,930,000	0.56%
Colonial Plaza Partnership	Retailer	5,870,270	0.55%
Cinergy Cinemas LP	Movie Theater	5,551,410	0.52%
HEB Grocery Store	Retailer	4,792,560	0.45%
Crosstowne, Ltd.	Retailer	4,415,230	0.41%
TWE-ADV/Newhouse Partnership	Telephone utility	4,038,730	0.38%
Subtotal		<u>170,657,130</u>	<u>15.99%</u>
All other taxpayers		<u>896,799,411</u>	<u>84.01%</u>
Total		<u>\$ 1,067,456,541</u>	<u>100.00%</u>
		2002	
Taxpayer	Type of Business	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Central Telephone Co.	Telephone utility	\$ 8,130,090	1.27%
Oncor Electric Delivery Co.	Electric utility	8,054,490	1.25%
Walmart Real Estate	Developer	7,437,220	1.16%
Walmart Stores, Inc.	Retailer	7,066,850	1.10%
Cove Terrace Associates	Retailer	4,434,810	0.69%
TWE Advance Newhse Partnership	Cable Television	3,851,120	0.60%
Colonial Plaza Part.	Apartment Complex	3,172,540	0.49%
Veterans' Administration	Retailer	2,960,080	0.46%
Judy Lane Properties	Retailer	2,833,210	0.44%
Royal Town Plaza INV	Developer	2,787,130	0.43%
Subtotal		<u>50,727,540</u>	<u>7.90%</u>
All other taxpayers		<u>591,557,692</u>	<u>92.10%</u>
Total		<u>\$ 642,285,232</u>	<u>100.00%</u>

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		
2011	2010	\$ 8,582,640	\$ 8,496,718	99.0%	\$ 37,662	\$ 8,534,380	99.4%	\$ 85,922	1.00%
2010	2009	8,525,125	8,388,219	98.4%	28,529	8,416,748	98.7%	108,377	1.27%
2009	2008	8,425,173	8,323,643	98.8%	7,462	8,331,105	98.9%	94,068	1.12%
2008	2007	7,659,423	7,552,143	98.6%	55,542	7,607,685	99.3%	51,738	0.68%
2007	2006	6,806,409	6,672,244	98.0%	65,870	6,738,114	99.0%	68,295	1.00%
2006	2005	6,028,012	5,917,161	98.2%	54,883	5,972,044	99.1%	55,968	0.93%
2005	2004	5,556,397	5,439,155	97.9%	51,672	5,490,827	98.8%	65,570	1.18%
2004	2003	5,300,588	5,187,537	97.9%	72,677	5,260,214	99.2%	40,374	0.76%
2003	2002	4,995,557	4,907,299	98.2%	48,118	4,955,417	99.2%	40,140	0.80%
2002	2001	4,785,025	4,703,406	98.3%	17,500	4,720,906	98.7%	64,119	1.34%

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>
2011	2010	\$ 1,067,456,541	100.00%	\$ 0.7600
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

Source: City of Copperas Cove Finance Department

CITY OF COPPERAS COVE, TEXAS

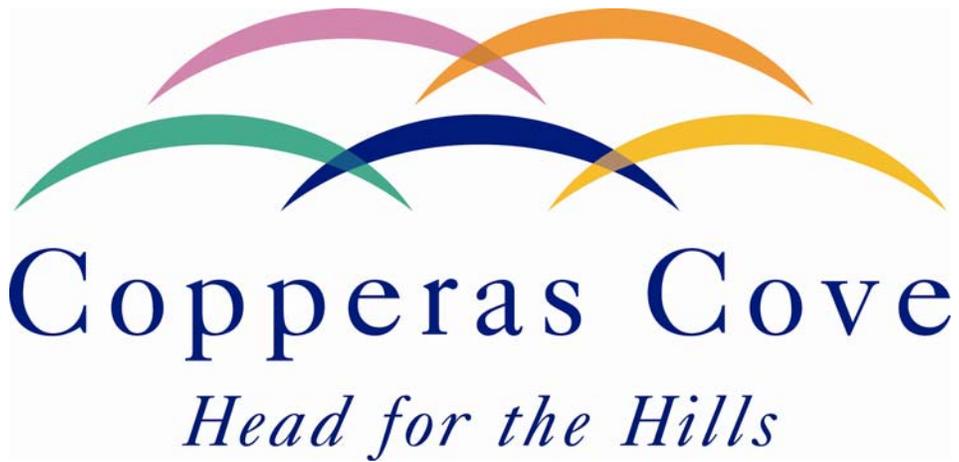
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS

