

COMPREHENSIVE ANNUAL FINANCIAL REPORT

John Hull, Mayor
Frank Seffrood, Mayor Pro Tem

FISCAL YEAR 2012-2013

City Council
Cheryl L. Meredith
Gary L. Kent
Danny Palmer
Kenn Smith
Jim Schmitz



Andrea M. Gardner
City Manager

Velia Key
Director of Financial Services

Where Progress Grows



City of Copperas Cove

"City Built for Family Living"

CITY OF COPPERAS COVE, TEXAS

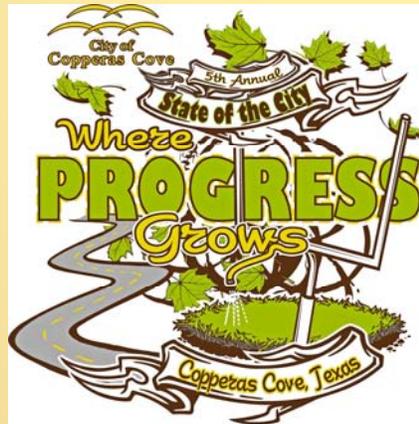
VISION STATEMENT

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

CITY OF COPPERAS COVE, TEXAS
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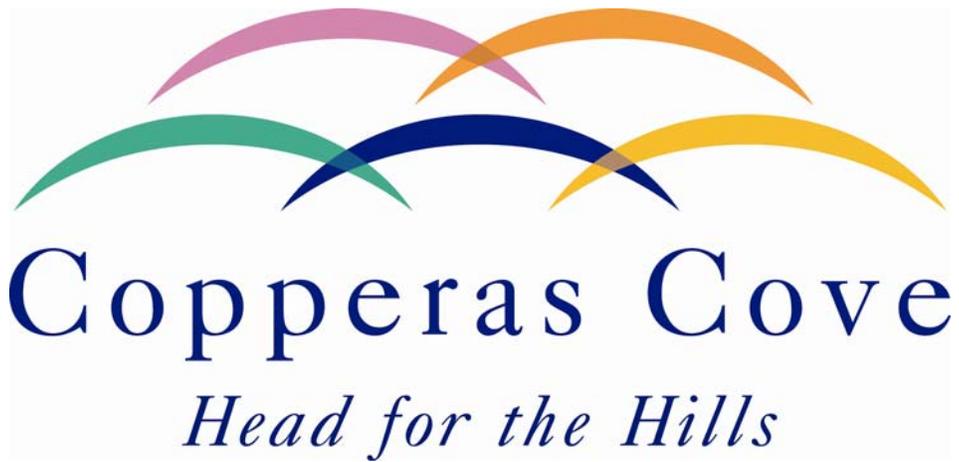
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Copperas Cove

Head for the Hills



“The City Built for Family Living”

March 18, 2014

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, 2013, 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, 2013, 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, 2013, are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

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

Generally Accepted Accounting Principles require that management provide 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, other funds exist 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 33,450 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 41,400. Fort Hood has an estimated \$25.3 billion economic impact on the state of Texas, and an estimated 7 billion direct economic impact on the local economy in the form of payroll, contracts, local purchases, and school aid. The City's economy is primarily service-oriented, virtually tied in every way to the operations at Fort Hood.

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 8,200 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 the TEA. There are at least two private elementary schools located in the City. Central Texas College and Texas A&M University-Central Texas are located on a 560-acre campus at the eastern fringe of the city limits adjacent to Fort Hood and the City of Killeen. They provide secondary and graduate educational opportunities.

The City's Sales Tax revenues reflected an increase of \$127,046 or 5% over the FY 2012 revenue. Overall the City is maintaining adequate funding for expenditures and reserves as required by the fund balance policy.

Ad Valorem Taxes. Property tax revenues are the City's largest source of funding. Tax collections totaled \$8.9 million for fiscal year 2013, an increase of 2% from prior year.

Sales Tax. After property tax revenues, the General Fund's second largest revenue source is sales tax generated from a variety of businesses operating in the City of Copperas Cove. Sales tax collections have increased by approximately 5 percent in comparison to fiscal year 2012.

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.

Long-Term Financial Planning

The City has a five-year financial plan including staffing requirements, capital improvement, and capital outlay. Due to the challenges provided by the economy these plans are closely monitored and adjusted accordingly.

The City has an Audit Committee which meets on a quarterly basis to discuss financial information for long-term planning, financial policies, internal controls, and fund balance reserve requirements

MAJOR INITIATIVES

At the end of the 2012-13 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.

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 summer 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 catalyst 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 project is complete as of this writing.

Fire Station #2, project is currently in the construction letting phase.

ACCOMPLISHMENTS

During fiscal year 2013, 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 numerous community events.
- ◆ Continued the Crime Stoppers Program, Kiddo Card Program, Neighborhood Watch Program, Gunlock Program, and Copperas Cove Citizens Police Academy Program.
- ◆ Continued providing crime prevention programs and distribution of safety materials.
- ◆ Continued participation with Special Olympics and the Torch Run.
- ◆ Continued the Tobacco Grant Program, tobacco stings, and business compliance inspections.
- ◆ Continued participation in the Bulletproof Vest Grant Program, the Justice Assistance Grant (JAG) and was awarded a Texas STEP – Click It or Ticket Grant.
- ◆ Participated in Coryell County Community Planning.
- ◆ Maintained above average clearance rates in Part I & Part II crimes as compared to state averages.

Fire

- ◆ Coordinated a Citizen Fire Academy.
- ◆ Meet all local, state, and federally-mandated training requirements related to fire protection and emergency medical response.
- ◆ Maintain a 95% or better Citizen Satisfaction rate for overall Services Delivery for Department.

Community Services

- ◆ Completed the Needs assessment Plan for future Parks needs.
- ◆ Completed submission of parks and Recreation master Plan to Texas Parks and Wildlife.
- ◆ Conducted two youth soccer leagues with 716 participants.
- ◆ Conducted Youth Baseball / Softball program with over 642 participants.
- ◆ Conducted Youth Flag Football and Youth Tackle Football with 491 participants.
- ◆ Conducted Youth Basketball with 364 participants.

Public Works

- ◆ Continued to ensure all Federal, State and Local requirements were met.
- ◆ All departments maintained effective operations within budget constraints.
- ◆ All personnel continued training for license/certification requirements.
- ◆ Water Model Update was completed.
- ◆ Storm Water Pollution Prevention Plan under the Storm Water Construction General Permit was completed.

OTHER INFORMATION

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

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

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

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

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

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

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

Other Financial Policies: Other financial 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, Budget transfers, and Debt Management Policy.

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, 2012. This was the 21st consecutive year that the City has achieved this prestigious award. In order to be awarded a

21st 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 should also 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.

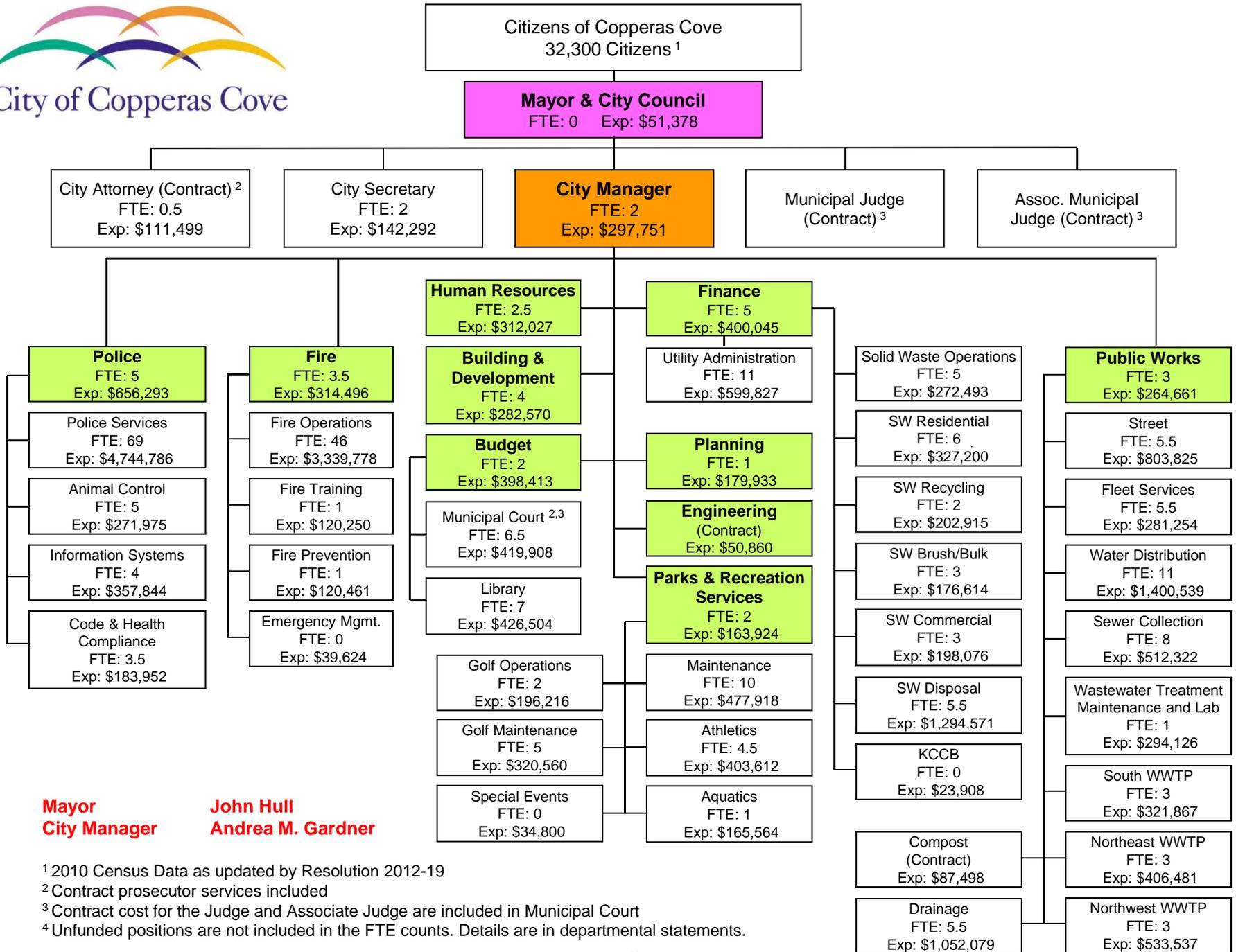
Respectfully submitted,



Andrea M. Gardner
City Manager



Velia Key
Director of Financial Services



Mayor John Hull
City Manager Andrea M. Gardner

¹ 2010 Census Data as updated by Resolution 2012-19
² Contract prosecutor services included
³ Contract cost for the Judge and Associate Judge are included in Municipal Court
⁴ Unfunded positions are not included in the FTE counts. 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
Gary L. Kent - Council Member
Charlie D. Youngs - 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, Municipal 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
Burney K. Baskett, Fire Chief/EMC
Daryl Uptmore, Public Works Director
Kelli T. Sames, Human Resources Division Head
Joseph Pace, Division Head of Parks & Leisure Services



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

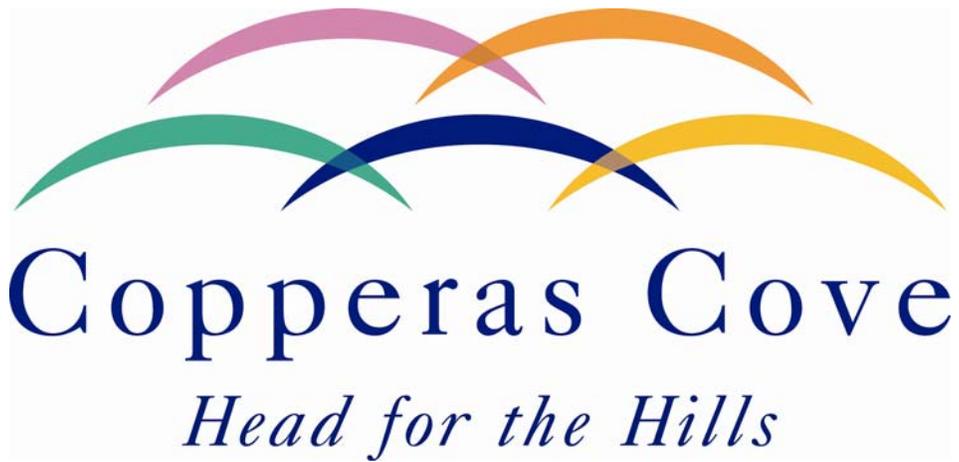
Presented to

**City of Copperas Cove,
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO



Copperas Cove

Head for the Hills

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Copperas Cove, Texas (the "City"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual (Budgetary Basis)—General Fund, the Schedule of Funding Progress for Participation in the Texas Municipal Retirement System, and the Schedule of Funding Progress – Post-Retirement Health Care Benefit Plan 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Copperas Cove, Texas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2014, on our consideration of the City of Copperas Cove, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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* in considering City of Copperas Cove, Texas' internal control over financial reporting and compliance.

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

Waco, Texas
March 18, 2014



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, 2013. 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 14 and the accompanying notes to the financial statements.

Financial Highlights

- The total net position of the City increased to \$48.7 million from the prior year's \$48.4 million.
- As of September 30, 2013, the City's governmental funds reported combined ending fund balances of \$30.8 million, an increase of \$8.9 million in comparison with prior year.
- As of September 30, 2013, unassigned fund balance for the General Fund was \$6.1 million, or 43% of total General Fund expenditures. Unassigned fund balance, when compared to prior year, increased 8%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is 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 position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 14 – 16 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 and the Debt Service 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 50 and 66 – 75.

The basic governmental fund financial statements can be found on pages 17 and 19 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 21 – 24 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 25 – 51 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 54 – 65 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, 2013.

Net Position

The following table reflects the Condensed Statement of Net Position as of September 30, 2013.

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 45,846,603	\$ 54,085,838	\$ 12,525,941	\$ 13,450,225	\$ 58,372,544	\$ 67,536,063
Capital assets	<u>38,470,670</u>	<u>37,419,898</u>	<u>47,160,951</u>	<u>47,277,759</u>	<u>85,631,621</u>	<u>84,697,657</u>
Total assets	<u>84,317,273</u>	<u>91,505,736</u>	<u>59,686,892</u>	<u>60,727,984</u>	<u>144,004,165</u>	<u>152,233,720</u>
Other liabilities	1,529,472	1,624,403	1,660,618	1,756,274	3,190,090	3,380,677
Long-term liabilities	<u>64,043,072</u>	<u>70,201,994</u>	<u>28,084,244</u>	<u>30,276,766</u>	<u>92,127,316</u>	<u>100,478,760</u>
Total liabilities	<u>65,572,544</u>	<u>71,826,397</u>	<u>29,744,862</u>	<u>32,033,040</u>	<u>95,317,406</u>	<u>103,859,437</u>
Net position:						
Net investment in capital assets	9,578,570	8,858,742	22,994,554	22,080,586	32,573,124	30,939,328
Restricted	2,158,612	3,800,596	531,573	522,756	2,690,185	4,323,352
Unrestricted	<u>7,007,547</u>	<u>7,020,001</u>	<u>6,415,903</u>	<u>6,091,602</u>	<u>13,423,450</u>	<u>13,111,603</u>
Total net position	\$ <u>18,744,729</u>	\$ <u>19,679,339</u>	\$ <u>29,942,030</u>	\$ <u>28,694,944</u>	\$ <u>48,686,759</u>	\$ <u>48,374,283</u>

The City's combined net position was \$48.7 million as of September 30, 2013. Of the \$48.7 million, \$18.7 was in the governmental activities and \$29.9 million was in the business-type activities. The City's total net position increased when compared to the prior year with an increase of \$312,476.

Net position consists of three components: net investment in capital assets, restricted net position and unrestricted net position. The first portion of net position (\$32.6 million or 67 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 net investment in capital assets increased \$1,633,796 or 5 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 position which totaled \$2.7 million at September 30, 2013, or 6 percent of overall total net position. Restricted net position represents resources that are subject to external restrictions on how they may be used. Restricted net position decreased \$1,633,167 or 38 percent compared to September 30, 2012.

The third portion consists of unrestricted net position totaling \$13.4 million or 28 percent of total net position. Unrestricted net position may be used to meet the City's ongoing obligation to citizens and creditors. Unrestricted net position increased \$311,847 or 2 percent compared to September 30, 2012.

Changes in Net Position. The City's total revenues for the fiscal year ended September 30, 2013, were \$31.8 million. Total revenues increased when compared to the prior year by \$1.5 million or 5 percent. The City's total cost of all programs and services increased from the prior year's \$30.7 million to \$31.5 million, an increase of 3 percent.

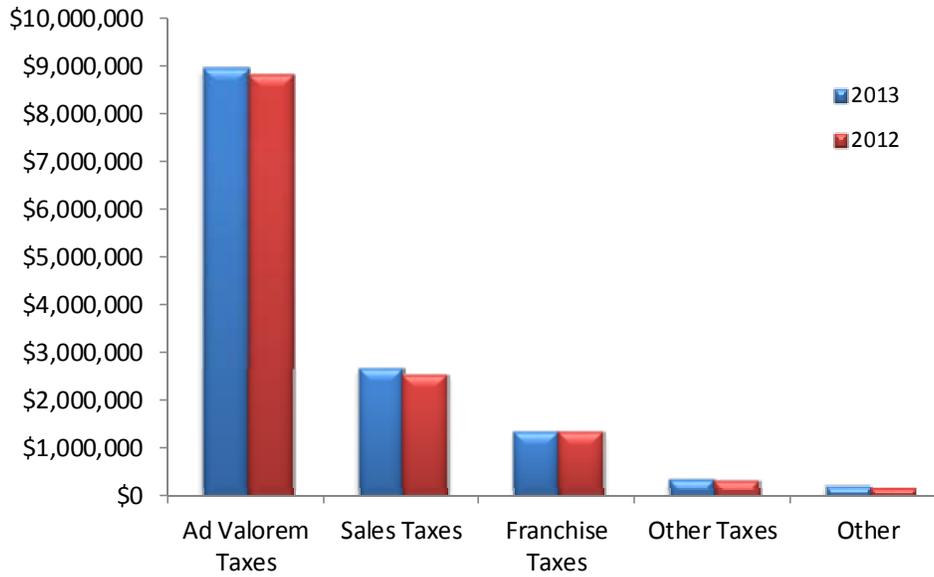
Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 2,972,693	\$ 3,321,129	\$ 14,639,124	\$ 13,162,304	\$ 17,611,817	\$ 16,483,433
Operating grants and contributions	460,352	289,311	-	-	460,352	289,311
Capital grants and contributions	863	139,528	19,145	3,422	20,008	142,950
General revenues:						
Ad valorem taxes	8,994,705	8,873,472	-	-	8,994,705	8,873,472
Franchise taxes	1,361,973	1,361,161	-	-	1,361,973	1,361,161
Sales taxes	2,712,277	2,585,231	-	-	2,712,277	2,585,231
Other taxes	357,225	352,523	-	-	357,225	352,523
Interest and investment earnings	67,321	17,072	19,806	12,553	87,127	29,625
Miscellaneous	162,006	176,736	-	-	162,006	176,736
Gain on sale of capital assets	-	-	49,520	-	49,520	-
Total revenues	<u>17,089,415</u>	<u>17,116,163</u>	<u>14,727,595</u>	<u>13,178,279</u>	<u>31,817,010</u>	<u>30,294,442</u>
Expenses:						
General government	2,763,344	2,546,927	-	-	2,763,344	2,546,927
Community services	1,991,851	2,244,461	-	-	1,991,851	2,244,461
Fleet and facility maintenance	260,234	221,682	-	-	260,234	221,682
Highways and streets	1,493,706	1,271,079	-	-	1,493,706	1,271,079
Public safety	10,215,865	10,124,360	-	-	10,215,865	10,124,360
Interest on long-term debt	2,345,029	2,464,443	-	-	2,345,029	2,464,443
Water and sewer	-	-	8,675,269	8,435,752	8,675,269	8,435,752
Solid waste	-	-	3,149,394	2,776,066	3,149,394	2,776,066
Golf course	-	-	609,842	580,689	609,842	580,689
Total expenses	<u>19,070,029</u>	<u>18,872,952</u>	<u>12,434,505</u>	<u>11,792,507</u>	<u>31,504,534</u>	<u>30,665,459</u>
Increase (decrease) in net position before transfers	(1,980,614)	(1,756,789)	2,293,090	1,385,772	312,476	(371,017)
Transfers	<u>1,046,004</u>	<u>683,000</u>	<u>(1,046,004)</u>	<u>(683,000)</u>	<u>-</u>	<u>-</u>
Change in net position	(934,610)	(1,073,789)	1,247,086	702,772	312,476	(371,017)
Net position, beginning	<u>19,679,339</u>	<u>20,753,128</u>	<u>28,694,944</u>	<u>27,992,172</u>	<u>48,374,283</u>	<u>48,745,300</u>
Net position, ending	<u>\$ 18,744,729</u>	<u>\$ 19,679,339</u>	<u>\$ 29,942,030</u>	<u>\$ 28,694,944</u>	<u>\$ 48,686,759</u>	<u>\$ 48,374,283</u>