LAST TEN FISCAL YEARS

Fiscal Year	Tax Year	Estimated Actual Property Value ¹	Value of Construction Permits Issued ²	Bank Deposits ³
2011	2010	\$ 1,067,456,541	\$ 24,524,972	\$ 203,718,000
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

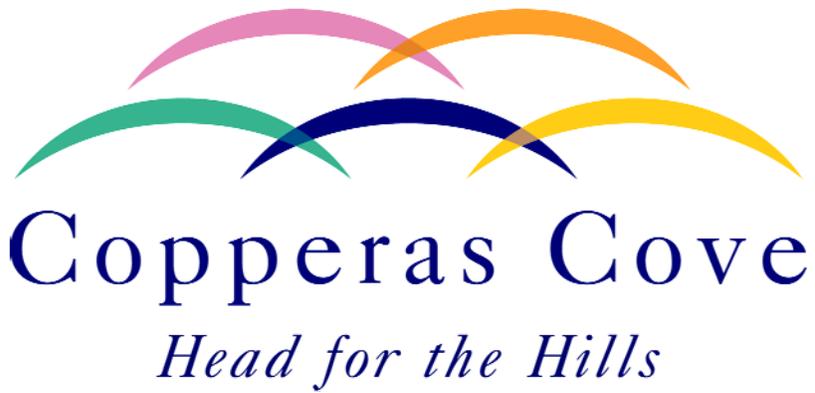
Sources:

- 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>



Copperas Cove

Head for the Hills



**DEBT CAPACITY
INFORMATION**

CITY OF COPPERAS COVE, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2011

Taxing Entity	Net General Obligation Debt	Percentage Applicable to the City of Copperas Cove	Amount Applicable to the City of Copperas Cove
Copperas Cove Independent School District	\$ 36,094,185 *	82.02%	\$ 29,604,451
Lampasas County	6,835,000 *	2.36%	161,306
Lampasas Independent School District	45,016,139 *	2.40%	<u>1,080,387</u>
Subtotal overlapping debt			30,846,144
City direct debt			<u>97,460,000</u>
Total direct and overlapping debt			<u>\$ 128,306,144</u>
Total direct and overlapping debt % of A.V.			12.02%
Total direct and overlapping debt per capita			\$ 4,006

* 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

Constitutional Basis	Fiscal Year			
	2011	2010	2009	2008
Assessed value, tax roll	\$ 1,067,456,541	\$ 1,136,914,737	\$ 1,138,536,871	\$ 1,035,057,214
\$2.50 tax rate levy (1)	26,686,414	28,422,868	28,463,422	25,876,430
Actual City debt tax rate	\$ 0.177	\$ 0.147	\$ 0.141	\$ 0.142
Actual City debt tax levy	<u>1,884,061</u>	<u>1,672,947</u>	<u>1,601,921</u>	<u>1,469,481</u>
Legal annual debt service margin	\$ 24,802,353	\$ 26,749,921	\$ 26,861,501	\$ 24,406,949
Legal debt capacity (2)	\$ 309,092,137	\$ 333,363,144	\$ 334,753,668	\$ 304,164,536

(1) Article XI, Section 5 of the Texas Constitution limits the tax rate for annual debt service to \$2.50 per \$100 valuation

(2) Calculation based upon 20-year term financing at an interest rate of 5.0%.

Attorney General Basis	Fiscal Year			
	2011	2010	2009	2008
Assessed value, tax roll	\$ 1,067,456,541	\$ 1,136,914,737	\$ 1,138,536,871	\$ 1,035,057,214
\$1.50 tax rate levy (1)	16,011,848	17,053,721	17,078,053	15,525,858
Actual City debt tax rate	\$ 0.177	\$ 0.147	\$ 0.141	\$ 0.142
Actual City debt tax levy	<u>1,884,061</u>	<u>1,672,947</u>	<u>1,601,921</u>	<u>1,469,481</u>
Legal annual debt service margin	\$ 14,127,787	\$ 15,380,774	\$ 15,476,132	\$ 14,056,377
Legal debt capacity (2)	\$ 176,063,457	\$ 191,678,438	\$ 192,866,808	\$ 75,173,528

(1) The Texas Attorney General, administratively, further limits the tax rate for annual debt service to \$1.50 per \$100 valuation.