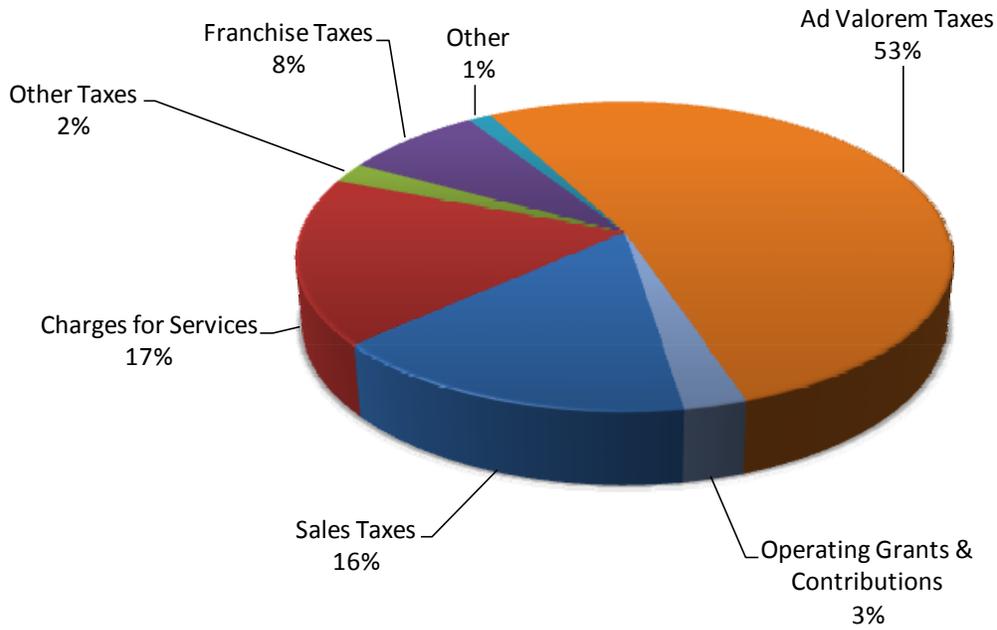
General Revenues – Governmental Activities

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 \$121,233, which is an increase of 1 percent compared to last year. Sales tax increased by \$127,046 or 5 percent compared to last year.

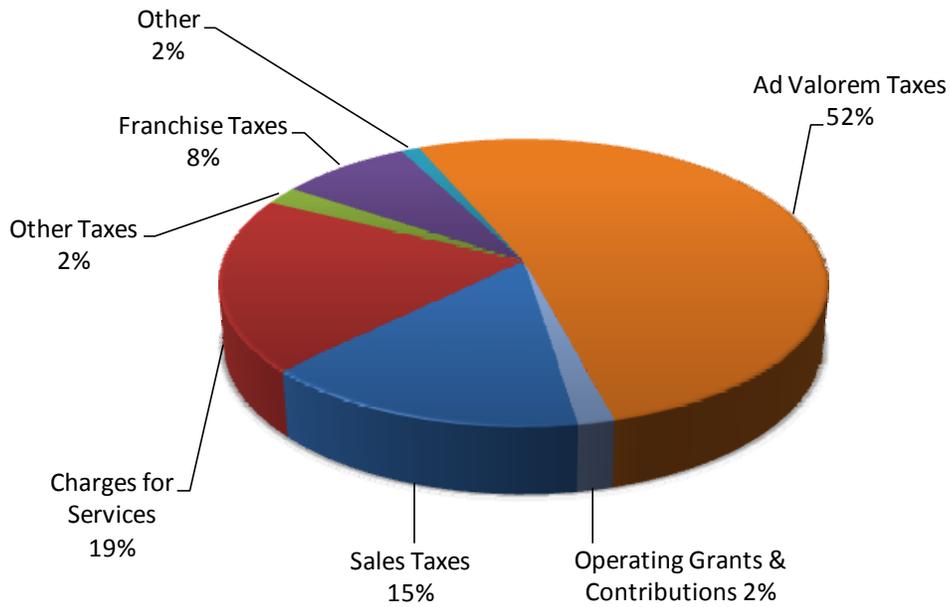
General Revenues – Governmental Activities



Revenues by Source – Governmental Activities – FY 2013



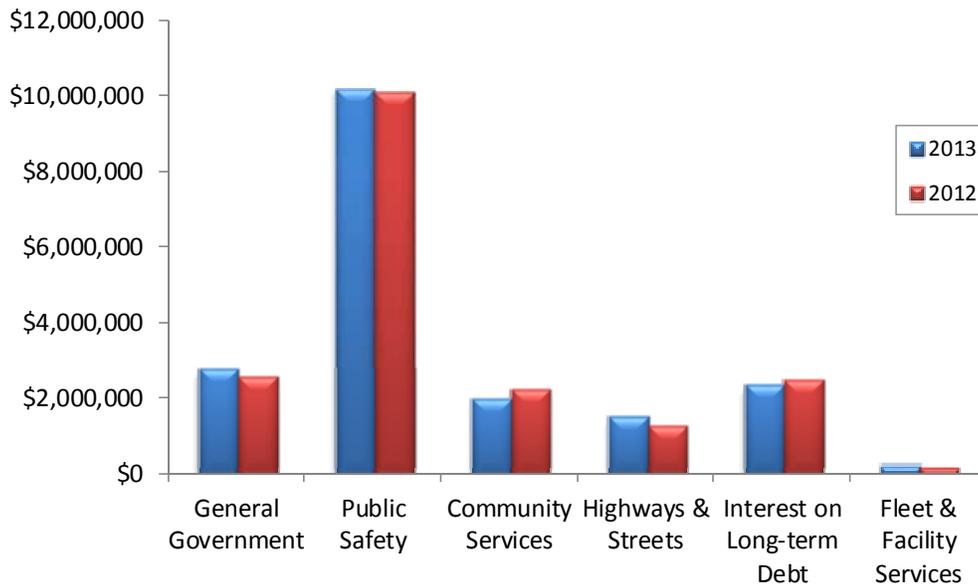
Revenues by Source – Governmental Activities – FY 2012



Expenses – Governmental Activities

The chart following illustrates the City's governmental expenses by function. As shown, Public Safety is the largest function in expenses at \$10.2 million, or 54 percent compared to the prior year's \$10.1 million, or 54 percent, followed by General Government at \$2.8 million, or 14 percent compared to prior year's \$2.5 million, or 13 percent. Community Services recorded \$2.0 million, or 10 percent compared to prior year's \$2.2 million, or 12 percent. Highways and Streets recorded \$1.5 million, or 8 percent compared to prior year's \$1.3 million, or 7 percent.

Expenses – Governmental Activities

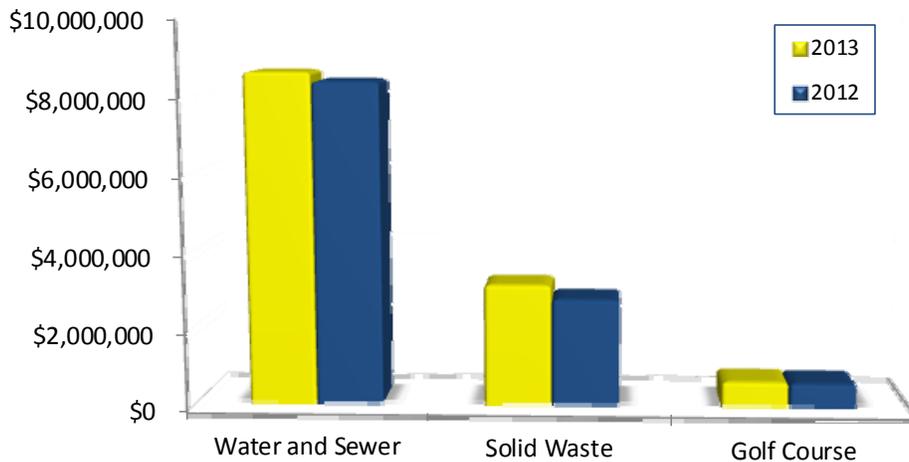


Business-type Activities – Revenues

Business-type activities increased the City’s net position by \$1,247,086. Charges for services provided the largest share of revenues at 99.9 percent.

Water and sewer fees are the major revenue source for the business-type activities of the City, which recorded \$10.7 million in revenue. Compared to the prior year, water and sewer revenues increased \$949,639 or 10 percent. Solid Waste revenues increased \$578,158 or 19 percent. The Golf Course Fund revenues decreased from \$421,911 in 2012 to \$370,934 in 2013, a decrease of \$50,977 or 12 percent.

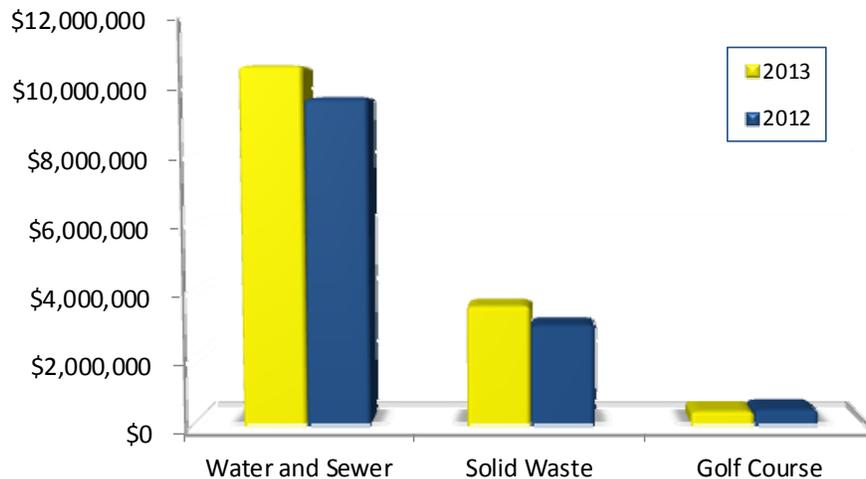
Program Revenues – Business-type Activities



Business-type Activities – Expenses

Total expenses for business-type activities were \$12.4 million, an increase of \$641,998 or 5 percent compared to the prior year. Water and Sewer recorded \$8.7 million in expenses, a decrease of \$239,517 or 3 percent compared to the prior year. Solid Waste expenses increased \$373,328 or 13 percent. Golf Course expenses increased from \$580,689 in 2012 to \$609,842 in 2013, an increase of \$29,153 or 5 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, the 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 \$30.8 million, an increase of \$8.9 million in comparison with the prior year.

The General Fund is the chief operating fund of the City. At September 30, 2013, unassigned fund balance of the General Fund was \$6.1 million, while total fund balance was \$6.3 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 43 percent of total General Fund expenditures.

The Debt Service Fund has a total fund balance of \$17.3 million, all of which is restricted for the payment of debt service. The debt service fund balance increase is primarily attributable to the payment in the amount of \$16,927,200 from the Texas Department of Transportation.

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 position of the Water & Sewer Fund as of the end of the year amounted to \$5.9 million, an increase of \$268,692 or 5 percent. The Solid Waste Fund unrestricted net position was \$1.6 million, an increase of \$244,788 or 19 percent. Unrestricted net position for the Golf Course Fund decreased from prior year's \$(841,772) to \$(1,030,951) in 2013.

The total decrease/increase in net position for the three funds was \$1,373,207, \$785, and \$(126,906), respectively. Total operating revenues in fiscal year 2012-13 were \$14.7 million, an increase of 11 percent over the year ending September 2012. Total operating expenses totaled \$11.4 million, an increase of less than one percent. Total operating income was \$3.3 million, an increase of \$834,161 or 34 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 53 for more information on budget policies).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2013, the City has \$85.6 million invested in various capital assets, net of accumulated depreciation. Of the \$85.6 million, \$38.5 million is invested in governmental activities and \$47.2 million is invested in business-type activities. Compared to last year, total capital assets increased \$933,964. Capital assets in Governmental Activities increased \$1,050,772 from the prior year. Capital assets in Business-type Activities decreased \$116,808 or less than one percent from the prior year.

The following table provides a breakdown of the capital asset balances net of accumulated depreciation at September 30, 2013. Additional information on the City's capital assets may be found in Note III-E to the financial statements.

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

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	\$ 1,263,035	\$ 1,263,035	\$ 822,263	\$ 809,041	\$ 2,085,298	\$ 2,072,076
Buildings and improvements	3,312,692	2,878,191	38,939	49,772	3,351,631	2,927,963
Furniture and fixtures	16,241	16,932	-	-	16,241	16,932
Vehicles	1,135,352	1,018,774	918,289	739,553	2,053,641	1,758,327
Equipment	1,811,497	1,169,887	746,086	707,973	2,557,583	1,877,860
Facilities/infrastructure	28,993,824	12,979,271	41,296,653	42,067,023	70,290,477	55,046,294
Construction in progress	<u>1,938,029</u>	<u>18,093,808</u>	<u>3,338,721</u>	<u>2,904,397</u>	<u>5,276,750</u>	<u>20,998,205</u>
Total capital assets	<u>\$ 38,470,670</u>	<u>\$ 37,419,898</u>	<u>\$ 47,160,951</u>	<u>\$ 47,277,759</u>	<u>\$ 85,631,621</u>	<u>\$ 84,697,657</u>

Long-term Debt

The City's total debt decreased by \$8,009,999 during the current fiscal year. During fiscal year 2013, the City had the following debt issuances:

- Series 2013 General Obligation and Refunding Bonds in the amount of \$1,350,000.
- Series 2013 Limited Tax Notes in the amount of \$2,630,000.
- Series 2013 General Obligation Bonds in the amount of \$4,685,000.

The following schedule shows the outstanding bonds and notes of the City (both current and long-term) as of September 30, 2013.

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

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
General obligations	\$ 21,978,134	\$ 16,923,761	\$ 19,346,868	\$ 20,901,240	\$ 41,325,002	\$ 37,825,001
Tax/revenue certificates of obligation	33,210,000	44,220,000	2,150,000	2,290,000	35,360,000	46,510,000
Tax notes	<u>5,574,819</u>	<u>5,305,000</u>	<u>5,940,181</u>	<u>6,570,000</u>	<u>11,515,000</u>	<u>11,875,000</u>
	<u>\$ 60,762,953</u>	<u>\$ 66,448,761</u>	<u>\$ 27,437,049</u>	<u>\$ 29,761,240</u>	<u>\$ 88,200,002</u>	<u>\$ 96,210,001</u>

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

Bonded Debt Ratings September 30, 2013

Bond Type	Standard & Poor's	Moody's
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-G of the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Property tax revenues for M & O are budgeted to decrease in FY 2014. This decrease is attributed to increased debt service payments and the lost property tax revenue from the over-65 tax freeze and the disabled veterans' exemption.

The sales tax revenue is extremely important to the City because it reduces the General Fund's dependency on property taxes. This revenue represents an 8.4% increase in comparison to the prior year budgeted amount.

The increase in the number of utility accounts is a good indicator and impacts the revenue in the water, sewer, solid waste, and drainage revenue.

The 2013-2014 tax rate approved by City Council is 77.74 cents per \$100 of assessed valuation. This is a 1.74 cent increase from the previous year. The adopted tax rate includes the tax rate increase from 2012 Special Bond Proposition to reconstruct Fire Station #2 as approved by the Copperas Cove residents. The tax rate has two components: 25.450 cents or 32.74% going to the Debt Service fund and 52.290 cents or 67.26% to the General Fund. The adopted tax rate is less than the rollback tax rate of 86.52 cents per \$100 valuation.

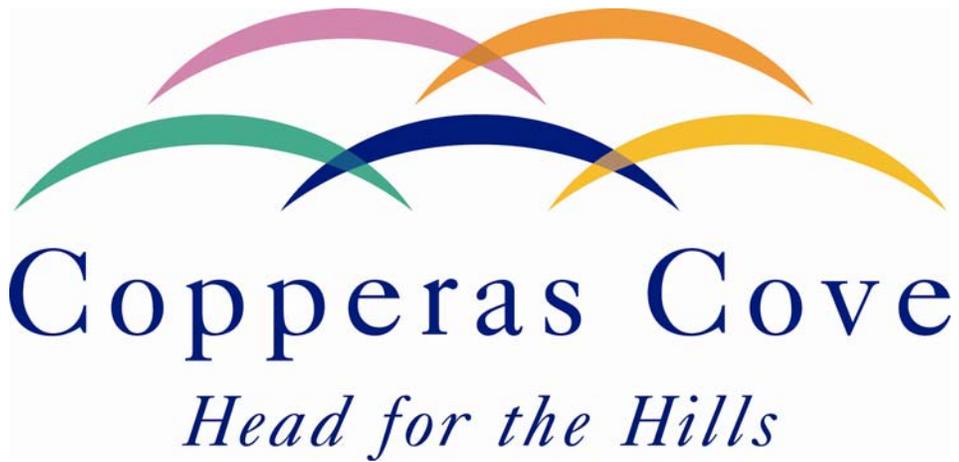
REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Copperas Cove, Texas' finances for all those with an interest in the 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.copperascovetx.gov>



Copperas Cove

Head for the Hills

CITY OF COPPERAS COVE, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 29,745,195	\$ 6,192,151	\$ 35,937,346	\$ 3,260,430
Receivables (net of allowance):				
Taxes	844,705	-	844,705	225,090
Ambulance fees	121,116	-	121,116	-
Accounts	247,325	3,426,229	3,673,554	-
Fines	75,515	-	75,515	-
Grants	12,808,298	-	12,808,298	-
Internal balances	998,202	(998,202)	-	-
Inventory	72,888	26,705	99,593	-
Prepaid items	8,044	8,880	16,924	-
Notes receivable	164,494	-	164,494	-
Restricted cash and investments	-	3,553,315	3,553,315	-
Deferred charges	760,821	316,863	1,077,684	41,203
Deferred contributions	-	-	-	2,386,752
Capital assets:				
Nondepreciable	3,201,064	4,160,984	7,362,048	1,191,379
Depreciable (net)	35,269,606	42,999,967	78,269,573	243,024
Total assets	<u>84,317,273</u>	<u>59,686,892</u>	<u>144,004,165</u>	<u>7,347,878</u>
LIABILITIES				
Accounts payable	608,329	580,258	1,188,587	21,207
Accrued liabilities	317,454	190,370	507,824	5,088
Due to other governments	114,110	-	114,110	-
Retainage payable	-	86,277	86,277	-
Unearned revenue	49,034	1,001	50,035	-
Other liabilities	128,974	-	128,974	-
Accrued interest payable	311,571	107,510	419,081	9,393
Customer deposits	-	695,202	695,202	-
Noncurrent liabilities:				
Due within one year	17,925,048	2,662,222	20,587,270	82,610
Due in more than one year	46,118,024	25,422,022	71,540,046	1,906,673
Total liabilities	<u>65,572,544</u>	<u>29,744,862</u>	<u>95,317,406</u>	<u>2,024,971</u>
NET POSITION				
Net investment in capital assets	9,578,570	22,994,554	32,573,124	954,403
Restricted for:				
Debt service	370,920	531,573	902,493	-
Community services	352,417	-	352,417	-
Highways and streets	1,338,433	-	1,338,433	-
Public safety	96,842	-	96,842	-
Economic development	-	-	-	4,368,504
Unrestricted	7,007,547	6,415,903	13,423,450	-
Total net position	<u>\$ 18,744,729</u>	<u>\$ 29,942,030</u>	<u>\$ 48,686,759</u>	<u>\$ 5,322,907</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, 2013

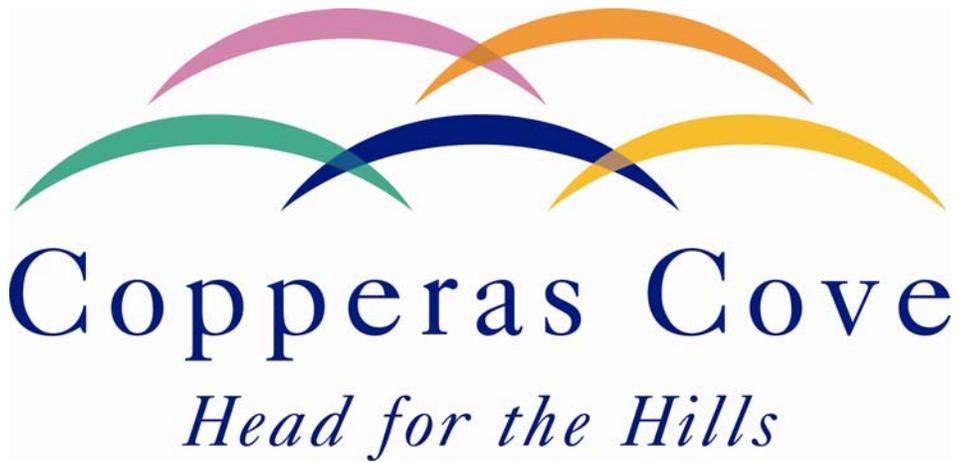
Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 2,763,344	\$ 283,509	\$ -	\$ -
Community services	1,991,851	1,119,533	87,661	-
Fleet and facility services	260,234	-	-	-
Highways and streets	1,493,706	900,308	145,175	-
Public safety	10,215,865	669,343	227,516	863
Interest on long-term debt	2,345,029	-	-	-
Total governmental activities	<u>19,070,029</u>	<u>2,972,693</u>	<u>460,352</u>	<u>863</u>
Business-type activities:				
Water and sewer	8,675,269	10,706,431	-	-
Solid waste	3,149,394	3,561,759	-	19,145
Golf course	609,842	370,934	-	-
Total business-type activities	<u>12,434,505</u>	<u>14,639,124</u>	<u>-</u>	<u>19,145</u>
Total primary government	<u>\$ 31,504,534</u>	<u>\$ 17,611,817</u>	<u>\$ 460,352</u>	<u>\$ 20,008</u>
COMPONENT UNIT				
Economic development	<u>\$ 1,085,028</u>	<u>\$ 11,050</u>	<u>\$ -</u>	<u>\$ -</u>
Total component unit	<u>\$ 1,085,028</u>	<u>\$ 11,050</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:
Ad valorem taxes
Sales taxes
Franchise taxes
Other taxes
Miscellaneous
Unrestricted investment earnings
Gain on sale of capital assets
Transfers
Total general revenues and transfers
Change in net position
Net position, beginning
Net position, ending

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

Net (Expense) Revenue and Changes in Net Position

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$(2,479,835)	\$ -	\$(2,479,835)	
(784,657)	-	(784,657)	
(260,234)	-	(260,234)	
(448,223)	-	(448,223)	
(9,318,143)	-	(9,318,143)	
(2,345,029)	-	(2,345,029)	
<u>(15,636,121)</u>	<u>-</u>	<u>(15,636,121)</u>	
-	2,031,162	2,031,162	
-	431,510	431,510	
<u>-</u>	<u>(238,908)</u>	<u>(238,908)</u>	
<u>-</u>	<u>2,223,764</u>	<u>2,223,764</u>	
<u>(15,636,121)</u>	<u>2,223,764</u>	<u>(13,412,357)</u>	
			\$(<u>1,073,978</u>)
			<u>(1,073,978)</u>
8,994,705	-	8,994,705	-
2,712,277	-	2,712,277	1,356,895
1,361,973	-	1,361,973	-
357,225	-	357,225	-
162,006	-	162,006	-
67,321	19,806	87,127	1,712
-	49,520	49,520	-
<u>1,046,004</u>	<u>(1,046,004)</u>	<u>-</u>	<u>-</u>
<u>14,701,511</u>	<u>(976,678)</u>	<u>13,724,833</u>	<u>1,358,607</u>
(934,610)	1,247,086	312,476	284,629
<u>19,679,339</u>	<u>28,694,944</u>	<u>48,374,283</u>	<u>5,038,278</u>
<u>\$ 18,744,729</u>	<u>\$ 29,942,030</u>	<u>\$ 48,686,759</u>	<u>\$ 5,322,907</u>



Copperas Cove

Head for the Hills

CITY OF COPPERAS COVE, TEXAS

GOVERNMENTAL FUNDS

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

CITY OF COPPERAS COVE, TEXAS

GOVERNMENTAL FUNDS

BALANCE SHEET

SEPTEMBER 30, 2013

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 5,461,495	\$ 17,018,489	\$ 7,265,211	\$ 29,745,195
Receivables (net of allowance):				
Taxes	759,318	47,642	37,745	844,705
Ambulance fees	121,116	-	-	121,116
Accounts	74,008	-	173,317	247,325
Fines	70,806	-	4,709	75,515
Grants	21,923	12,695,400	90,975	12,808,298
Due from other funds	784,387	289,649	3,937	1,077,973
Inventory	72,888	-	-	72,888
Prepaid items	8,044	-	-	8,044
Notes receivable	-	-	164,494	164,494
Total assets	\$ 7,373,985	\$ 30,051,180	\$ 7,740,388	\$ 45,165,553
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 241,485	\$ -	\$ 366,844	\$ 608,329
Due to other funds	40	-	79,731	79,771
Due to other governments	114,110	-	-	114,110
Deferred revenue	323,523	12,743,712	47,507	13,114,742
Accrued liabilities	308,958	-	8,496	317,454
Other liabilities	128,974	-	-	128,974
Total liabilities	1,117,090	12,743,712	502,578	14,363,380
Fund balances:				
Nonspendable	80,932	-	-	80,932
Restricted	9,446	17,307,468	7,240,882	24,557,796
Assigned	50,260	-	-	50,260
Unassigned	6,116,257	-	(3,072)	6,113,185
Total fund balances	6,256,895	17,307,468	7,237,810	30,802,173
Total liabilities and fund balances	\$ 7,373,985	\$ 30,051,180	\$ 7,740,388	\$ 45,165,553

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 POSITION**

SEPTEMBER 30, 2013

Total fund balances - governmental funds balance sheet	\$ 30,802,173
Amounts reported for governmental activities in the statement of net position 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.	38,470,670
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.	(63,593,822)
Other long-term assets/liabilities are not available to pay for current period expenditures and, therefore, are deferred in the funds.	<u>13,065,708</u>
Net position of governmental activities - statement of net position	<u>\$ 18,744,729</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, 2013

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 10,987,013	\$ 2,266,112	\$ 182,652	\$ 13,435,777
Charges for services	1,249,149	-	899,161	2,148,310
Intergovernmental	30,561	17,057,375	279,995	17,367,931
Fines	635,602	-	37,172	672,774
Licenses	46,463	-	-	46,463
Permits	151,749	-	-	151,749
Investment income	18,645	41,977	6,699	67,321
Miscellaneous	248,743	8,260	2,709	259,712
Total revenues	13,367,925	19,373,724	1,408,388	34,150,037
EXPENDITURES				
Current:				
General government	2,410,130	-	-	2,410,130
Community services	1,658,864	-	134,628	1,793,492
Fleet and facility services	255,839	-	-	255,839
Highways and streets	797,275	-	285,263	1,082,538
Public safety	9,103,012	-	47,270	9,150,282
Capital outlay	24,980	-	2,955,189	2,980,169
Debt service:				
Principal retirement	-	13,115,808	115,000	13,230,808
Interest and fiscal charges	-	2,818,467	17,223	2,835,690
Bond issuance costs	-	41,824	80,429	122,253
Total expenditures	14,250,100	15,976,099	3,635,002	33,861,201
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(882,175)	3,397,625	(2,226,614)	288,836
OTHER FINANCING SOURCES (USES)				
Issuance of bonds	-	860,000	6,685,000	7,545,000
Premium on bonds	-	10,781	-	10,781
Proceeds from sale of capital assets	8,741	-	-	8,741
Proceeds from insurance	13,397	-	-	13,397
Transfers in	1,258,250	-	2,728	1,260,978
Transfers out	(2,728)	(112,246)	(100,000)	(214,974)
Total other financing sources (uses)	1,277,660	758,535	6,587,728	8,623,923
NET CHANGE IN FUND BALANCES	395,485	4,156,160	4,361,114	8,912,759
FUND BALANCES, BEGINNING	5,861,410	13,151,308	2,876,696	21,889,414
FUND BALANCES, ENDING	\$ 6,256,895	\$ 17,307,468	\$ 7,237,810	\$ 30,802,173

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, 2013

Net change in fund balances - total governmental funds \$ 8,912,759

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.

1,055,026

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 position. 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.

6,259,319

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.

(74,700)

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

(17,082,760)

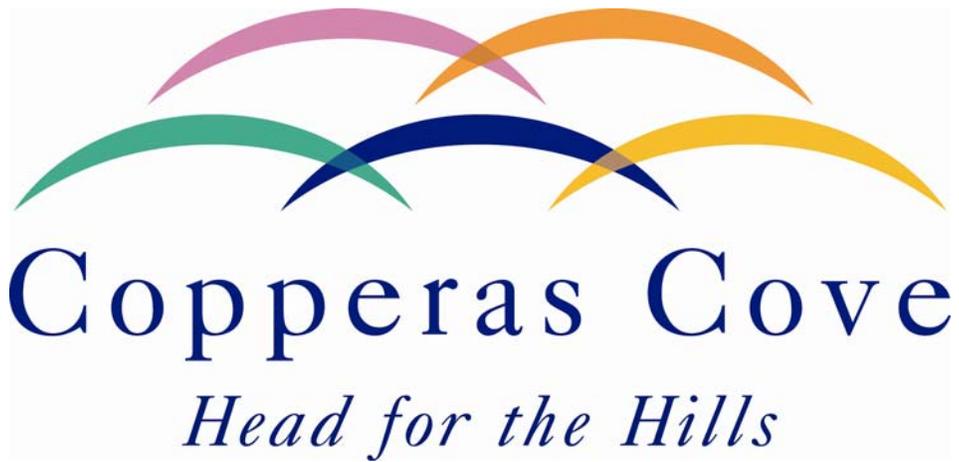
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.

(4,254)

Change in net position of governmental activities - statement of activities

\$(934,610)

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.

“The City Built for Family Living”

CITY OF COPPERAS COVE, TEXAS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

	Business-type Activities			Total
	Water and Sewer	Solid Waste	Nonmajor Golf Course	
ASSETS				
Current assets:				
Cash and investments	\$ 5,361,009	\$ 831,142	\$ -	\$ 6,192,151
Accounts receivable, net	1,797,096	1,627,303	1,830	3,426,229
Inventory	-	-	26,705	26,705
Prepaid expenses	8,800	80	-	8,880
Restricted cash and investments	<u>3,211,541</u>	<u>341,734</u>	<u>40</u>	<u>3,553,315</u>
Total current assets	<u>10,378,446</u>	<u>2,800,259</u>	<u>28,575</u>	<u>13,207,280</u>
Noncurrent assets:				
Deferred charges	298,735	12,456	5,672	316,863
Property and equipment:				
Land	402,263	120,000	300,000	822,263
Buildings	189,590	-	132,722	322,312
Vehicles	997,833	2,001,141	16,723	3,015,697
Equipment	1,699,539	1,294,943	359,245	3,353,727
Facilities	28,284,664	3,581,837	1,654,545	33,521,046
Infrastructure	41,951,720	-	-	41,951,720
Construction in progress	3,338,721	-	-	3,338,721
Less: accumulated depreciation	<u>(34,631,340)</u>	<u>(3,598,409)</u>	<u>(934,786)</u>	<u>(39,164,535)</u>
Net property and equipment	<u>42,232,990</u>	<u>3,399,512</u>	<u>1,528,449</u>	<u>47,160,951</u>
Total noncurrent assets	<u>42,531,725</u>	<u>3,411,968</u>	<u>1,534,121</u>	<u>47,477,814</u>
Total assets	<u>\$ 52,910,171</u>	<u>\$ 6,212,227</u>	<u>\$ 1,562,696</u>	<u>\$ 60,685,094</u>
LIABILITIES AND NET POSITION				
Current liabilities:				
Accounts payable	\$ 454,691	\$ 106,808	\$ 18,759	\$ 580,258
Accrued liabilities	57,751	124,407	8,212	190,370
Due to other funds	-	-	998,202	998,202
Deferred revenue	-	236	765	1,001
Customer deposits	695,202	-	-	695,202
Retainage payable	86,277	-	-	86,277
Accrued interest	103,389	4,043	78	107,510
Long-term debt, current portion	<u>2,412,708</u>	<u>171,354</u>	<u>78,160</u>	<u>2,662,222</u>
Total current liabilities	<u>3,810,018</u>	<u>406,848</u>	<u>1,104,176</u>	<u>5,321,042</u>
Noncurrent liabilities:				
Compensated absences	80,074	19,569	7,816	107,459
Bonds payable	22,972,032	1,181,095	336,958	24,490,085
Net pension obligation	122,091	47,960	20,857	190,908
Net OPEB obligation	30,303	12,993	5,298	48,594
Estimated landfill postclosure care costs	<u>-</u>	<u>584,976</u>	<u>-</u>	<u>584,976</u>
Total noncurrent liabilities	<u>23,204,500</u>	<u>1,846,593</u>	<u>370,929</u>	<u>25,422,022</u>
Total liabilities	<u>27,014,518</u>	<u>2,253,441</u>	<u>1,475,105</u>	<u>30,743,064</u>
Net position:				
Net investment in capital assets	19,578,639	2,297,373	1,118,542	22,994,554
Restricted for:				
Debt service	431,146	100,427	-	531,573
Unrestricted	<u>5,885,868</u>	<u>1,560,986</u>	<u>(1,030,951)</u>	<u>6,415,903</u>
Total net position	<u>\$ 25,895,653</u>	<u>\$ 3,958,786</u>	<u>\$ 87,591</u>	<u>\$ 29,942,030</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 POSITION**

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Business-type Activities			Total Funds
	Water and Sewer	Solid Waste	Nonmajor Golf Course	
OPERATING REVENUES				
Charges for services	\$ 10,635,793	\$ 3,556,576	\$ 339,826	\$ 14,532,195
Miscellaneous	70,638	24,328	31,108	126,074
Total operating revenues	<u>10,706,431</u>	<u>3,580,904</u>	<u>370,934</u>	<u>14,658,269</u>
OPERATING EXPENSES				
Personnel services	1,884,194	932,078	268,598	3,084,870
Supplies and materials	2,414,856	310,727	60,328	2,785,911
Services and charges	1,489,568	1,307,810	107,544	2,904,922
Maintenance and repairs	280,692	148,142	102,906	531,740
Depreciation	1,604,114	408,659	63,490	2,076,263
Total operating expenses	<u>7,673,424</u>	<u>3,107,416</u>	<u>602,866</u>	<u>11,383,706</u>
OPERATING INCOME (LOSS)	<u>3,033,007</u>	<u>473,488</u>	<u>(231,932)</u>	<u>3,274,563</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	17,045	2,755	6	19,806
Interest and fiscal charges	(986,955)	(41,978)	(6,976)	(1,035,909)
Gain (loss) on sale of capital assets	(14,890)	49,520	-	34,630
Total nonoperating revenues (expenses)	<u>(984,800)</u>	<u>10,297</u>	<u>(6,970)</u>	<u>(981,473)</u>
NET INCOME (LOSS) BEFORE TRANSFERS	2,048,207	483,785	(238,902)	2,293,090
TRANSFERS				
Transfers in	20,000	-	112,246	132,246
Transfers out	<u>(695,000)</u>	<u>(483,000)</u>	<u>(250)</u>	<u>(1,178,250)</u>
CHANGE IN NET POSITION	1,373,207	785	(126,906)	1,247,086
NET POSITION, BEGINNING	<u>24,522,446</u>	<u>3,958,001</u>	<u>214,497</u>	<u>28,694,944</u>
NET POSITION, ENDING	<u>\$ 25,895,653</u>	<u>\$ 3,958,786</u>	<u>\$ 87,591</u>	<u>\$ 29,942,030</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, 2013

	Business-type Activities			Total Funds
	Water and Sewer	Solid Waste	Nonmajor Golf Course	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 10,713,910	\$ 3,320,324	\$ 339,826	\$ 14,374,060
Payments to suppliers	(4,331,001)	(1,742,789)	(246,874)	(6,320,664)
Payments to employees	(1,942,484)	(938,303)	(268,210)	(3,148,997)
Net cash flows provided (used) by operating activities	<u>4,440,425</u>	<u>639,232</u>	<u>(175,258)</u>	<u>4,904,399</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income received	<u>17,045</u>	<u>2,755</u>	<u>6</u>	<u>19,806</u>
Net cash flows provided by investing activities	<u>17,045</u>	<u>2,755</u>	<u>6</u>	<u>19,806</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash received from other funds	20,000	-	307,786	327,786
Cash paid to other funds	(362,431)	(483,000)	(250)	(845,681)
Net cash provided (used) by noncapital financing activities	<u>(342,431)</u>	<u>(483,000)</u>	<u>307,536</u>	<u>(517,895)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from issuance of long-term debt	365,000	235,000	40,000	640,000
Principal paid on long-term debt	(2,622,127)	(160,124)	(132,246)	(2,914,497)
Interest and fiscal charges paid	(858,830)	(39,139)	(12,196)	(910,165)
Proceeds from sale of capital assets	-	30,377	-	30,377
Acquisition of property and equipment	(1,476,261)	(466,668)	(28,127)	(1,971,056)
Net cash used by capital and related financing activities	<u>(4,592,218)</u>	<u>(400,554)</u>	<u>(132,569)</u>	<u>(5,125,341)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(477,179)	(241,567)	(285)	(719,031)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>9,049,729</u>	<u>1,414,443</u>	<u>325</u>	<u>10,464,497</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 8,572,550</u>	<u>\$ 1,172,876</u>	<u>\$ 40</u>	<u>\$ 9,745,466</u>