(2) Calculation based upon 20-year term financing at an interest rate of 5.0%.

TABLE 13

Fiscal Year					
2007	2006	2005	2004	2003	2002
\$ 919,785,031	\$ 778,807,966	\$ 716,954,411	\$ 683,946,827	\$ 670,544,556	\$ 642,285,232
22,994,626	19,470,199	17,923,860	17,098,671	16,763,614	16,057,131
\$ 0.133	\$ 0.122	\$ 0.135	\$ 0.146	\$ 0.139	\$ 0.139
<u>1,222,532</u>	<u>947,926</u>	<u>965,422</u>	<u>998,898</u>	<u>929,609</u>	<u>890,432</u>
\$ 21,772,094	\$ 18,522,273	\$ 16,958,438	\$ 16,099,773	\$ 15,834,005	\$ 15,166,699
\$ 271,328,409	\$ 230,828,463	\$ 211,339,623	\$ 200,638,760	\$ 197,326,694	\$ 189,010,589

Fiscal Year					
2007	2006	2005	2004	2003	2002
\$ 919,785,031	\$ 778,807,966	\$ 716,954,411	\$ 683,946,827	\$ 670,544,556	\$ 642,285,232
13,796,775	11,682,119	10,754,316	10,259,202	10,058,168	9,634,278
\$ 0.133	\$ 0.122	\$ 0.135	\$ 0.146	\$ 0.139	\$ 0.139
<u>1,222,532</u>	<u>947,926</u>	<u>965,422</u>	<u>998,898</u>	<u>929,609</u>	<u>890,432</u>
\$ 12,574,243	\$ 10,734,193	\$ 9,788,894	\$ 9,260,304	\$ 9,128,559	\$ 8,743,846
\$ 156,702,864	\$ 133,771,776	\$ 121,991,256	\$ 115,403,868	\$ 113,762,021	\$ 108,967,652

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			
2011	\$ 16,861	\$ 45,340	\$ 4,690	\$ 8	\$ -	\$ 18,379	\$ 4,875	\$ -	\$ 7,315	\$ 93	\$ 97,561	3.63%	\$ 3,046
2010	16,246	11,116	4,383	88	-	21,326	10,959	-	8,077	331	72,526	2.72%	2,418
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	2.29%	2,003
2007	8,473	14,588	1,443	546	29	19,670	12,820	-	-	750	58,319	2.44%	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	2.85%	1,890
2004	10,238	11,037	-	269	34	1,399	32,068	-	-	206	55,251	3.14%	1,842
2003	10,910	11,723	-	293	38	1,682	34,691	47	-	116	59,500	3.61%	1,984
2002	5,386	5,705	-	369	40	1,960	29,608	7,659	-	262	50,989	3.34%	1,700

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>
2011	\$ 35,240	\$ 2,201	\$ 33,039	3.10%	\$ 1,031
2010	27,362	346	27,016	2.38%	901
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

Source: Finance Department, City of Copperas Cove

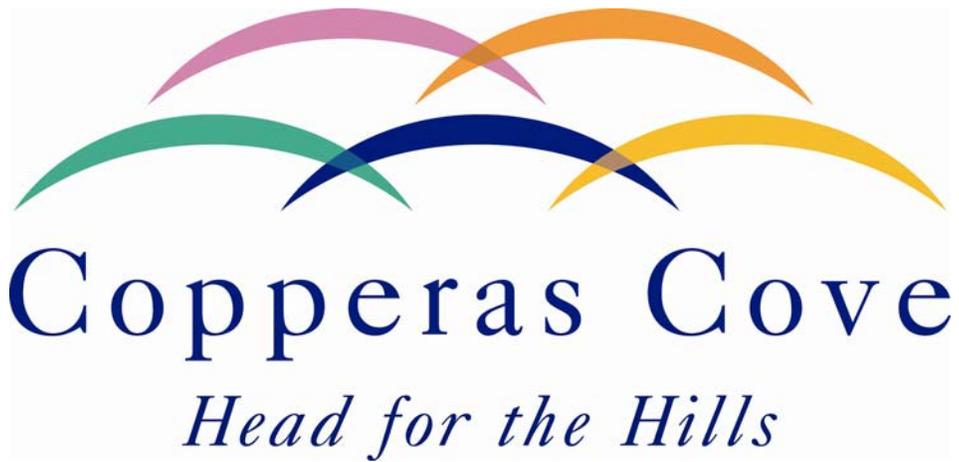
CITY OF COPPERAS COVE, TEXAS
REVENUE BOND COVERAGE - WATER AND SEWER FUND
LAST EIGHT FISCAL YEARS

Fiscal Year	Waterworks and Sewer Revenue Bonds						
	Gross Revenue	Less: Operating Expenses*	Net Revenue Available for Debt Service	Debt Service		Total	Coverage
				Principal	Interest		
2011	\$ 9,945,917	\$ 6,229,349	\$ 3,716,568	\$ 1,906,068	\$ 1,227,189	\$ 3,133,257	\$ 1.19
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.

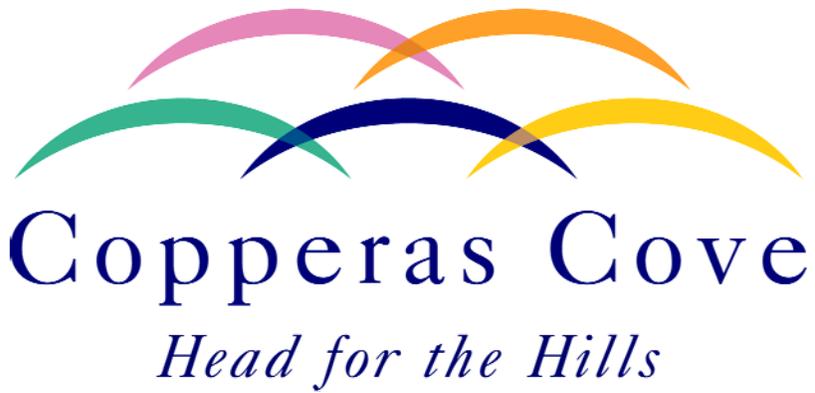
Source: Finance Department, City of Copperas Cove

Note: Data prior to 2003 not available.



Copperas Cove

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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
2011	32,032	\$ 2,687	\$ 49,013	29.7	8,324	8.3%
2010	29,988	2,669	43,501	29.4	8,234	7.5%
2009	29,988	2,651	38,609	30.5	7,932	6.9%
2008	29,988	2,633	34,267	27.3	7,871	5.4%
2007	29,988	2,389	32,613	26.9	7,788	4.7%
2006	29,988	2,181	30,401	28.1	7,315	5.4%
2005	29,988	1,992	26,657	28.1	7,340	5.4%
2004	29,988	1,758	23,679	27.1	7,444	5.3%
2003	29,988	1,649	20,389	28.0	7,592	5.5%
2002	29,592	1,528	19,468	28.0	7,414	5.1%

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 2002-2010 reflect county population estimates available as of May 2011.