CITY OF COPPERAS COVE, TEXAS

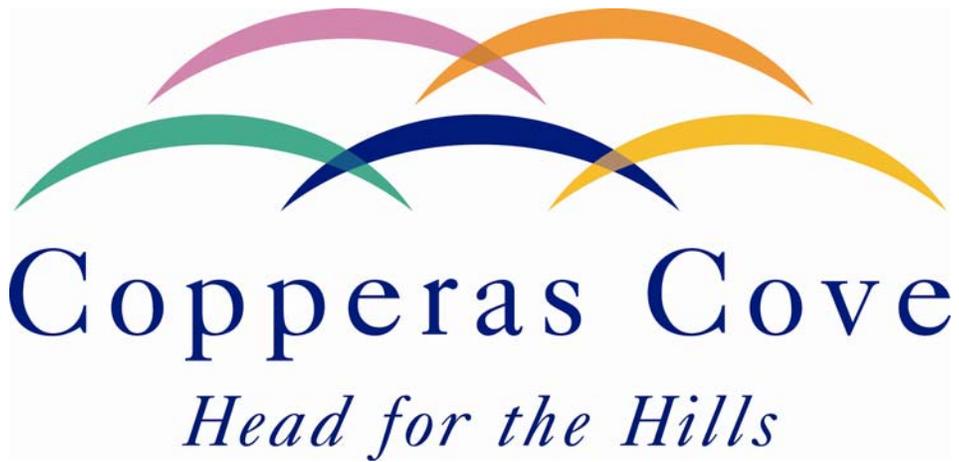
PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Business-type Activities			
	Water and Sewer	Solid Waste	Nonmajor Golf Course	Total Funds
RECONCILIATION OF OPERATING INCOME (LOSS)				
TO NET CASH PROVIDED (USED) BY OPERATING				
ACTIVITIES				
Operating income (loss)	\$ 3,033,007	\$ 473,488	\$(231,932)	\$ 3,274,563
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,604,114	408,659	63,490	2,076,263
Decrease (increase) in assets:				
Accounts receivable	(84,980)	(260,816)	-	(345,796)
Inventory	-	-	(12,891)	(12,891)
Prepaid expenses	1,357	850	217	2,424
Increase (decrease) in liabilities:				
Accounts payable	(128,532)	(58,226)	5,470	(181,288)
Retainage payable	(18,709)	-	-	(18,709)
Accrued liabilities	(2,322)	24,425	(2,098)	20,005
Landfill closure costs	-	81,266	-	81,266
Accrued compensated absences	(63,413)	(34,745)	1,558	(96,600)
Net pension obligation	2,015	1,108	251	3,374
Net OPEB obligation	5,429	2,987	677	9,093
Deferred revenue	-	236	-	236
Customer deposits	92,459	-	-	92,459
Total adjustments	<u>1,407,418</u>	<u>165,744</u>	<u>56,674</u>	<u>1,629,836</u>
Net cash provided (used) by operating activities	<u>\$ 4,440,425</u>	<u>\$ 639,232</u>	<u>\$(175,258)</u>	<u>\$ 4,904,399</u>
Schedule of non-cash capital and related				
financing activities:				
Contributions of capital assets	\$ -	\$ 19,145	\$ -	\$ 19,145

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, 2013

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, May 10, 2008, May 8, 2010, and November 6, 2012. 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 position 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.

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.

Additionally, the City reports the following fund types:

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

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

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.

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.

D. Assets, Liabilities and Net Position 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 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.

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	7
Equipment	7
Furniture and fixtures	7

Compensated Absences

The City's vacation policy grants employee vacation depending on longevity, from 10 days after one year to 20 days after 20 years. Accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it, which typically is the General Fund. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Sick leave is awarded at 80 hours per year with a maximum accumulation of 960 hours. Fifty percent (50%) sick pay benefits are accrued as expenditures only when the individual employee is eligible to collect retirement from the Texas Municipal Retirement System (TMRS). The fifty percent (50%) of unused sick leave will be paid to employees who retire with 20 years or more of physical continual service with the City of Copperas Cove; and, at the time of separation, collect a TMRS monthly retirement check.

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 position.

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.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed ordinance 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 Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

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 Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. 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 \$(63,593,822) difference are as follows:

Bonds payable	\$(60,762,953)
Bond issuance costs	760,821
Unamortized bond discounts and premiums	(2,375,690)
Deferred loss on refunding	481,399
Net pension obligation	(542,644)
Net OPEB obligation	(135,295)
Accrued interest payable	(311,571)
Compensated absences	<u>(707,889)</u>
 Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	 <u>\$(63,593,822)</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 \$13,065,708 difference are as follows:

Grants	\$ 12,695,400
Property taxes	191,438
Ambulance charges for services	103,356
Municipal court fines	<u>75,514</u>
 Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net - position of governmental activities</i>	 <u>\$ 13,065,708</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 position 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 \$1,055,026 difference are as follows:

Capital outlay	\$ 2,878,284
Depreciation expense	<u>(1,823,258)</u>
 Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net - position of governmental activities</i>	 <u>\$ 1,055,026</u>

Another element of that reconciliation states that, "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. 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 \$6,259,319 difference are as follows:

Principal repayments	\$ 13,230,808
Issuance of debt	(7,545,000)
Bond issuance costs	(2,925)
Discounts and premiums	543,169
Deferred loss on refunding	<u>33,267</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net - position of governmental activities</i>	<u>\$ 6,259,319</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 \$(74,700) difference are as follows:

Compensated absences	\$(67,641)
Accrued interest	28,622
Net pension obligation	(13,940)
Net OPEB obligation	<u>(21,741)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net - position of governmental activities</i>	<u>\$(74,700)</u>

Another element of that reconciliation states, "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position." The details of this \$(4,254) difference are as follows:

Dispositions	\$(<u>4,254</u>)
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net - position of governmental activities</i>	<u>\$(4,254)</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.

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, 2013, 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: The City’s investment policy does not allow for an investment in any one issuer that is in excess of 5 percent of the City’s total investments.

The City’s investments at September 30, 2013, are shown below:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	\$ 24,045,979	55
TexStar	119,934	46
Municipal bonds	<u>6,035,936</u>	123
Total Fair Value	<u>\$ 30,201,849</u>	69

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

position 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 position 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 if they are not collected within 60 days after the close of the City's fiscal year.

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

C. Receivables

Receivables at September 30, 2013, for the City's individual major and nonmajor funds including the applicable allowances for uncollectible accounts, consist of the following:

	<u>General</u>	<u>Debt Service</u>	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Nonmajor</u>	<u>Total</u>
Receivables:						
Taxes	\$ 759,318	\$ 47,642	\$ -	\$ -	\$ 37,745	\$ 844,705
Ambulance	4,929,217	-	-	-	-	4,929,217
Fines	1,418,651	-	-	-	94,175	1,512,826
Utilities	-	-	2,839,138	2,064,428	-	4,903,566
Miscellaneous	74,008	-	-	-	275,170	349,178
Grants	21,923	12,695,400	-	-	90,975	12,808,298
Notes	-	-	-	-	164,494	164,494
Gross receivables	<u>7,203,117</u>	<u>12,743,042</u>	<u>2,839,138</u>	<u>2,064,428</u>	<u>662,559</u>	<u>25,512,284</u>
Less: allowance for uncollectible	<u>(6,155,946)</u>	<u>-</u>	<u>(1,042,042)</u>	<u>(437,125)</u>	<u>(189,489)</u>	<u>(7,824,602)</u>
Net total receivables	<u>\$ 1,047,171</u>	<u>\$ 12,743,042</u>	<u>\$ 1,797,096</u>	<u>\$ 1,627,303</u>	<u>\$ 473,070</u>	<u>\$ 17,687,682</u>

D. Deferred Revenue

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

	<u>Unavailable</u>	<u>Unearned</u>
Governmental funds:		
Taxes receivable	\$ 191,437	\$ -
Ambulance fees	103,356	-
Municipal court fines	75,515	-
Miscellaneous	-	6,236
Grants	<u>12,695,400</u>	<u>42,798</u>
Total	<u>\$ 13,065,708</u>	<u>\$ 49,034</u>

E. Capital Assets

Capital asset activity for the year ended September 30, 2013, was as follows:

Primary Government

	Balance 10/1/12	Additions	Deletions	Adjustments	Balance 09/30/13
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,263,035	\$ -	\$ -	\$ -	\$ 1,263,035
Construction in progress	1,969,305	842,721	873,997	-	1,938,029
Total assets not being depreciated	<u>3,232,340</u>	<u>842,721</u>	<u>873,997</u>	<u>-</u>	<u>3,201,064</u>
Capital assets, being depreciated:					
Buildings	7,967,196	710,185	-	-	8,677,381
Furniture and fixtures	307,297	-	-	-	307,297
Vehicles	3,782,982	507,017	327,165	(74,050)	3,962,834
Equipment	4,453,696	818,361	68,491	-	5,203,566
Infrastructure	15,601,273	873,997	-	-	16,475,270
Facilities	18,952,000	-	-	-	18,952,000
Total capital assets being depreciated	<u>51,064,444</u>	<u>2,909,560</u>	<u>395,656</u>	<u>(74,050)</u>	<u>53,578,348</u>
Less accumulated depreciation:					
Buildings	5,089,005	275,684	-	-	5,364,689
Furniture and fixtures	290,365	691	-	-	291,056
Vehicles	2,764,208	386,186	322,912	(54,905)	2,827,482
Equipment	3,283,810	176,749	68,490	-	3,392,069
Infrastructure	2,622,001	317,276	-	-	2,939,277
Facilities	2,827,497	666,672	-	-	3,494,169
Total accumulated depreciation	<u>16,876,886</u>	<u>1,823,258</u>	<u>391,402</u>	<u>(54,905)</u>	<u>18,308,742</u>
Total capital assets being depreciated, net	<u>34,187,558</u>	<u>1,086,302</u>	<u>4,254</u>	<u>(19,145)</u>	<u>35,269,606</u>
Governmental activities capital assets, net	<u>\$ 37,419,898</u>	<u>\$ 1,929,023</u>	<u>\$ 878,251</u>	<u>\$ (19,145)</u>	<u>\$ 38,470,670</u>

	Balance 09/30/12	Additions	Deletions	Adjustments	Balance 09/30/13
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 809,041	\$ 13,222	\$ -	\$ -	\$ 822,263
Construction in progress	<u>2,903,332</u>	<u>1,221,244</u>	<u>785,855</u>	<u>-</u>	<u>3,338,721</u>
Total assets not being depreciated	<u>3,712,373</u>	<u>1,234,466</u>	<u>785,855</u>	<u>-</u>	<u>4,160,984</u>
Capital assets, being depreciated:					
Buildings	322,312	-	-	-	322,312
Vehicles	2,504,247	492,944	55,544	74,050	3,015,697
Equipment	3,663,184	219,946	529,403	-	3,353,727
Infrastructure	41,165,865	785,855	-	-	41,951,720
Facilities	<u>33,497,346</u>	<u>23,700</u>	<u>-</u>	<u>-</u>	<u>33,521,046</u>
Total capital assets being depreciated	<u>81,152,954</u>	<u>1,522,445</u>	<u>584,947</u>	<u>74,050</u>	<u>82,164,502</u>
Less accumulated depreciation:					
Buildings	272,541	10,833	-	-	283,374
Vehicles	1,764,693	333,354	55,544	54,905	2,097,408
Equipment	2,955,212	152,149	499,721	-	2,607,640
Infrastructure	22,326,105	739,877	-	-	23,065,982
Facilities	<u>10,270,082</u>	<u>840,049</u>	<u>-</u>	<u>-</u>	<u>11,110,131</u>
Total accumulated depreciation	<u>37,588,633</u>	<u>2,076,262</u>	<u>555,265</u>	<u>54,905</u>	<u>39,164,535</u>
Total capital assets being depreciated, net	<u>43,564,321</u>	<u>(553,817)</u>	<u>29,682</u>	<u>19,145</u>	<u>42,999,967</u>
Business-type activities capital assets, net	<u>\$ 47,276,694</u>	<u>\$ 680,649</u>	<u>\$ 815,537</u>	<u>\$ 19,145</u>	<u>\$ 47,160,951</u>

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

Government activities:	
General government	\$ 230,455
Public safety	997,500
Community service	186,612
Highways and streets	407,669
Fleet maintenance	<u>1,022</u>
Total depreciation expense - governmental activities	<u>\$ 1,823,258</u>
Business-type activities:	
Water and sewer	\$ 1,604,113
Solid waste	408,659
Golf course	<u>63,490</u>
Total depreciation expense - business-type activities	<u>\$ 2,076,262</u>

Discretely Presented Component Unit

Activity for the Copperas Cove Economic Development Corporation (CCEDC) for the year ended September 30, 2013, was as follows:

	Balance 09/30/12	Additions	Deletions	Balance 09/30/13
Capital assets, not being depreciated:				
Land	\$ 1,150,899	\$ -		\$ 1,150,899
Construction in progress	-	40,480	-	40,480
Total assets not being depreciated	<u>1,150,899</u>	<u>40,480</u>	<u>-</u>	<u>1,191,379</u>
Capital assets, being depreciated:				
Buildings	177,379	-	-	177,379
Equipment	114,102	-	-	114,102
Improvements other than buildings	<u>246,600</u>	<u>-</u>	<u>-</u>	<u>246,600</u>
Total capital assets being depreciated	<u>538,081</u>	<u>-</u>	<u>-</u>	<u>538,081</u>
Less accumulated depreciation:				
Buildings	103,557	7,095	-	110,652
Equipment	106,805	3,620	-	110,425
Improvements other than buildings	<u>49,320</u>	<u>24,660</u>	<u>-</u>	<u>73,980</u>
Total accumulated depreciation	<u>259,682</u>	<u>35,375</u>	<u>-</u>	<u>295,057</u>
Total capital assets being depreciated, net	<u>278,399</u>	<u>(35,375)</u>	<u>-</u>	<u>243,024</u>
Governmental activities capital assets, net	<u>\$ 1,429,298</u>	<u>\$ 5,105</u>	<u>\$ -</u>	<u>\$ 1,434,403</u>

F. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables at September 30, 2013, is as follows:

	Interfund Receivables	Interfund Payables
General fund		
Nonmajor governmental funds	\$ 79,731	\$ 40
Nonmajor enterprise funds	704,656	-
Total general fund	<u>784,387</u>	<u>40</u>
Debt service		
Nonmajor enterprise funds	<u>289,649</u>	<u>-</u>
Total Debt Service	<u>289,649</u>	<u>-</u>
Nonmajor governmental funds		
General fund	40	79,731
Nonmajor enterprise funds	<u>3,897</u>	<u>-</u>
Total nonmajor governmental funds	<u>3,937</u>	<u>79,731</u>
Nonmajor enterprise funds		
General fund	-	704,656
Debt service	-	289,649
Nonmajor governmental funds	<u>-</u>	<u>3,897</u>
Total nonmajor enterprise funds	<u>-</u>	<u>998,202</u>
Total	<u>\$ 1,077,973</u>	<u>\$ 1,077,973</u>

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, 2013, were:

	<u>Transfers in</u>	<u>Transfers out</u>
General fund		
Water and sewer	\$ 695,000	\$ -
Solid waste	483,000	-
Nonmajor governmental funds	80,000	2,728
Nonmajor enterprise funds	<u>250</u>	<u>-</u>
Total general fund	<u>1,258,250</u>	<u>2,728</u>
Debt service		
Nonmajor enterprise funds	<u>-</u>	<u>112,246</u>
Total water and sewer	<u>-</u>	<u>112,246</u>
Water and sewer		
General fund	-	695,000
Nonmajor governmental funds	<u>20,000</u>	<u>-</u>
Total water and sewer	<u>20,000</u>	<u>695,000</u>
Solid waste		
General fund	<u>-</u>	<u>483,000</u>
Total nonmajor governmental funds	<u>-</u>	<u>483,000</u>
Nonmajor governmental funds		
General fund	2,728	80,000
Water and sewer	<u>-</u>	<u>20,000</u>
Total nonmajor governmental funds	<u>2,728</u>	<u>100,000</u>
Nonmajor enterprise funds		
General fund	<u>112,246</u>	<u>250</u>
Total nonmajor enterprise funds	<u>112,246</u>	<u>250</u>
Total	<u>\$ 1,393,224</u>	<u>\$ 1,393,224</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. Long-term Debt

A summary of long-term debt transactions, including current position, for the year ended September 30, 2013, is as follows:

	Balance 09/30/12	Additions	Deletions	Amount Refunded	Balance 09/30/13	Due Within One Year
Governmental activities:						
General obligation bonds	\$ 16,923,761	\$ 5,545,000	\$ 490,627	\$ -	\$ 21,978,134	\$ 783,094
Certificates of obligation	44,220,000	-	11,010,000	-	33,210,000	15,755,000
Limited tax notes	5,305,000	2,000,000	935,000	795,181	5,574,819	1,061,325
Unamortized bond premium	3,012,781	10,781	559,585	-	2,463,977	-
Unamortized bond discount	(93,921)	-	5,634	-	(88,287)	-
Deferred amount on refunding	(448,133)	64,819	31,553	-	(481,399)	-
Total bonds payable	68,919,488	7,620,600	12,958,025	795,181	62,657,244	17,599,419
Compensated absences	640,248	462,312	394,671	-	707,889	325,629
Net pension obligation	528,704	900,062	886,122	-	542,644	-
Net OPEB obligation	113,554	45,474	23,733	-	135,295	-
Governmental activities long-term debt	<u>\$ 70,201,994</u>	<u>\$ 9,028,448</u>	<u>\$ 14,262,551</u>	<u>\$ 795,181</u>	<u>\$ 64,043,072</u>	<u>\$ 17,925,048</u>
Business-type activities:						
General obligation bonds	\$ 20,901,240	\$ 490,000	\$ 2,044,372	\$ -	\$ 19,346,868	\$ 1,811,907
Certificates of obligation	2,290,000	-	140,000	-	2,150,000	140,000
Limited tax notes	6,570,000	630,000	730,000	529,819	5,940,181	638,675
Unamortized bond premiums	237,394	57,313	51,837	-	242,870	-
Unamortized bond discounts	(42,914)	(3,864)	3,749	-	(43,029)	-
Deferred amount on refunding	(632,015)	5,069	70,723	-	(556,223)	-
Total bonds payable	29,323,705	1,178,518	3,040,681	529,819	27,080,667	2,590,582
Estimated landfill postclosure care costs	503,710	81,266	-	-	584,976	-
Compensated absences	222,316	82,139	125,356	-	179,099	71,640
Net pension obligation	187,534	348,213	344,839	-	190,908	-
Net OPEB obligation	39,501	18,285	9,192	-	48,594	-
Business-type activities long-term debt	<u>\$ 30,276,766</u>	<u>\$ 1,708,421</u>	<u>\$ 3,520,068</u>	<u>\$ 529,819</u>	<u>\$ 28,084,244</u>	<u>\$ 2,662,222</u>
Discretely Presented Component Unit:						
Revenue bonds	\$ 2,040,000	\$ -	\$ 70,000	\$ -	\$ 1,970,000	\$ 75,000
Compensated absences	-	10,054	-	-	10,054	7,610
Net pension obligation	7,194	299	-	-	7,493	-
Net OPEB obligation	1,202	534	-	-	1,736	-
Discretely Presented Component Unit	<u>\$ 2,048,396</u>	<u>\$ 10,887</u>	<u>\$ 70,000</u>	<u>\$ -</u>	<u>\$ 1,989,283</u>	<u>\$ 82,610</u>

For the liability for the net pension obligation and the net other postemployment benefit obligation, the General Fund normally liquidates approximately 70 percent, the Water and Sewer Fund normally liquidates approximately 15 percent, and the Solid Waste Fund normally liquidates approximately 15 percent. The remaining 10 percent is primarily liquidated by nonmajor funds.

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.