2010 and 2011 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/>

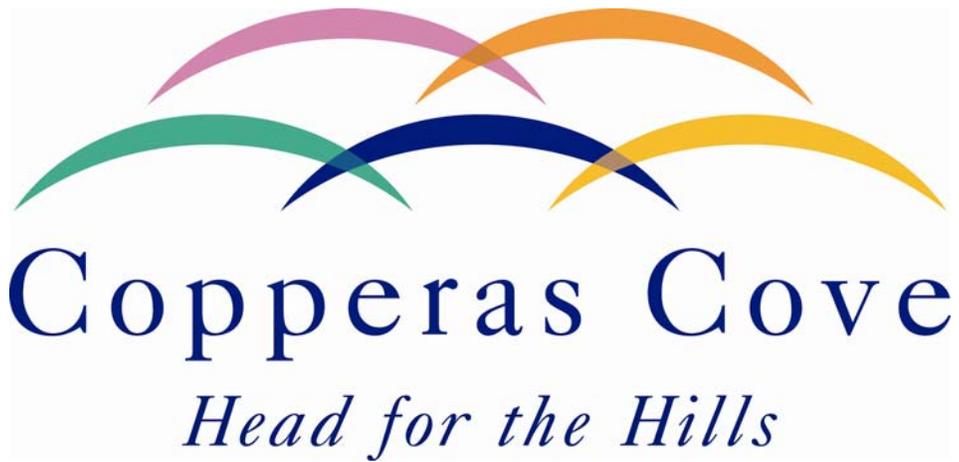
CITY OF COPPERAS COVE, TEXAS

PRINCIPAL EMPLOYERS

CURRENT AND NINE YEARS AGO

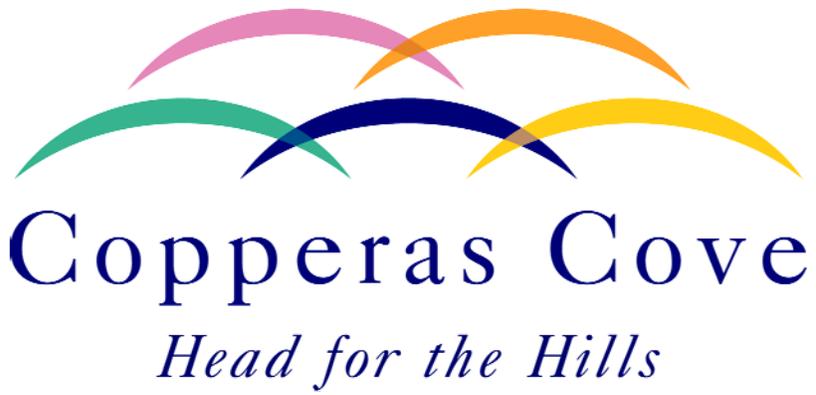
2011			
Employer	Employees	Percentage	Rank
Fort Hood - Military	47,700	71.0%	1
Fort Hood - Civilian	15,800	23.5%	2
Copperas Cove ISD	1,324	2.0%	3
GS Services	1,150	1.7%	4
Wal-Mart Supercenter	450	0.7%	5
City of Copperas Cove	298	0.4%	6
H.E.B. Grocery Store	174	0.3%	7
WindCrest Nursing Center	100	0.1%	8
McDonald's	95	0.1%	9
Hill Country Rehab. & Nursing Ctr.	84	0.1%	10
Total	<u>67,175</u>	<u>100.0%</u>	
2002			
Taxpayer	Employees	Percentage	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	279	0.5%	8
HEB Grocery Store	140	0.3%	9
Tarleton State University	100	0.2%	10
Total	<u>55,878</u>	<u>100.0%</u>	

Source: Each entity provided data.



Copperas Cove

Head for the Hills



OPERATING INFORMATION

CITY OF COPPERAS COVE, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Fund										
City Manager	3	3	4	2	2	2	2	2	2	2
City Secretary	1	2	2	2	2	2	2	2	1.5	1.5
City Attorney (Contract)	1	1	1	1	1	1	1	1	1.5	1.5
Finance	8	7	7	6	5	6	6	6	6	6
Grants Administration	0	0	0	0	1	1	1	1	1	1
Human Resources	3.5	4.5	3.5	2	2	2	2	2	2	2
Information Systems	4	3	3	3	2	2	2	2	2	2
Municipal Court	7	7	7	8	8	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	1	0	0	0
Police	73.5	73.5	73.5	71	71	69	69	69	69	67
Public Affairs Office	0	1	1	1	0	0	0	0	0	0
Animal Control	5	5	5	4	4	4	4	4	4	4
Fire/EMS	53	53	53	52.5	52	46	46	46	46	46
Emergency Management	0	0	0	1	1	0	0	0	0	0
Engineering	1	2	2	2	1	4.5	4.5	4.5	5	5
Building & Development	4	4	4	5.5	5.5	5	4.5	4.5	4	4
Street	6.5	7.5	7.5	7.5	7	7	7	7	7	7.5
Public Works	0	0	0	0.5	0.5	0.5	0.5	0.5	1	1.5
Parks & Recreation	18	18	18	16	18	14	14	14	15	15
Fleet Services	5	5	5	5	5	5	5	5	4	4
Facility Maintenance	2	2	2	5	5	5	5	5	5	5
Planning	2	1	2	3	3	1	0.5	0.5	0.5	1
Library	10	10	10	10	10	9.5	9.5	9.5	9.5	9.5
Code & Health	4	4	4	3.5	3.5	2.5	2	2	2	2
Total General Fund	213.0	215.5	216.5	213.5	211.5	198.0	196.5	195.5	196.0	195.5
Water & Sewer Fund										
Water & Sewer Admin	3.25	2.25	2.25	2	2	2	2	2	1.5	1.5
Utility Administration	11	11	11	10	10	11	8	8	8	8
Water Distribution	11	11	11	9	9	9	12	12	12	13
Sewer Collection	9	9	9	7	7	7	7	7	7	7
Wastewater Treatment	11	11	11	11	11	11	10	10	10	10
Composting	3	3	3	3	3	2	2	2	2	2
Total Water & Sewer Fund	48.25	47.25	47.25	42	42	42	41	41	40.5	41.5
Solid Waste Fund										
Administration	4.25	4.25	4.25	4	4	4	2.5	2.5	2.5	2
Residential	4	4	4	4	4	4	4	4	4	4
Recycling	2	2	2	2	2	2	3	3	3	3
Brush	2	2	2	2	2	2	2	2	2	2
Commercial	4	4	4	4	4	4	4	5	5	4
Collection	0	0	0	0	0	0	0	0	0	0
Disposal	5	5	5	4.5	4	4	4.5	4.5	4.5	5
Total Solid Waste Fund	21.25	21.25	21.25	20.5	20	20	20	21	21	20

(continued)

CITY OF COPPERAS COVE, TEXAS

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

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Recreational Activities Fund										
Recreational Activities Fund	2	2	2	2	2	1	1	1	1	0.75
Total Recreational Activities Fund	2	2	2	2	2	1	1	1	1	0.75
Cemetery Fund										
Cemetery Fund	1	1	1	1	1	1	1	1	1	1
Total Cemetery Fund	1	1	1	1	1	1	1	1	1	1
Drainage Fund										
Drainage Utility	5.5	6.5	6.5	6.5	6.5	4.5	4.5	4.5	4.5	4.5
Total Drainage Fund	5.5	6.5	6.5	6.5	6.5	4.5	4.5	4.5	4.5	4.5
Golf Course Fund										
Golf Course	9.5	9.5	14.5	13.5	15	15	15	15	15	15
Total Golf Course Fund	9.5	9.5	14.5	13.5	15	15	15	15	15	15
Court Security Fund										
Municipal Court	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Court Security Fund	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total All Funds	301	303	309	299	298	281.5	279	279	279	278.25

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

	Fiscal Year				
	2011	2010	2009	2008	2007
<u>Government Facilities</u>					
<u>Building and Development</u>					
<i>Use or Nature: Development Services</i>					
Building permits issued:	3,237	3,092	2,455	2,178	2,229
Inspections performed:	6,032	7,367	5,505	10,299	9,242
<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	1,042	1,105	1,050	1,014
Number of volunteer firemen:	5	4	12	9	8
Number of paid firemen:	46	51	51	52	52
Firemen per 1,000 population:	1.44	1.70	1.70	1.73	1.73
Fire responses:	1,302	1,694	1,842	2,177	2,356
Emergency medical services responses:	2,968	2,694	2,882	3,402	3,339
<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:	54	56	56	56	54
Officers per 1,000 population:	1.69	1.87	1.87	1.87	1.80
Calls for service:	19,000	19,000	19,000	17,808	21,000
Part I violent crimes reported*:	1,200	1,300	1,100	1,161	1,211
* 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:	1,905	1,837	2,409	2,035	2,793
Number of euthanized:	857	887	981	1,104	1,432
Number of animals adopted:	660	680	663	638	648
Number of animals re-claimed:	330	467	660	612	595
<u>Municipal Court</u>					
<i>Use or Nature: Public Safety</i>					
Number of warrants issued:	2,750	3,243	3,258	3,266	3,129
Number of warrants cleared:	7,500	3,098	2,662	1,648	1,936
Number of violations processed:	9,575	11,159	9,846	10,581	8,561
<u>Libraries</u>					
<i>Use or Nature: Community Services</i>					
Number of public libraries:	1	1	1	1	1
Number of volumes:	69,000	70,570	68,972	66,606	64,180
Circulation of items:	87,000	115,199	120,224	113,457	95,826
Circulation per capita:	2.72	3.84	4.01	3.78	3.19