Bonds payable at September 30, 2013, includes the following individual issues:

	Interest Rate %	Issue Date	Maturity Date	Original Issue	Outstanding
Governmental activities:					
General obligation bonds:					
2005 refunding	3.68	11/29/05	08/15/19	1,892,800	164,344
2006 refunding	3.78	03/09/06	08/15/21	996,000	878,000
2007 refunding	3.94	05/31/07	09/30/23	1,408,500	1,354,500
2009 various purpose	3.00 - 4.875	09/10/09	08/15/34	4,770,000	4,565,000
2010 various purpose	4.00 - 4.50	05/25/10	08/15/35	1,425,000	1,355,000
2010 refunding	1.00 - 2.75	11/15/10	08/15/19	2,490,540	1,802,790
2011 various purpose	3.50 - 5.00	02/01/11	08/15/28	5,490,000	5,490,000
2012 refunding	0.25 - 3.00	04/15/12	08/15/23	972,000	823,500
2013 refunding	2.00	04/15/13	08/15/17	860,000	860,000
2013 various purpose	0.35-2.625	01/15/13	08/15/33	4,685,000	4,685,000
Limited tax notes:					
2008	2.78	05/01/08	02/15/14	1,640,000	229,431
2008A	3.611	10/28/08	08/30/15	1,235,000	305,388
2009	2.00 - 3.00	09/10/09	08/15/16	890,000	555,000
2010	2.375 - 3.00	05/27/10	08/15/16	165,000	360,000
2010A	1.00 - 2.30	11/15/10	08/15/14	1,380,000	1,180,000
2012	1.96	02/11/12	09/30/18	990,000	945,000
2013	0.35-1.25	01/15/13	09/30/19	2,000,000	2,000,000
Tax/revenue certificates of obligation:					
2007 various purpose	3.94	05/31/07	09/30/27	5,300,000	5,060,000
2011 various purpose	3.50 - 5.00	02/01/11	08/15/17	<u>39,000,000</u>	<u>28,150,000</u>
Total				<u>\$ 77,589,840</u>	<u>\$ 60,762,953</u>
Business-type activities:					
General obligation bonds:					
2005 refunding	3.68	11/29/05	08/15/19	4,022,200	\$ 2,385,658
2006 refunding	3.78	03/09/06	08/15/21	3,984,000	3,512,000
2007 refunding	3.94	05/31/07	09/30/23	3,286,500	3,160,500
2010 various purpose	2.375 - 3.00	05/25/10	08/30/35	3,260,000	3,135,000
2010 refunding	1.00 - 2.75	11/15/10	08/15/19	3,554,460	2,767,210
2012 refunding	.25 - 3.00	04/15/12	08/15/23	4,973,000	3,896,500
2013 refunding	2.00	04/15/13	08/15/17	490,000	490,000
Limited tax notes:					
2008	2.78	05/31/08	02/15/14	1,215,000	125,569
2008A	3.611	10/28/08	08/15/15	955,000	119,612
2009	2.00 - 3.00	09/10/09	08/15/16	1,620,000	995,000
2010	2.375 - 3.00	05/27/10	08/15/16	3,885,000	3,255,000
2010A	1.00 - 2.30	11/15/10	08/15/14	535,000	535,000
2012	1.96	02/11/12	09/30/18	335,000	280,000
2013	0.35-1.25	01/15/13	09/30/19	630,000	630,000
Tax/revenue certificates of obligation:					
2005 various purpose	3.63	11/10/05	08/15/25	<u>3,050,000</u>	<u>2,150,000</u>
Total				<u>\$ 35,795,160</u>	<u>\$ 27,437,049</u>

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

On January 15, 2013, the City issued General Obligation Bonds Series 2013 in the amount of \$4,685,000, maturing in 2033 with interest rates ranging from .35% to 2.625%. The proceeds of the bonds will be used for the purpose of providing funds to acquire, construct and equip a new fire station, acquire firefighting equipment, including but not limited to the purchase of two fire trucks, and acquire land.

In April of 2013, the City issued General Obligation Refunding Bonds, Series 2013, in the amount of \$1,350,000, maturing in 2018 with interest rates ranging between .55% and 1.05%. The proceeds from the bonds were used for refunding \$1,325,000 in certain maturities of the City's outstanding obligations to achieve net present value debt service savings and paying the costs of issuance on the bonds. This refunding resulted in an economic gain of \$4,569.

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
2014	\$ 783,094	\$ 787,383	\$ 1,811,907	\$ 659,795
2015	1,107,060	764,633	1,817,929	607,327
2016	1,362,440	740,523	1,907,560	551,965
2017	1,135,200	707,803	1,804,800	495,208
2018	1,411,420	677,055	1,808,580	439,860
2019-2023	6,188,920	2,754,922	6,866,092	1,365,814
2024-2028	6,185,000	1,607,769	1,105,000	594,338
2029-2033	3,300,000	499,191	1,370,000	358,557
2034-2037	<u>505,000</u>	<u>27,299</u>	<u>855,000</u>	<u>72,125</u>
Total	<u>\$ 21,978,134</u>	<u>\$ 8,566,578</u>	<u>\$ 19,346,868</u>	<u>\$ 5,144,989</u>

Tax and Revenue Certificates of Obligation

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

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 15,755,000	\$ 1,478,789	\$ 140,000	\$ 78,045
2015	12,545,000	693,583	155,000	72,963
2016	390,000	191,936	155,000	67,337
2017	575,000	176,944	160,000	61,710
2018	330,000	155,433	170,000	55,902
2019-2023	1,855,000	571,497	945,000	182,590
2024-2027	<u>1,760,000</u>	<u>177,357</u>	<u>425,000</u>	<u>23,414</u>
Total	<u>\$ 33,210,000</u>	<u>\$ 3,445,539</u>	<u>\$ 2,150,000</u>	<u>\$ 541,961</u>

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 provided \$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 agreed to pay the City up to \$42,318,000 for the purpose of reimbursing the City for costs to construct the project. TxDOT is reimbursing the City 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

On January 15, 2013, the City issued Limited Tax Notes in the amount of \$2,630,000, maturing in 2019 with interest rates ranging from .35% to 1.25%. The proceeds of the notes will be used for the purpose of providing funds to acquire and renovate municipal buildings, construct improvements to the City’s water and wastewater system, construct improvements to the City’s solid waste facilities and make improvements to the City’s golf course.

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
2014	\$ 1,061,326	\$ 131,488	\$ 638,675	\$ 147,098
2015	1,213,493	97,569	686,506	128,953
2016	1,235,000	58,196	3,895,000	105,740
2017	1,090,000	33,008	440,000	12,323
2018	600,000	13,400	170,000	3,789
2019	<u>375,000</u>	<u>4,688</u>	<u>110,000</u>	<u>1,376</u>
Total	<u>\$ 5,574,819</u>	<u>\$ 338,349</u>	<u>\$ 5,940,181</u>	<u>\$ 399,279</u>

IV. OTHER INFORMATION

A. Risk Management

The City is a member of the Texas Municipal League’s Intergovernmental Risk Pool (“Pool”). The Pool was created for the purpose of providing coverage against risks that are inherent in operating a political subdivision. The City pays annual premiums to the Pool for liability, property and workers’ compensation coverage. The City’s agreement with the Pool provides that the Pool will be self-sustaining through member premiums. The Pool agrees to handle all liability, property and workers’ compensation claims and provides any defense as is necessary.

The Pool makes available to the City loss control services to assist the City in following a plan of loss control that may result in reduced losses. The City agrees that it will cooperate in instituting any and all reasonable loss control recommendations made by the Pool. The City also carries commercial insurance on all other risks of loss, including employee health and accident insurance. The City has experienced no significant reductions in coverage through the Pool over the past year. There have been no insurance settlements exceeding Pool or insurance coverage for any of the past three years.

B. Commitments and Contingencies

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

The City has active governmental and water and sewer construction projects as of September 30, 2013.

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	\$ 744,838	\$ 473,288	\$ 271,550
Water and sewer	<u>1,742,988</u>	<u>1,385,331</u>	<u>357,657</u>
Total	<u>\$ 2,487,826</u>	<u>\$ 1,858,619</u>	<u>\$ 629,207</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 from 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:

Employee Deposit Rate:	6%
Matching Ratio (City to Employee)	2 to 1
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20
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.

The annual pension cost and net pension obligation are as follows:

	September 30,		
	2013	2012	2011
Annual Required Contribution (ARC)	\$ 1,261,930	\$ 1,280,493	\$ 1,424,875
Interest on NPO	50,595	46,151	32,684
Adjustment to the ARC	(44,452)	(39,671)	(27,042)
Annual pension cost	1,268,073	1,286,973	1,430,517
Contributions made	(1,249,819)	(1,223,476)	(1,207,012)
Increase (decrease) in NPO	18,254	63,497	223,505
Percentage of APC contributed	99%	95%	84%
Net pension obligation (NPO), beginning of year	<u>722,791</u>	<u>659,294</u>	<u>435,789</u>
Net pension obligation (NPO), end of year	<u>\$ 741,045</u>	<u>\$ 722,791</u>	<u>\$ 659,294</u>

The required contribution rates for fiscal year 2013 were determined as part of the December 31, 2010 and 2011 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2012, also follows:

Actuarial Valuation Date	12/31/10	12/31/11	12/31/12
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll
GASB 25 equivalent single amortization period	27.3 years; closed period	26.3 years closed period	25.4 years closed period
Amortization period for new gains/losses	30 years	30 years	30 years
Asset valuation method	10-year smoothed market	10-year smoothed market	10-year smoothed market
Actuarial Assumptions:			
Investment rate of return*	7.0%	7.0%	7.0%
Projected salary increases	varies by age and service	varies by age and service	varies by age and service
*Includes inflation at	3.0%	3.0%	3.0%
Cost-of-living adjustments	2.1%	2.1%	2.1%

Funded Status and Funding Progress

The funded status as of December 31, 2012, the most recent actuarial valuation date, is presented as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio	Unfunded Actuarial Accrued Liability	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
12/31/12	\$ 37,694,754	\$ 45,799,844	82.3%	\$ 8,105,090	\$ 10,636,844	76.2%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, 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. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

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 271 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 premiums.

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

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 accrual that is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty 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)	\$ 65,538
Interest on Net OPEB Obligation	6,887
Adjustment to the ARC	(6,381)
Annual OPEB Cost	66,044
Employer Contributions	(33,474)
Increase (Decrease) in Net OPEB Obligation	32,570
Net OPEB Obligation, beginning of year	<u>153,055</u>
Net OPEB Obligation, end of year	<u>\$ 185,625</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 fiscal year ending September 30, 2013 and the preceding two fiscal years were as follows:

Fiscal Year Ended	Annual Required Contribution	Employer Contribution	Percentage Contributed	Net OPEB Obligation
09/30/11	\$ 79,136	\$ 29,681	37.5%	\$ 110,617
09/30/12	81,668	39,230	48.0%	153,055
09/30/13	66,044	33,474	50.7%	185,625

The funded status of the City's retiree health care plan, under GASB Statement No. 45 as of December 31, 2012, is as follows:

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
12/31/12	-	\$616,076	\$616,076	- %	10,636,449	5.79%

Under the reporting parameters, the City's retiree health care plan is 0.0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$616,076 at December 31, 2012. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 5.79%.

Actuarial Methods and Assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and its employees to that point. Actuarial calculations reflect a long term perspective and employ methods and assumptions that are designed to reduce short term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Inflation rate	3.00% per annum
Investment rate of return	4.50%, net of expenses
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level as a percentage of employee payroll
Amortization period	30-year open amortization
Payroll Growth	3.00% per annum
Healthcare cost trend rate	Initial rate of 7.5% declining to an ultimate rate of 4.50% after 8 years

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

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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 2013, 2012 and 2011 were \$17,828, \$19,761, and \$23,695, which equaled the required contributions each year.

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
09/30/11	\$ 23,695	\$ 23,695	100%	\$ -
09/30/12	19,761	19,761	100%	-
09/30/13	17,828	17,828	100%	-

E. Municipal Solid Waste Landfill

On October 9, 1991, the Environmental Protection Agency (EPA) approved Subtitle "D" regulations that mandate environmental controls over the development and operations of landfills throughout the United States. The Texas Commission on Environmental Quality (TCEQ) oversees the implementation of these regulations and provides guidelines that parallel those of the EPA. The City of Copperas Cove falls under these controls. Subtitle "D" regulations require that all landfills abide by specific criteria. Among these criteria are regulations on the closure and postclosure of municipal solid waste landfills.

The regulations require that once the landfill is closed, the owner/operator is responsible for maintaining the final cover, monitoring groundwater and methane gas, and continuing leachate management for 30 years.

The total current cost of 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 remaining postclosure care costs for changes due to inflation or deflation, technology, or applicable laws or regulations.

Estimated postclosure care costs as of September 30, 2013, are \$584,976. It is estimated that the landfill requires 16 years of postclosure care as of September 30, 2013.

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, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 10,809,014	\$ 11,198,310	\$ 10,987,013	\$(211,297)
Charges for services	1,180,755	1,170,117	1,249,149	79,032
Intergovernmental	-	694	30,561	29,867
Fines	740,727	723,605	635,602	(88,003)
Licenses	40,175	37,867	46,463	8,596
Permits	157,040	157,895	151,749	(6,146)
Investment income	15,025	15,308	18,645	3,337
Miscellaneous	317,881	273,203	248,743	(24,460)
Total revenues	13,260,617	13,576,999	13,367,925	(209,074)
EXPENDITURES				
Current:				
General government	2,580,322	2,668,992	2,603,127	65,865
Community services	1,953,225	1,759,553	1,674,884	84,669
Fleet and facility services	273,387	260,394	255,839	4,555
Highways and streets	776,630	976,945	810,430	166,515
Public safety	9,815,828	9,502,777	9,257,734	245,043
Total expenditures	15,399,392	15,168,661	14,602,015	566,646
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,138,775)	(1,591,662)	(1,234,090)	357,572
OTHER FINANCING SOURCES (USES)				
Transfers in	1,260,000	1,258,000	1,258,250	250
Transfers out	(2,000)	(30,113)	(2,728)	27,385
Proceeds from sale of capital assets	6,000	4,536	8,741	4,205
Proceeds from insurance	-	1,825	13,397	11,572
Total other financing sources (uses)	1,264,000	1,234,248	1,277,660	43,412
NET CHANGE IN FUND BALANCE	\$(874,775)	\$(357,414)	43,570	\$ 400,984
FUND BALANCE, BEGINNING			5,861,410	
CURRENT YEAR ENCUMBRANCES			362,132	
PRIOR YEAR ENCUMBRANCES			(10,217)	
FUND BALANCE, ENDING			\$ 6,256,895	

CITY OF COPPERAS COVE, TEXAS

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR PARTICIPATION
IN TEXAS MUNICIPAL RETIREMENT SYSTEM**

FOR THE YEAR ENDED SEPTEMBER 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a/b)	Unfunded AAL (UAAL) (b-a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
12/31/2010	\$ 32,237,271	\$ 41,374,396	77.9%	\$ 9,137,125	\$ 10,800,859	84.6%
12/31/2011	34,888,305	43,708,685	79.8%	8,820,380	10,796,316	81.7%
12/31/2012	37,694,754	45,799,844	82.3%	8,105,090	10,636,844	76.2%

CITY OF COPPERAS COVE, TEXAS

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR
POST-RETIREMENT HEALTH CARE BENEFIT PLAN**

FOR THE YEAR ENDED SEPTEMBER 30, 2013

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Funded Ratio (a/b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (b-a)/(c)</u>
12/31/2008	\$ -	\$ 523,754	0.0%	\$ 523,754	\$ 11,032,423	4.75%
12/31/2010	-	829,152	0.0%	829,152	11,028,900	7.52%
12/31/2012	-	616,076	0.0%	616,076	10,636,449	5.79%

CITY OF COPPERAS COVE, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2013

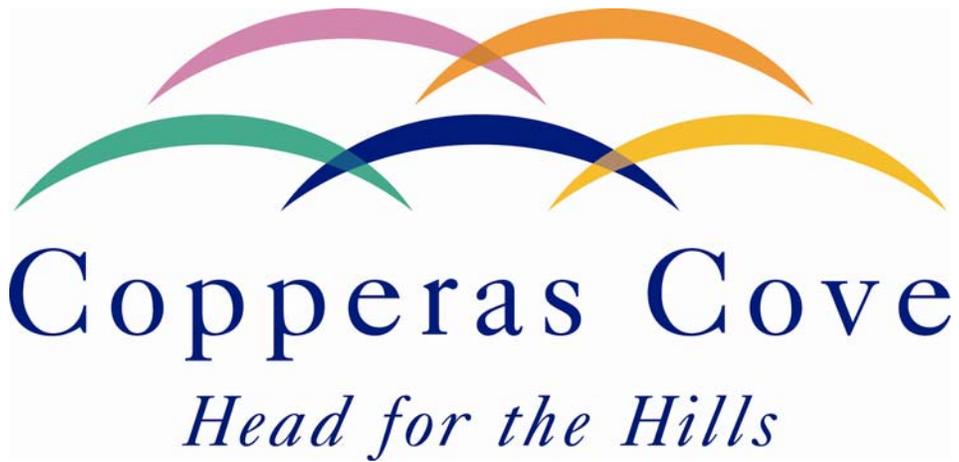
Budgets

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, 2013

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and investments	\$ 1,650,067	\$ 5,615,144	\$ 7,265,211
Receivables (net of allowances for uncollectibles):			
Taxes	37,745	-	37,745
Accounts	173,317	-	173,317
Fines	4,709	-	4,709
Grants	90,975	-	90,975
Due from other funds	3,937	-	3,937
Notes receivable	<u>164,494</u>	<u>-</u>	<u>164,494</u>
Total assets	<u>\$ 2,125,244</u>	<u>\$ 5,615,144</u>	<u>\$ 7,740,388</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 214,336	\$ 152,508	\$ 366,844
Due to other funds	79,731	-	79,731
Deferred revenue	47,507	-	47,507
Accrued liabilities	<u>8,496</u>	<u>-</u>	<u>8,496</u>
Total liabilities	<u>350,070</u>	<u>152,508</u>	<u>502,578</u>
Fund balances:			
Restricted	1,778,246	5,462,636	7,240,882
Unassigned	<u>(3,072)</u>	<u>-</u>	<u>(3,072)</u>
Total fund balances	<u>1,775,174</u>	<u>5,462,636</u>	<u>7,237,810</u>
Total liabilities and fund balances	<u>\$ 2,125,244</u>	<u>\$ 5,615,144</u>	<u>\$ 7,740,388</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, 2013

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 182,652	\$ -	\$ 182,652
Charges for services	899,161	-	899,161
Intergovernmental	279,995	-	279,995
Fines	37,172	-	37,172
Investment income	3,931	2,768	6,699
Miscellaneous	2,709	-	2,709
Total revenues	<u>1,405,620</u>	<u>2,768</u>	<u>1,408,388</u>
EXPENDITURES			
Current:			
Community services	134,628	-	134,628
Highways and streets	285,263	-	285,263
Public safety	47,270	-	47,270
Capital outlay	682,594	2,272,595	2,955,189
Debt service:			
Principal retirement	115,000	-	115,000
Interest and fiscal charges	16,389	834	17,223
Bond issuance costs	-	80,429	80,429
Total expenditures	<u>1,281,144</u>	<u>2,353,858</u>	<u>3,635,002</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>124,476</u>	<u>(2,351,090)</u>	<u>(2,226,614)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of bonds	-	6,685,000	6,685,000
Transfers in	2,728	-	2,728
Transfers out	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>
Total other financing sources (uses)	<u>(97,272)</u>	<u>6,685,000</u>	<u>6,587,728</u>
NET CHANGE IN FUND BALANCES	27,204	4,333,910	4,361,114
FUND BALANCES, BEGINNING	<u>1,747,970</u>	<u>1,128,726</u>	<u>2,876,696</u>
FUND BALANCES, ENDING	<u>\$ 1,775,174</u>	<u>\$ 5,462,636</u>	<u>\$ 7,237,810</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, 2013

	<u>Hotel/Motel Tax</u>	<u>Drainage Utility</u>	<u>Municipal Court</u>	<u>Texas Community Development Loan</u>
ASSETS				
Cash and investments	\$ 123,971	\$ 1,361,836	\$ 97,304	\$ 39,371
Receivables (net of allowance):				
Taxes	37,745	-	-	-
Accounts	-	173,317	-	-
Fines	-	-	4,709	-
Grants	-	-	-	-
Due from other funds	-	-	-	-
Notes receivable	-	-	-	164,494
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ <u>161,716</u>	\$ <u>1,535,153</u>	\$ <u>102,013</u>	\$ <u>203,865</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 23,750	\$ 188,418	\$ 463	\$ -
Due to other funds	-	-	-	-
Deferred revenue	-	-	4,708	2,805
Accrued liabilities	-	8,302	-	-
Total liabilities	<u>23,750</u>	<u>196,720</u>	<u>5,171</u>	<u>2,805</u>
Fund balances:				
Restricted	137,966	1,338,433	96,842	201,060
Unassigned	-	-	-	-
Total fund balances	<u>137,966</u>	<u>1,338,433</u>	<u>96,842</u>	<u>201,060</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	\$ <u>161,716</u>	\$ <u>1,535,153</u>	\$ <u>102,013</u>	\$ <u>203,865</u>

<u>Tobacco Grant</u>	<u>Homeland Security Grants</u>	<u>FEMA Grant</u>	<u>City Wide Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 1,878	\$ -	\$ 9	\$ 25,698	\$ 1,650,067
-	-	-	-	37,745
-	-	-	-	173,317
-	-	-	-	4,709
-	90,975	-	-	90,975
-	-	3,897	40	3,937
-	-	-	-	164,494
<u>\$ 1,878</u>	<u>\$ 90,975</u>	<u>\$ 3,906</u>	<u>\$ 25,738</u>	<u>\$ 2,125,244</u>
\$ -	\$ 1,705	\$ -	\$ -	\$ 214,336
-	79,731	-	-	79,731
1,684	12,611	-	25,699	47,507
194	-	-	-	8,496
<u>1,878</u>	<u>94,047</u>	<u>-</u>	<u>25,699</u>	<u>350,070</u>
-	-	3,906	39	1,778,246
-	(3,072)	-	-	(3,072)
-	(3,072)	3,906	39	1,775,174
<u>\$ 1,878</u>	<u>\$ 90,975</u>	<u>\$ 3,906</u>	<u>\$ 25,738</u>	<u>\$ 2,125,244</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, 2013

	<u>Hotel/Motel Tax</u>	<u>Drainage Utility</u>	<u>Municipal Court</u>	<u>Texas Community Development Loan</u>
REVENUES				
Taxes	\$ 182,652	\$ -	\$ -	\$ -
Charges for services	-	899,161	-	-
Intergovernmental	-	69,455	-	-
Fines	-	-	37,172	-
Investment income	192	2,753	104	814
Miscellaneous	-	2,709	-	-
Total revenues	<u>182,844</u>	<u>974,078</u>	<u>37,276</u>	<u>814</u>
EXPENDITURES				
Current:				
Community services	127,805	-	-	-
Highways and streets	-	285,263	-	-
Public safety	-	-	23,913	-
Capital outlay	8,627	488,967	-	-
Debt service:				
Principal retirement	30,000	85,000	-	-
Interest and fiscal charges	3,112	13,277	-	-
Total expenditures	<u>169,544</u>	<u>872,507</u>	<u>23,913</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>13,300</u>	<u>101,571</u>	<u>13,363</u>	<u>814</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	(100,000)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	13,300	1,571	13,363	814
FUND BALANCES, BEGINNING	<u>124,666</u>	<u>1,336,862</u>	<u>83,479</u>	<u>200,246</u>
FUND BALANCES, ENDING	<u>\$ 137,966</u>	<u>\$ 1,338,433</u>	<u>\$ 96,842</u>	<u>\$ 201,060</u>

<u>Tobacco Grant</u>	<u>Homeland Security Grants</u>	<u>FEMA Grant</u>	<u>City Wide Grants</u>	<u>Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 182,652
-	-	-	-	899,161
1,242	209,298	-	-	279,995
-	-	-	-	37,172
-	68	-	-	3,931
-	-	-	-	2,709
<u>1,242</u>	<u>209,366</u>	<u>-</u>	<u>-</u>	<u>1,405,620</u>
-	6,823	-	-	134,628
-	-	-	-	285,263
1,242	22,115	-	-	47,270
-	185,000	-	-	682,594
-	-	-	-	115,000
-	-	-	-	16,389
<u>1,242</u>	<u>213,938</u>	<u>-</u>	<u>-</u>	<u>1,281,144</u>
-	(4,572)	-	-	124,476
-	2,728	-	-	2,728
-	-	-	-	(100,000)
-	<u>2,728</u>	-	-	<u>(97,272)</u>
-	(1,844)	-	-	27,204
-	(1,228)	3,906	39	1,747,970
<u>\$ -</u>	<u>\$ (3,072)</u>	<u>\$ 3,906</u>	<u>\$ 39</u>	<u>\$ 1,775,174</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.

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.

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.

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.

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

2012 Tax Notes Tax Supported Fund – to account for the proceeds from limited tax notes to be used to finance tax-supported projects.

2012 Tax Note Municipal Court Fund – to account for the proceeds from limited tax notes to be used to finance Municipal Court projects.

2013 General Obligation Bonds Fund – to account for the proceeds from debt issued for the purposes of building and equipping a new fire station.

2013 Tax Notes Fund – to account for the proceeds from tax notes to be used for the acquisition and renovation of municipal buildings.

“The City Built for Family Living”

CITY OF COPPERAS COVE, TEXAS

NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

SEPTEMBER 30, 2013

	2007 Capital Improvement Certificates of Obligation	Tax Notes Series 2006	Reliever Route	2008 Tax Notes
ASSETS				
Cash and investments	\$ <u> -</u>	\$ <u> 11,855</u>	\$ <u> 15</u>	\$ <u> 4,127</u>
Total assets	\$ <u> -</u>	\$ <u> 11,855</u>	\$ <u> 15</u>	\$ <u> 4,127</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ <u> -</u>	\$ <u> 375</u>	\$ <u> -</u>	\$ <u> -</u>
Total liabilities	<u> -</u>	<u> 375</u>	<u> -</u>	<u> -</u>
Fund balances:				
Restricted	<u> -</u>	<u> 11,480</u>	<u> 15</u>	<u> 4,127</u>
Total fund balances	<u> -</u>	<u> 11,480</u>	<u> 15</u>	<u> 4,127</u>
Total liabilities and fund balances	\$ <u> -</u>	\$ <u> 11,855</u>	\$ <u> 15</u>	\$ <u> 4,127</u>

<u>2008A Tax Notes</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>2011 Revenue and Limited Tax Bonds</u>	<u>2012 Tax Notes Tax Supported</u>
\$ <u>-</u>	\$ <u>25,176</u>	\$ <u>69,666</u>	\$ <u>8,672</u>	\$ <u>20,272</u>	\$ <u>42,846</u>	\$ <u>227,683</u>
\$ <u>-</u>	\$ <u>25,176</u>	\$ <u>69,666</u>	\$ <u>8,672</u>	\$ <u>20,272</u>	\$ <u>42,846</u>	\$ <u>227,683</u>
\$ <u>-</u>	\$ <u>71</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>27,080</u>
<u>-</u>	<u>71</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,080</u>
<u>-</u>	<u>25,105</u>	<u>69,666</u>	<u>8,672</u>	<u>20,272</u>	<u>42,846</u>	<u>200,603</u>
<u>-</u>	<u>25,105</u>	<u>69,666</u>	<u>8,672</u>	<u>20,272</u>	<u>42,846</u>	<u>200,603</u>
\$ <u>-</u>	\$ <u>25,176</u>	\$ <u>69,666</u>	\$ <u>8,672</u>	\$ <u>20,272</u>	\$ <u>42,846</u>	\$ <u>227,683</u>

CITY OF COPPERAS COVE, TEXAS

NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

SEPTEMBER 30, 2013

	2012 Tax Note Municipal Court	2013 General Obligation Bonds	2013 Tax Supported Tax Notes	Total Nonmajor Capital Projects Funds
ASSETS				
Cash and investments	\$ <u>2,577</u>	\$ <u>4,593,112</u>	\$ <u>609,143</u>	\$ <u>5,615,144</u>
Total assets	\$ <u><u>2,577</u></u>	\$ <u><u>4,593,112</u></u>	\$ <u><u>609,143</u></u>	\$ <u><u>5,615,144</u></u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ <u>-</u>	\$ <u>14,715</u>	\$ <u>110,267</u>	\$ <u>152,508</u>
Total liabilities	<u>-</u>	<u>14,715</u>	<u>110,267</u>	<u>152,508</u>
Fund balances:				
Restricted	<u>2,577</u>	<u>4,578,397</u>	<u>498,876</u>	<u>5,462,636</u>
Total fund balances	<u><u>2,577</u></u>	<u><u>4,578,397</u></u>	<u><u>498,876</u></u>	<u><u>5,462,636</u></u>
Total liabilities and fund balances	\$ <u><u>2,577</u></u>	\$ <u><u>4,593,112</u></u>	\$ <u><u>609,143</u></u>	\$ <u><u>5,615,144</u></u>

CITY OF COPPERAS COVE, TEXAS

NONMAJOR CAPITAL PROJECTS FUNDS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	2007 Capital Improvement Certificates of Obligation	Tax Notes Series 2006	Reliever Route	2008 Tax Notes
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUES				
Investment income	\$ -	\$ 14	\$ -	\$ 4
Total revenues	<u> -</u>	<u> 14</u>	<u> -</u>	<u> 4</u>
EXPENDITURES				
Capital outlay	-	3,750	-	-
Debt service:				
Interest and fiscal charges	13	-	-	-
Bond issuance costs	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>
Total expenditures	<u> 13</u>	<u> 3,750</u>	<u> -</u>	<u> -</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(13)</u>	<u>(3,736)</u>	<u> -</u>	<u> 4</u>
OTHER FINANCING SOURCES (USES)				
Issuance of bonds	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>
Total other financing sources (uses)	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>
NET CHANGE IN FUND BALANCES	<u>(13)</u>	<u>(3,736)</u>	<u> -</u>	<u> 4</u>
FUND BALANCES, BEGINNING	<u> 13</u>	<u> 15,216</u>	<u> 15</u>	<u> 4,123</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ 11,480</u>	<u>\$ 15</u>	<u>\$ 4,127</u>

<u>2008A Tax Notes</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>2011 Revenue and Limited Tax Bonds</u>	<u>2012 Tax Notes Tax Supported</u>
\$ 5	\$ 86	\$ 70	\$ 13	\$ 232	\$ 77	\$ 466
<u>5</u>	<u>86</u>	<u>70</u>	<u>13</u>	<u>232</u>	<u>77</u>	<u>466</u>
2,050	33,483	-	-	301,516	33,979	368,724
233	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,283</u>	<u>33,483</u>	<u>-</u>	<u>-</u>	<u>301,516</u>	<u>33,979</u>	<u>368,724</u>
(2,278)	(33,397)	70	13	(301,284)	(33,902)	(368,258)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(2,278)	(33,397)	70	13	(301,284)	(33,902)	(368,258)
<u>2,278</u>	<u>58,502</u>	<u>69,596</u>	<u>8,659</u>	<u>321,556</u>	<u>76,748</u>	<u>568,861</u>
\$ <u>-</u>	\$ <u>25,105</u>	\$ <u>69,666</u>	\$ <u>8,672</u>	\$ <u>20,272</u>	\$ <u>42,846</u>	\$ <u>200,603</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, 2013

	<u>2012 Tax Note Municipal Court</u>	<u>2013 General Obligation Bonds</u>	<u>2013 Tax Supported Tax Notes</u>	<u>Total Nonmajor Capital Projects Funds</u>
REVENUES				
Investment income	\$ 6	\$ 1,304	\$ 491	\$ 2,768
Total revenues	<u>6</u>	<u>1,304</u>	<u>491</u>	<u>2,768</u>
EXPENDITURES				
Capital outlay	-	45,201	1,483,892	2,272,595
Debt service:				
Interest and fiscal charges	588	-	-	834
Bond issuance costs	<u>-</u>	<u>62,706</u>	<u>17,723</u>	<u>80,429</u>
Total expenditures	<u>588</u>	<u>107,907</u>	<u>1,501,615</u>	<u>2,353,858</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(582)</u>	<u>(106,603)</u>	<u>(1,501,124)</u>	<u>(2,351,090)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of bonds	<u>-</u>	<u>4,685,000</u>	<u>2,000,000</u>	<u>6,685,000</u>
Total other financing sources (uses)	<u>-</u>	<u>4,685,000</u>	<u>2,000,000</u>	<u>6,685,000</u>
NET CHANGE IN FUND BALANCES	<u>(582)</u>	<u>4,578,397</u>	<u>498,876</u>	<u>(743,363)</u>
FUND BALANCES, BEGINNING	<u>3,159</u>	<u>-</u>	<u>-</u>	<u>1,128,726</u>
FUND BALANCES, ENDING	<u>\$ 2,577</u>	<u>\$ 4,578,397</u>	<u>\$ 498,876</u>	<u>\$ 5,462,636</u>

CITY OF COPPERAS COVE, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
TAXES				
Current ad valorem	\$ 6,652,514	\$ 6,652,514	\$ 6,642,197	\$(10,317)
Delinquent ad valorem	60,000	47,271	51,796	4,525
Penalty and interest	50,000	47,839	44,196	(3,643)
Franchise	1,272,500	1,303,573	1,361,974	58,401
Sales	2,600,000	2,988,113	2,712,277	(275,836)
Mixed drink	14,000	14,000	12,081	(1,919)
Bingo	160,000	145,000	162,492	17,492
Total taxes	<u>10,809,014</u>	<u>11,198,310</u>	<u>10,987,013</u>	<u>(211,297)</u>
LICENSES				
Bicycle	10	2	4	2
Contractors	25,000	25,000	30,040	5,040
Animal	5,000	3,100	4,929	1,829
Wrecker	765	765	680	(85)
Food establishment	6,000	8,000	10,010	2,010
Vicious/dangerous	2,800	400	500	100
Taxi cab	600	600	300	(300)
Total licenses	<u>40,175</u>	<u>37,867</u>	<u>46,463</u>	<u>8,596</u>
PERMITS				
Building	50,000	50,000	47,790	(2,210)
Alarms	4,000	4,000	3,040	(960)
Street cut	6,000	7,000	8,213	1,213
Electrical	16,500	16,500	13,785	(2,715)
Solicitors	3,100	1,000	1,085	85
Gas	2,000	2,000	1,900	(100)
Mechanical	20,000	15,000	10,363	(4,637)
Garage sale	8,000	8,000	7,710	(290)
Plumbing	35,000	35,000	33,975	(1,025)
Car wash	500	500	490	(10)
Ambulance license	3,000	-	-	-
Beverage	1,740	9,035	9,065	30
Signs	1,500	1,925	3,215	1,290
Food workers	3,000	4,000	5,698	1,698
Miscellaneous	500	1,200	1,300	100
Swimming pools	200	200	490	290
Certificates	2,000	2,500	3,560	1,060
Land disturbance	-	35	70	35
Total permits	<u>157,040</u>	<u>157,895</u>	<u>151,749</u>	<u>(6,146)</u>

CITY OF COPPERAS COVE, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
CHARGES FOR SERVICES				
Swimming pool	\$ 50,500	\$ 50,500	\$ 45,735	\$(4,765)
Community building rental	28,000	31,825	31,939	114
Library miscellaneous	11,870	11,948	11,753	(195)
Animal shelter fees	29,895	25,000	30,366	5,366
Ambulance fees	690,000	660,000	761,341	101,341
Police overtime reimbursement	3,500	34,000	43,272	9,272
Police restitution	4,000	13,000	15,397	2,397
Open records	500	700	788	88
Festival	15,000	15,000	11,505	(3,495)
Copy machine	4,000	4,000	5,660	1,660
Mowing	10,000	10,000	10,593	593
Service charge - nsf checks	5,000	120	90	(30)
Plat filing fees	5,000	5,050	6,720	1,670
Animal identification	10,000	4,000	4,160	160
Sale of City maps	-	38	63	25
Special events	9,800	5,315	5,468	153
Re-inspection fees	5,000	9,000	9,150	150
Street sign	630	632	1,147	515
Pool rental	10,000	10,000	7,950	(2,050)
Animal tranquilization fees	120	120	70	(50)
Fire inspection fees	2,000	2,000	3,679	1,679
Fire testing fees	1,000	1,000	1,750	750
Rezoning request fees	1,500	1,700	1,200	(500)
Variance request fees	2,500	2,064	1,404	(660)
RV park fees	27,525	21,960	13,955	(8,005)
Football revenue	25,500	25,500	18,135	(7,365)
Basketball revenue	19,750	21,940	21,940	-
Volleyball entry fees	4,600	4,600	7,472	2,872
Youth baseball fees	42,750	45,500	39,911	(5,589)
Adult softball fees	8,000	8,525	10,757	2,232
Soccer registration fees	40,000	40,000	31,990	(8,010)
Concession sales	20,000	20,000	12,069	(7,931)
Flag football fees	12,000	12,000	13,573	1,573
Track revenue	140	200	324	124
Summer camp registration fees	41,250	41,250	33,710	(7,540)
Recreational classes revenue	5,625	5,625	3,944	(1,681)
Special events	750	905	958	53
Cemetery plot sales	13,000	7,000	14,731	7,731
Cheerleader revenue	200	200	-	(200)
Swimming lessons	17,500	17,500	14,085	(3,415)
Registration fees	2,000	-	-	-
Miscellaneous	350	400	395	(5)
Total charges for services	<u>1,180,755</u>	<u>1,170,117</u>	<u>1,249,149</u>	<u>79,032</u>

CITY OF COPPERAS COVE, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
FINES				
Traffic violations	\$ 162,272	\$ 152,000	\$ 128,050	\$(23,950)
Library fines	14,370	11,750	11,922	172
Municipal court fines	265,000	260,000	226,882	(33,118)
Arrest warrant income	62,000	62,500	52,543	(9,957)
Arresting officer fees	30,000	28,000	23,114	(4,886)
Child safety	13,500	10,500	8,314	(2,186)
HB 70 fees	11,200	10,500	9,888	(612)
Juvenile	134,253	134,323	134,013	(310)
Civil justice fee	32	32	28	(4)
Penalties - false alarm	100	-	100	100
State court fees	48,000	54,000	40,748	(13,252)
Total fines	<u>740,727</u>	<u>723,605</u>	<u>635,602</u>	<u>(88,003)</u>
INVESTMENT INCOME				
Investment income	15,025	15,308	18,645	3,337
Total investment income	<u>15,025</u>	<u>15,308</u>	<u>18,645</u>	<u>3,337</u>
MISCELLANEOUS				
Auction proceeds	6,000	4,536	8,741	4,205
Rental income	19,000	27,341	37,196	9,855
Miscellaneous	292,881	241,326	202,806	(38,520)
Total miscellaneous	<u>317,881</u>	<u>273,203</u>	<u>248,743</u>	<u>(24,460)</u>
INTERGOVERNMENTAL				
Grants	-	694	30,561	29,867
Total intergovernmental	<u>-</u>	<u>694</u>	<u>30,561</u>	<u>29,867</u>
Totals	<u>\$ 13,260,617</u>	<u>\$ 13,576,999</u>	<u>\$ 13,367,925</u>	<u>\$(209,074)</u>