TABLE 20

Fiscal Year				
2006	2005	2004	2003	2002
3,232	3,019	NA**	NA**	NA**
8,501	6,036	NA**	NA**	NA**
3	3	3	2	2
1,600	1,600	885	750	865
-	-	-	-	-
46	46	45	45	45
1.51	1.51	1.48	1.74	1.74
2,275	2,190	1,845	1,543	1,461
3,100	3,242	2,845	2,645	2,635
1	1	1	1	1
-	-	-	-	1
53	53	53	51	48
1.74	1.74	1.74	1.70	1.85
21,467	NA**	NA**	NA**	NA**
1,274	NA**	1,072	984	1,137
2,804	2,380	NA**	NA**	NA**
1,324	1,075	NA**	NA**	NA**
696	1,365	NA**	NA**	NA**
602	683	NA**	NA**	NA**
3,493	6,847	NA**	NA**	NA**
2,989	2,544	NA**	NA**	NA**
10,124	12,450	NA**	NA**	NA**
1	1	1	1	1
62,572	59,957	57,363	57,427	55,100
102,986	109,299	106,348	130,785	112,050
3.50	3.70	3.63	5.12	4.31

(continued)

CITY OF COPPERAS COVE, TEXAS

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

	Fiscal Year				
	2011	2010	2009	2008	2007
<u>Parks and Recreation</u>					
<i>Use or Nature: Community Services</i>					
Park acreage developed:	380	380	380	380	214
Park acreage undeveloped:	5	5	5	5	163
Playgrounds:	7	7	7	7	6
Participants in sports activities:	2,316	3,500	2,889	2,700	2,837
Coaches certified:	650	625	644	602	638
<u>Street</u>					
<i>Use or Nature: Public Works</i>					
Paved streets:	133 miles	132.5 miles	132 miles	132 miles	129 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	225	183	255
Daily average consumption:	3.9 MGD	4.2 MGD	4.2 MGD	4 MGD	4 MGD
Maximum daily capacity:	7.6 MGD	13.5 MGD	13.5 MGD	13.5 MGD	13.5 MGD
Number of service connections:	12,031	12,072	11,936	11,966	12,472
Source of water:	Belton Lake	Belton Lake			
<u>Sewage System</u>					
<i>Use or Nature: Public Works</i>					
Miles of sanitary sewers:	375	375	375	350	350
Number of lift stations:	16	16	16	15	14
Daily average treatment:	1.9 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):	11,400	11,171	10,947	11,025	10,512
<u>Golf Course</u>					
<i>Use or Nature: Community Services</i>					
Rounds of golf played (annually):	25,000	23,907	27,911	32,954	30,004
Tournament rounds (annually):	650	728	1,190	1,495	1,429
Annual dues (memberships):	270	244	240	240	232
<u>Community Statistics</u>					
<i>Use or Nature: Employee Information</i>					
School District Employees:	1,324	1,300	1,300	1,300	1,218
City Employees:	298	303	309	299	298
Fort Hood Servicemen:	47,700	44,000	44,000	53,416	39,262
Fort Hood Employees (Civilians):	15,800	17,098	17,098	17,098	8,909

Source: Various Departments, City of Copperas Cove

** Data not available.

TABLE 20

Fiscal Year				
2006	2005	2004	2003	2002
214	214	214	214	214
163	163	163	163	163
5	5	5	5	5
2,382	2,353	1,500	1,484	1,423
486	486	125	150	285
121 miles 0 miles	121 miles 0 miles	110 miles 0 miles	110 miles 0 miles	106 miles 6.5 miles
230 4 MGD 13.5 MGD 11,195	230 4 MGD 13.5 MGD 10,801	227 5 MGD 13.5 MGD 10,466	225 3.7 MGD 7.21 MGD 10,132	200 3.2 MGD 7.19 MGD 10,365
210 14 3.1 MGD 9.0 MGD 10,359	210 14 3.1 MGD 9.0 MGD 10,022	200 14 3.1 MGD 6.35 MGD 9,794	200 13 2.6 MGD 6.35 MGD 9,531	143 11 2.6 MGD 6.35 MGD 9,439
32,437 1,798 213	35,060 NA** NA**	NA** NA** NA**	NA** NA** NA**	NA** NA** NA**
1,162 281.5 43,995 8,909	1,159 279 45,777 12,134	1,142 279 45,777 12,134	1,253 279 40,672 13,724	1,263 278.25 40,672 13,724