CITY OF COPPERAS COVE, TEXAS

GENERAL FUND

SCHEDULE OF EXPENDITURES BUDGET AND ACTUAL (BUDGETARY BASIS)

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
GENERAL GOVERNMENT				
City council	\$ 37,046	\$ 34,356	\$ 27,451	\$ 6,905
City manager	272,192	272,392	278,808	(6,416)
Financial services and accounting	1,028,677	1,063,242	1,057,729	5,513
City secretary	114,182	128,740	125,411	3,329
City attorney	106,515	145,549	138,518	7,031
Personnel	259,538	244,065	238,728	5,337
Nondepartmental	680,532	674,758	631,277	43,481
Engineering	81,640	105,890	105,205	686
Total general government	2,580,322	2,668,992	2,603,127	65,865
COMMUNITY SERVICES				
Parks and recreation	1,338,250	1,203,262	1,136,803	66,459
Library	458,966	399,216	386,038	13,178
Code and health	156,009	157,075	152,043	5,032
Total community services	1,953,225	1,759,553	1,674,884	84,669
FLEET AND FACILITY SERVICES				
Fleet maintenance	273,387	260,394	255,839	4,555
Total fleet and facility services	273,387	260,394	255,839	4,555
HIGHWAYS AND STREETS				
Streets	776,630	976,945	810,430	166,515
Total highways and streets	776,630	976,945	810,430	166,515
PUBLIC SAFETY				
Building inspections	275,225	265,467	262,498	2,969
Municipal court	420,302	393,127	398,342	(5,215)
Animal control	270,952	230,680	209,452	21,228
Police department	5,196,155	5,034,310	4,974,887	59,423
Fire/EMS department	3,610,004	3,536,488	3,408,895	127,593
Emergency management	43,190	42,705	3,660	39,045
Total public safety	9,815,828	9,502,777	9,257,734	245,043
Total expenditures	\$ 15,399,392	\$ 15,168,661	\$ 14,602,015	\$ 566,646

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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Taxes	\$ 197,700	\$ 167,335	\$ 182,652	\$ 15,317
Investment income	10	153	192	39
Total revenues	<u>197,710</u>	<u>167,488</u>	<u>182,844</u>	<u>15,356</u>
EXPENDITURES				
Current:				
Community services:				
Supplies and materials	97,225	127,475	133,055	(5,580)
Maintenance and repairs	25,000	25,000	25,000	-
Capital outlay:				
Community services:	41,508	41,508	8,627	32,881
Debt service:				
Principal retirement	30,000	30,000	30,000	-
Interest and fiscal charges	3,114	3,114	3,112	2
Total expenditures	<u>196,847</u>	<u>227,097</u>	<u>199,794</u>	<u>27,303</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>863</u>	<u>(59,609)</u>	<u>(16,950)</u>	<u>42,659</u>
FUND BALANCE, BEGINNING			124,666	
CURRENT YEAR ENCUMBRANCES			<u>30,250</u>	
FUND BALANCE, ENDING			<u>\$ 137,966</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Charges for services	\$ 900,000	\$ 900,000	\$ 899,161	\$(839)
Intergovernmental	-	69,455	69,455	-
Investment income	1,500	2,700	2,753	53
Miscellaneous	<u>-</u>	<u>-</u>	<u>2,709</u>	<u>2,709</u>
Total revenues	<u>901,500</u>	<u>972,155</u>	<u>974,078</u>	<u>1,923</u>
EXPENDITURES				
Current:				
Highways and streets:				
Personnel services	271,335	242,704	223,742	18,962
Supplies and materials	35,883	28,347	19,621	8,726
Maintenance and repairs	25,938	35,239	26,718	8,521
Services and charges	19,106	18,389	16,682	1,707
Capital outlay:				
Capital drainage projects	83,910	601,606	594,577	7,029
Debt service:				
Principal	85,000	85,000	85,000	-
Interest and fiscal charges	13,522	16,022	13,277	2,745
Bond issuance costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>534,694</u>	<u>1,027,307</u>	<u>979,617</u>	<u>47,690</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>366,806</u>	<u>(55,152)</u>	<u>(5,539)</u>	<u>49,613</u>
OTHER FINANCING SOURCES (USES)				
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>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 266,806</u>	<u>\$(155,152)</u>	<u>(105,539)</u>	<u>\$ 49,613</u>
FUND BALANCE, BEGINNING			1,336,862	
CURRENT YEAR ENCUMBRANCES			<u>107,110</u>	
FUND BALANCE, ENDING			<u>\$ 1,338,433</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Fines	\$ 44,100	\$ 40,500	\$ 37,172	\$(3,328)
Investment income	63	74	104	30
Total revenues	<u>44,163</u>	<u>40,574</u>	<u>37,276</u>	<u>(3,298)</u>
EXPENDITURES				
Current:				
Public safety:				
Supplies and materials	3,312	2,413	1,329	1,084
Maintenance and repairs	17,986	20,132	16,502	3,630
Services and charges	9,292	6,554	6,082	472
Debt service:				
Interest and fiscal charges	<u>588</u>	<u>588</u>	<u>-</u>	<u>588</u>
Total expenditures	<u>31,178</u>	<u>29,687</u>	<u>23,913</u>	<u>5,774</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 12,985</u>	<u>\$ 10,887</u>	13,363	<u>\$ 2,476</u>
FUND BALANCE, BEGINNING			<u>83,479</u>	
FUND BALANCE, ENDING			<u>\$ 96,842</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ -	\$ 2,925	\$ 1,242	\$(1,683)
Total revenues	<u>-</u>	<u>2,925</u>	<u>1,242</u>	<u>(1,683)</u>
 EXPENDITURES				
Current:				
Public safety:				
Personnel services	-	2,725	1,063	1,662
Supplies and materials	<u>-</u>	<u>200</u>	<u>179</u>	<u>21</u>
Total expenditures	<u>-</u>	<u>2,925</u>	<u>1,242</u>	<u>1,683</u>
 NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
 FUND BALANCE, BEGINNING			<u>-</u>	
 FUND BALANCE, ENDING			<u>\$ -</u>	

CITY OF COPPERAS COVE, TEXAS

HOMELAND SECURITY GRANTS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 12,000	\$ 277,586	\$ 209,298	\$(68,288)
Investment income	-	-	68	68
Miscellaneous	-	1,000	-	(1,000)
Total revenues	<u>12,000</u>	<u>278,586</u>	<u>209,366</u>	<u>(69,220)</u>
EXPENDITURES				
Current:				
Public safety:				
Personnel services	-	-	4,640	(4,640)
Supplies and materials	8,000	106,932	34,624	72,308
Services and charges	4,000	90,654	94,674	(4,020)
Capital outlay	-	80,000	80,000	-
Total expenditures	<u>12,000</u>	<u>277,586</u>	<u>213,938</u>	<u>63,648</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>1,000</u>	<u>(4,572)</u>	<u>(5,572)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	24	2,728	2,704
Total other financing sources (uses)	<u>-</u>	<u>24</u>	<u>2,728</u>	<u>2,704</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 1,024</u>	<u>(1,844)</u>	<u>\$(2,868)</u>
FUND BALANCE, BEGINNING			<u>(1,228)</u>	
FUND BALANCE, ENDING			<u>\$(3,072)</u>	

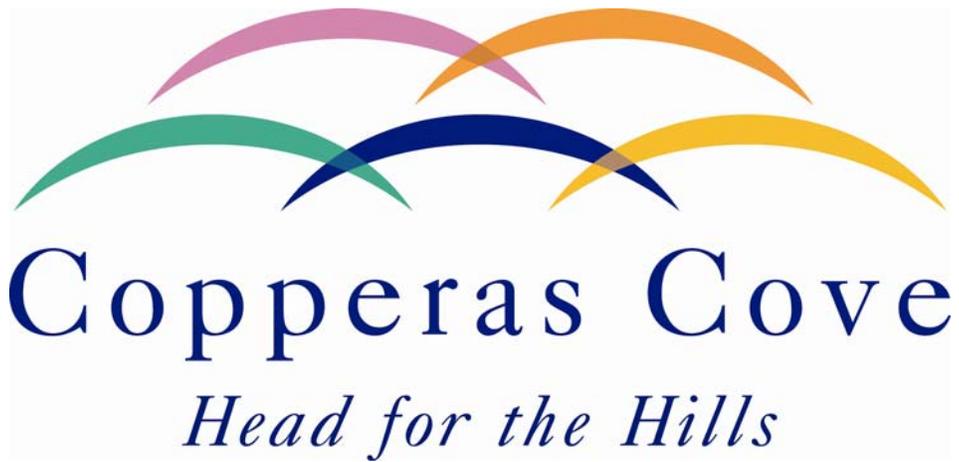
CITY OF COPPERAS COVE, TEXAS

DEBT SERVICE FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Taxes	\$ 2,265,844	\$ 2,265,919	\$ 2,266,112	\$ 193
Intergovernmental	12,825,575	12,825,575	17,057,375	4,231,800
Investment income	3,000	39,286	41,977	2,691
Miscellaneous	-	8,261	8,260	(1)
Total revenues	<u>15,094,419</u>	<u>15,139,041</u>	<u>19,373,724</u>	<u>4,234,683</u>
EXPENDITURES				
Debt service:				
Principal retirement	12,492,873	12,447,873	13,115,808	(667,935)
Interest and fiscal charges	2,724,548	2,780,103	2,818,467	(38,364)
Bond issuance costs	-	716	41,824	(41,108)
Total expenditures	<u>15,217,421</u>	<u>15,228,692</u>	<u>15,976,099</u>	<u>(747,407)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(123,002)</u>	<u>(89,651)</u>	<u>3,397,625</u>	<u>3,487,276</u>
OTHER FINANCING SOURCES (USES)				
Issuance of bonds	-	-	860,000	860,000
Bond premiums	-	10,555	10,781	226
Transfers out	-	-	(112,246)	(112,246)
Total other financing sources (uses)	<u>-</u>	<u>10,555</u>	<u>758,535</u>	<u>747,980</u>
NET CHANGE IN FUND BALANCE	<u>\$ (123,002)</u>	<u>\$ (79,096)</u>	4,156,160	<u>\$ 4,235,256</u>
FUND BALANCE, BEGINNING			<u>13,151,308</u>	
FUND BALANCE, ENDING			<u>\$ 17,307,468</u>	



Copperas Cove

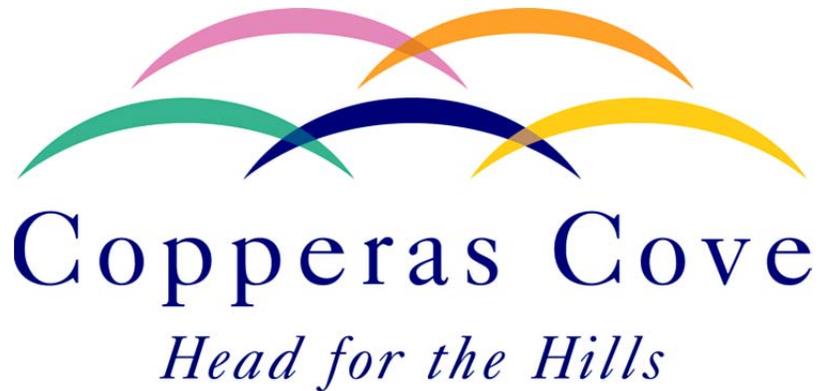
Head for the Hills

CITY OF COPPERAS COVE, TEXAS

STATISTICAL SECTION

(All Tables in the Statistical Section are Unaudited)

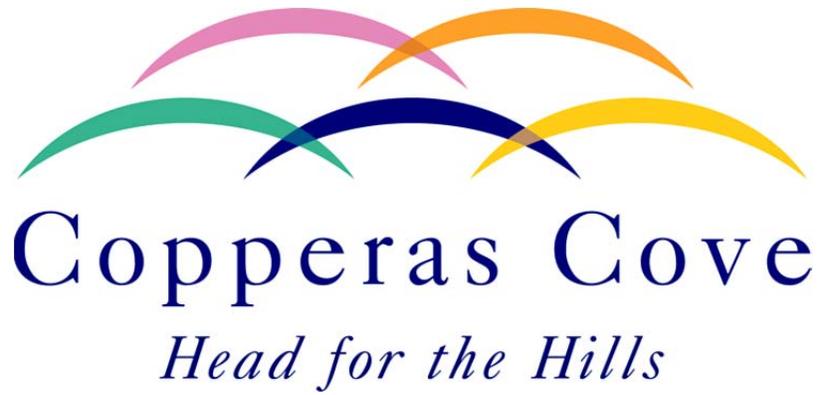
“The City Built for Family Living”



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

CITY OF COPPERAS COVE, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental activities:										
Net investment in capital assets	\$ 9,578,570	\$ 8,858,742	\$ 8,931,762	\$ 18,043,868	\$ 11,374,872	\$ 15,403,434	\$ 12,609,887	\$ 2,464,242	\$ 2,647,484	\$ 4,619,317
Restricted:										
Debt service	370,920	2,052,717	2,241,325	478,387	424,487	366,564	156,930	97,478	129,781	121,112
Community services	352,417	328,857	339,794	311,224	5,387,776	342,815	43,821	1,124,834	1,700,723	2,056,112
Highways and streets	1,338,433	1,336,771	1,296,342	1,086,970	-	-	-	-	-	-
Public safety	96,842	82,251	82,854	135,760	-	-	-	-	-	-
Unrestricted	<u>7,007,547</u>	<u>7,020,001</u>	<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>
Total governmental activities	<u>\$ 18,744,729</u>	<u>\$ 19,679,339</u>	<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>
Business-type activities:										
Net investment in capital assets	\$ 22,994,554	\$ 22,080,586	\$ 22,369,970	\$ 22,596,745	\$ 25,553,411	\$ 23,052,050	\$ 20,770,346	\$ 21,359,736	\$ 19,448,721	\$ 19,766,421
Restricted:										
Debt service	531,573	522,756	512,401	772,228	1,075,085	378,138	825,526	555,900	571,000	571,000
Capital projects	-	-	-	-	-	523,457	783,250	78,155	78,155	78,155
Unrestricted	<u>6,415,903</u>	<u>6,091,602</u>	<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>
Total business-type activities	<u>\$ 29,942,030</u>	<u>\$ 28,694,944</u>	<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>
Primary government:										
Net investment in capital assets	\$ 32,573,124	\$ 30,939,328	\$ 31,301,732	\$ 40,640,613	\$ 36,928,283	\$ 38,455,484	\$ 33,380,233	\$ 23,823,978	\$ 22,096,205	\$ 24,385,738
Restricted:										
Debt service	902,493	2,575,473	2,753,726	1,250,615	1,499,572	744,702	982,456	653,378	700,781	692,112
Community services	352,417	328,857	339,794	311,224	5,387,776	866,272	827,071	1,202,989	1,778,878	2,134,267
Highways and streets	1,338,433	1,336,771	1,296,342	1,086,970	-	-	-	-	-	-
Public safety	96,842	82,251	82,854	135,760	-	-	-	-	-	-
Unrestricted	<u>13,423,450</u>	<u>13,111,603</u>	<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>
Total primary government	<u>\$ 48,686,759</u>	<u>\$ 48,374,283</u>	<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>

TABLE 2

**CITY OF COPPERAS COVE, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
EXPENSES										
Governmental activities:										
General government	\$ 2,763,344	\$ 2,546,927	\$ 2,875,722	\$ 2,623,640	\$ 3,034,581	\$ 2,175,856	\$ 1,839,306	\$ 2,091,253	\$ 1,977,274	\$ 1,896,278
Community services	1,991,851	2,244,461	2,438,256	2,373,405	2,289,134	2,344,074	2,258,488	2,292,606	1,802,034	1,855,310
Fleet and facility maintenance	260,234	221,682	279,016	364,763	354,495	414,669	386,747	437,608	354,464	344,483
Highways and streets	1,493,706	1,271,079	46,924,619	1,404,332	1,178,405	1,598,678	897,493	1,212,838	877,655	834,013
Public safety	10,215,865	10,124,360	10,026,320	9,586,380	9,165,778	8,893,527	7,888,352	8,457,720	6,770,603	6,530,561
Interest on long-term debt	2,345,029	2,464,443	2,070,699	948,569	765,655	679,576	492,193	444,344	364,607	464,477
Total governmental activities expenses	<u>19,070,029</u>	<u>18,872,952</u>	<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>
Business-type activities:										
Water and sewer	8,675,269	8,435,752	9,409,881	8,867,419	8,380,368	8,095,813	7,071,789	7,429,996	6,416,373	6,093,256
Solid waste	3,149,394	2,776,066	2,608,915	2,397,273	2,329,168	2,435,324	2,267,473	2,115,989	1,906,728	1,863,151
Golf course	609,842	580,689	573,612	579,846	741,818	789,415	786,556	949,662	760,694	744,913
Total business-type activities expenses	<u>12,434,505</u>	<u>11,792,507</u>	<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>
Total primary government expenses	<u>\$ 31,504,534</u>	<u>\$ 30,665,459</u>	<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>
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 283,509	\$ 327,064	\$ 352,865	\$ 254,356	\$ 318,728	\$ 253,864	\$ 470,885	\$ 355,323	\$ 324,440	\$ 265,068
Community services	1,119,533	1,175,746	1,016,328	970,855	1,018,263	1,315,084	933,020	900,461	825,813	672,719
Highways and streets	900,308	891,366	832,234	865,236	865,821	861,909	837,486	790,940	754,729	730,424
Public safety	669,343	926,953	574,554	928,159	994,799	2,299,739	1,261,826	938,489	1,026,549	1,156,323
Operating grants and contributions	460,352	289,311	42,807,297	314,701	299,511	821,392	450,303	160,504	699,807	654,160
Capital grants and contributions	863	139,528	169,298	709,919	507,970	1,805,607	450,824	909,162	-	-
Total governmental activities program revenues	<u>3,433,908</u>	<u>3,749,968</u>	<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>
Business-type activities:										
Charges for services:										
Water and sewer	10,706,431	9,756,792	9,933,243	9,057,365	8,782,371	8,901,647	8,526,099	8,035,814	8,084,493	7,294,845
Solid waste	3,561,759	2,983,601	3,099,602	3,094,402	2,991,428	3,023,495	2,690,123	2,795,138	2,430,997	2,305,309
Golf course	370,934	421,911	385,799	439,810	530,908	674,696	633,730	750,858	707,654	605,202
Capital grants and contributions	19,145	3,422	-	-	-	1,345,220	370,434	810,756	-	-
Total business-type activities program revenues	<u>14,658,269</u>	<u>13,165,726</u>	<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>
Total primary government program revenues	<u>\$ 18,092,177</u>	<u>\$ 16,915,694</u>	<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>

TABLE 2

CITY OF COPPERAS COVE, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
NET (EXPENSE) REVENUES										
Governmental activities	\$(15,636,121)	\$(15,122,984)	\$(18,862,056)	\$(13,257,863)	\$(12,782,956)	\$(8,748,785)	\$(9,358,235)	\$(10,881,490)	\$(8,515,299)	\$(8,446,428)
Business-type activities	2,223,764	1,373,219	826,236	747,039	853,353	2,624,506	2,094,568	1,896,919	2,139,349	1,504,036
Total primary government net expenses	<u>(13,412,357)</u>	<u>(13,749,765)</u>	<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>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Ad valorem taxes	8,994,705	8,873,472	8,590,003	8,570,742	8,468,730	7,717,778	6,831,452	6,014,274	5,527,376	5,271,694
Sales taxes	2,712,277	2,585,231	2,427,417	2,479,925	2,309,693	2,582,748	2,275,752	2,122,243	2,034,195	1,985,647
Franchise taxes	1,361,973	1,361,161	1,315,430	1,318,570	1,321,777	1,246,655	1,270,632	1,325,208	1,111,332	1,075,859
Other taxes	357,225	352,523	410,235	428,840	362,779	103,775	97,844	99,160	86,688	78,817
Unrestricted investment earnings	67,321	17,072	16,923	48,967	143,829	489,974	610,569	372,250	206,744	87,779
Miscellaneous	162,006	176,736	319,754	245,860	344,326	-	-	-	-	-
Transfers	1,046,004	683,000	961,309	1,275,776	1,049,271	1,065,087	996,616	976,090	897,402	708,408
Total governmental activities	<u>14,701,511</u>	<u>14,049,195</u>	<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>
Business-type activities:										
Unrestricted investment earnings	19,806	12,553	15,194	16,420	60,154	260,206	456,616	442,453	200,849	157,176
Transfers	(1,046,004)	(683,000)	(961,309)	(1,275,776)	(1,049,271)	(1,065,087)	(996,616)	(976,090)	(897,402)	(708,408)
Gain on sale of capital assets	49,520	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>(976,678)</u>	<u>(670,447)</u>	<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>
Total primary government	<u>13,724,833</u>	<u>13,378,748</u>	<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>
CHANGE IN NET POSITION										
Governmental activities	(934,610)	(1,073,789)	(4,820,985)	1,110,817	1,217,449	4,457,232	2,724,630	27,735	1,348,438	761,776
Business-type activities	1,247,086	702,772	(119,879)	(512,317)	(135,764)	1,819,625	1,554,568	1,363,282	1,442,796	952,804
Total primary government	<u>\$ 312,476</u>	<u>\$(371,017)</u>	<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>

CITY OF COPPERAS COVE, TEXAS

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

LAST TEN CALENDAR YEARS

Calendar Year	Property	Sales	Franchise	Bingo	Mixed Beverage	Totals
2013	\$ 9,004,301	\$ 2,712,277	\$ 1,361,974	\$ 162,492	\$ 12,081	\$ 13,253,125
2012	8,865,725	2,585,231	1,361,162	144,019	11,767	12,967,904
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

Source: City of Copperas Cove Finance Department

TABLE 4

CITY OF COPPERAS COVE, TEXAS

FUND BALANCES
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General fund										
Reserved										
Encumbrances	\$ -	\$ -	\$ -	\$ 97,009	\$ 147,926	\$ 439,561	\$ 590,556	\$ 131,428	\$ 60,697	\$ 77,437
Inventory and prepaid items	-	-	-	75,642	75,462	73,708	67,352	108,590	131,954	125,190
Unreserved										
Designated for contingencies	-	-	-	-	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
Nonspendable	80,932	88,819	71,983	-	-	-	-	-	-	-
Restricted	9,446	9,430	22,680	-	-	-	-	-	-	-
Assigned	50,260	78,208	136,710	-	-	-	-	-	-	-
Unassigned	6,116,257	5,684,953	5,362,117	-	-	-	-	-	-	-
Total general fund	\$ 6,256,895	\$ 5,861,410	\$ 5,593,490	\$ 5,562,290	\$ 5,206,332	\$ 5,191,908	\$ 4,986,337	\$ 4,364,210	\$ 4,133,347	\$ 3,793,433
All other governmental funds										
Reserved:										
Debt service	\$ -	\$ -	\$ -	\$ 438,056	\$ 424,487	\$ 366,564	\$ 156,930	\$ 97,478	\$ 129,781	\$ 121,112
Capital projects	-	-	-	-	-	5,515,872	5,338,633	1,124,834	1,700,723	2,056,112
Encumbrances	-	-	-	543,181	64,805	729,673	638,251	562,887	226,636	265,466
Inventory and prepaid items	-	-	-	-	94	2,510	323	936	452	-
Notes receivable	-	-	-	115,499	127,799	-	-	-	-	52,000
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
Capital projects funds	-	-	-	2,214,095	5,387,776	8,078,317	7,394,289	2,964,353	2,078,533	2,514,807
Nonspendable	-	110,535	123,779	-	-	-	-	-	-	-
Restricted	24,548,350	15,918,697	5,188,837	-	-	-	-	-	-	-
Unassigned	(3,072)	(1,228)	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 24,545,278	\$ 16,028,004	\$ 5,312,616	\$ 4,849,462	\$ 7,898,376	\$ 15,803,562	\$ 14,604,759	\$ 5,780,902	\$ 5,221,237	\$ 5,975,365

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

CITY OF COPPERAS COVE, TEXAS

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

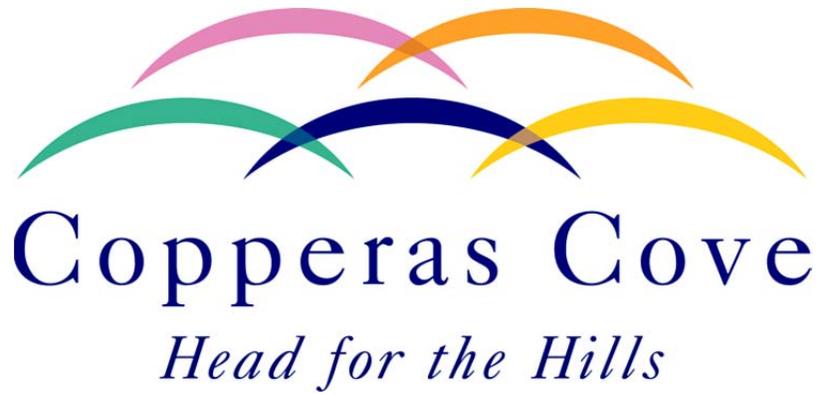
LAST TEN FISCAL YEARS

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
REVENUES										
Taxes	\$ 13,435,777	\$ 13,164,642	\$ 12,762,118	\$ 12,756,287	\$ 12,472,480	\$ 11,636,499	\$ 10,435,134	\$ 9,526,380	\$ 8,747,317	\$ 8,398,186
Charges for services	2,148,310	2,168,844	1,920,904	1,935,879	1,976,286	1,957,335	1,790,420	1,707,578	1,486,260	1,312,024
Intergovernmental	17,367,931	13,089,316	635,435	991,057	573,215	728,358	103,226	220,980	781,026	760,500
Fines	672,774	730,528	617,983	851,855	923,735	800,841	815,533	706,025	733,830	938,078
Licenses	46,463	50,262	48,403	50,438	51,347	38,848	39,784	49,830	47,858	52,878
Permits	151,749	186,774	161,296	209,272	143,658	181,354	178,795	216,373	181,123	117,262
Investment income	67,321	17,072	16,923	48,967	143,829	489,974	610,569	372,250	206,744	87,779
Miscellaneous	259,712	333,849	522,760	367,572	472,538	419,113	662,467	257,730	352,822	294,449
Total revenues	<u>34,150,037</u>	<u>29,741,287</u>	<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>
EXPENDITURES										
General government	2,410,130	2,295,603	2,571,032	2,340,206	2,739,976	2,054,435	1,872,769	1,823,669	1,849,677	1,752,068
Community services	1,793,492	2,035,401	2,207,167	2,193,410	2,103,284	1,884,340	1,780,748	1,604,037	1,429,971	1,421,453
Fleet and facility services	255,839	216,223	269,820	360,257	347,946	400,647	376,342	361,661	341,005	331,170
Highways and streets	1,082,538	813,253	46,453,663	959,247	815,197	986,425	878,940	854,966	711,295	632,486
Public safety	9,150,282	9,102,313	8,933,461	8,962,367	8,559,414	8,274,073	7,433,330	6,807,383	6,333,450	6,010,275
Capital outlay	2,980,169	1,734,555	1,976,709	5,610,024	10,031,225	4,418,877	2,370,118	3,088,289	1,870,826	3,472,547
Debt service										
Principal retirement	13,230,808	2,826,748	1,595,508	1,428,939	1,277,501	873,731	926,000	710,600	640,000	635,000
Interest and fiscal charges	2,835,690	2,837,194	1,783,514	915,609	729,758	666,848	464,207	411,537	508,259	550,497
Bond issuance costs	122,253	32,328	670,233	-	91,072	-	-	-	-	-
Total expenditures	<u>33,861,201</u>	<u>21,893,618</u>	<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>
EXCESS OF REVENUES OVER (UNDER)										
EXPENDITURES	<u>288,836</u>	<u>7,847,669</u>	<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>

**CITY OF COPPERAS COVE, TEXAS
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

LAST TEN FISCAL YEARS

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
OTHER FINANCING SOURCES (USES)										
Issuance of capital leases	\$ -	\$ -	\$ -	\$ -	\$ 50,612	\$ 50,823	\$ -	\$ 559,828	\$ 191,286	\$ -
Issuance of bonds	7,545,000	1,962,000	48,360,540	1,590,000	6,895,000	1,612,673	5,251,270	1,226,147	-	-
Premium on bonds	10,781	52,821	3,401,878	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	(2,454,088)	-	-	-	-	-	-	-
Sale of capital assets	8,741	14,104	-	-	-	-	-	300,186	-	-
Proceeds from insurance	13,397	8,714	-	-	-	-	-	-	-	-
Transfers in	1,260,978	1,374,156	1,538,349	1,938,505	1,386,352	1,571,164	1,264,260	1,280,920	1,194,335	1,143,412
Transfers out	(214,974)	(276,156)	(577,040)	(662,729)	(337,081)	(506,077)	(267,643)	(304,830)	(296,933)	(435,004)
Total other financing sources (uses)	<u>8,623,923</u>	<u>3,135,639</u>	<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>
NET CHANGE IN FUND BALANCES	<u>\$ 8,912,759</u>	<u>\$ 10,983,308</u>	<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>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	<u>51.9%</u>	<u>5.2%</u>	<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>



**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					
2013	2012	\$ 1,031,206,299	\$ 256,129,826	\$ 77,269,634	\$ 182,650	\$ 164,603,431	\$ 92,940,709	\$ 1,107,244,269	\$ 0.760	\$ 1,107,244,269
2012	2011	1,015,850,788	247,919,476	66,073,230	197,870	156,486,756	88,906,752	1,084,647,856	0.764	1,084,647,856
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

* Freeze on real property started Tax Year 2008

Source: Coryell County Appraisal District

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

Fiscal Year	Tax Year	City of Copperas Cove Rates			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					
2013	2012	\$ 0.569	\$ 0.191	\$ 0.760	\$ 0.449	\$ 1.217	\$ 0.140	\$ 0.015	\$ 2.581
2012	2011	0.545	0.219	0.764	0.424	1.217	0.141	0.015	2.561
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

* 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

		2013	
Taxpayer	Type of Business	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Wal-Mart Real Estate	Developer	\$ 11,150,000	1.03%
Oncor Electric Delivery Co. (FKA TXU)	Electric utility	10,257,290	0.95%
HEB Grocery Store	Retailer	9,000,000	0.83%
Wal-Mart Properties Stores East	Developer	8,503,540	0.78%
Judy Lane Properties	Property Manager	5,045,000	0.47%
Cove Terrace Associates, Ltd.	Developer	5,675,000	0.52%
Colonial Plaza Partnership	Retailer	5,750,000	0.53%
Cinergy Cinemas LP	Movie Theater	5,424,030	0.50%
C-Cove 90 Partners LTD	Property Manager	4,942,840	0.46%
HEB Grocery CO	Retailer	<u>4,887,050</u>	<u>0.45%</u>
Subtotal		70,634,750	6.51%
All other taxpayers		<u>1,014,013,106</u>	<u>93.49%</u>
Total		<u>\$ 1,084,647,856</u>	<u>100.00%</u>
		2004	
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	<u>2,787,130</u>	<u>0.44%</u>
Subtotal		50,727,540	7.90%
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		
2013	2012	\$ 8,945,954	\$ 8,873,218	99.2%	\$ -	\$ 8,873,218	99.2%	\$ 72,736	0.81%
2012	2011	8,825,688	8,737,130	99.0%	57,738	8,794,868	99.7%	30,820	0.35%
2011	2010	8,582,640	8,496,718	99.0%	65,592	8,562,310	99.8%	20,330	0.24%
2010	2009	8,525,125	8,388,219	98.4%	122,635	8,510,854	99.8%	14,271	0.17%
2009	2008	8,425,173	8,323,643	98.8%	89,610	8,413,253	99.9%	11,920	0.14%
2008	2007	7,659,423	7,552,143	98.6%	94,912	7,647,055	99.8%	12,368	0.16%
2007	2006	6,806,409	6,672,244	98.0%	125,527	6,797,770	99.9%	8,639	0.13%
2006	2005	6,028,012	5,917,161	98.2%	104,701	6,021,863	99.9%	6,149	0.10%
2005	2004	5,556,397	5,439,155	97.9%	114,004	5,553,159	99.9%	3,238	0.06%
2004	2003	5,300,588	5,187,537	97.9%	109,760	5,297,297	99.9%	3,291	0.06%

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>
2013	2012	\$1,100,135,239	100.00%	\$ 0.7600
2012	2011	1,084,647,856	100.00%	0.7639
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

Source: City of Copperas Cove Finance Department

CITY OF COPPERAS COVE, TEXAS

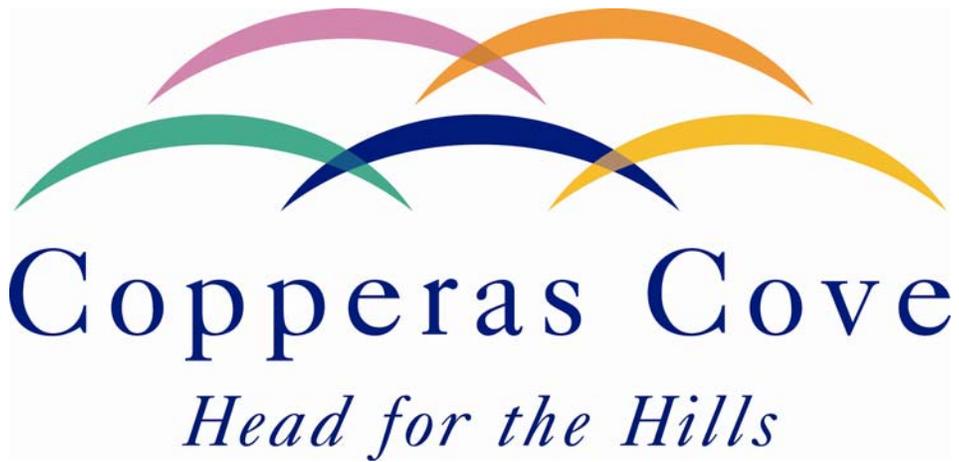
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS

LAST TEN FISCAL YEARS

Fiscal Year	Tax Year	Estimated Actual Property Value ¹	Value of Construction Permits Issued ²	Bank Deposits ³
2013	2012	\$ 1,100,135,239	\$ 15,619,747	\$ 610,480,000
2012	2011	1,084,647,856	24,524,972	204,219,000
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

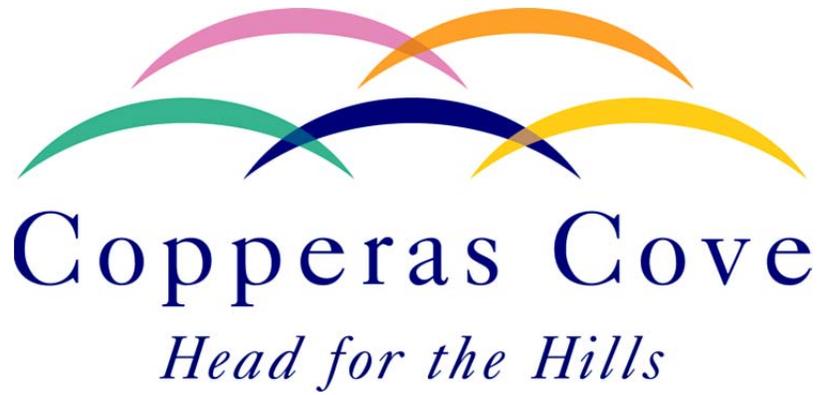
Sources:

- 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, 2013

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	\$30,071,286	*	84.75%	\$ 25,485,415
Lampasas County	5,600,000	*	2.44%	136,640
Lampasas Independent School District	41,974,982	*	2.55%	<u>1,070,362</u>
Subtotal overlapping debt				26,692,417
City direct debt				<u>89,737,911</u>
Total direct and overlapping debt				<u>\$ 116,430,328</u>
Total direct and overlapping debt % of A.V.				10.73%
Total direct and overlapping debt per capita				\$ 3,489

* 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			
	2013	2012	2011	2010
Assessed value, tax roll	\$ 1,100,135,239	\$ 1,084,647,856	\$ 1,067,456,541	\$ 1,136,914,737
\$2.50 tax rate levy (1)	27,503,381	27,116,196	26,686,414	28,422,868
Actual City debt tax rate	\$ 0.191	\$ 0.219	\$ 0.177	\$ 0.147
Actual City debt tax levy	<u>2,103,459</u>	<u>2,376,463</u>	<u>1,884,061</u>	<u>1,672,947</u>
Legal annual debt service margin	\$ 25,399,922	\$ 24,739,733	\$ 24,802,353	\$ 26,749,921
Legal debt capacity (2)	\$ 316,539,176	\$ 308,311,756	\$ 309,092,137	\$ 333,363,144

(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			
	2013	2012	2011	2010
Assessed value, tax roll	\$ 1,100,135,239	\$ 1,084,647,856	\$ 1,067,456,541	\$ 1,136,914,737
\$1.50 tax rate levy (1)	16,502,029	16,269,718	16,011,848	17,053,721
Actual City debt tax rate	\$ 0.191	\$ 0.219	\$ 0.177	\$ 0.147
Actual City debt tax levy	<u>2,103,459</u>	<u>2,376,463</u>	<u>1,884,061</u>	<u>1,672,947</u>
Legal annual debt service margin	\$ 14,398,570	\$ 13,893,254	\$ 14,127,787	\$ 15,380,774
Legal debt capacity (2)	\$ 179,438,008	\$ 173,140,659	\$ 176,063,457	\$ 191,678,438

(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					
2009	2008	2007	2006	2005	2004
\$ 1,138,536,871	\$ 1,035,057,214	\$ 919,785,031	\$ 778,807,966	\$ 716,954,411	\$ 683,946,827
28,463,422	25,876,430	22,994,626	19,470,199	17,923,860	17,098,671
\$ 0.141	\$ 0.142	\$ 0.133	\$ 0.122	\$ 0.135	\$ 0.146
<u>1,601,921</u>	<u>1,469,481</u>	<u>1,222,532</u>	<u>947,926</u>	<u>965,422</u>	<u>998,898</u>
\$ 26,861,501	\$ 24,406,949	\$ 21,772,094	\$ 18,522,273	\$ 16,958,438	\$ 16,099,773
\$ 334,753,668	\$ 304,164,536	\$ 271,328,409	\$ 230,828,463	\$ 211,339,623	\$ 200,638,760

Fiscal Year					
2009	2008	2007	2006	2005	2004
\$ 1,138,536,871	\$ 1,035,057,214	\$ 919,785,031	\$ 778,807,966	\$ 716,954,411	\$ 683,946,827
17,078,053	15,525,858	13,796,775	11,682,119	10,754,316	10,259,202
\$ 0.141	\$ 0.142	\$ 0.133	\$ 0.122	\$ 0.135	\$ 0.146
<u>1,601,921</u>	<u>1,469,481</u>	<u>1,222,532</u>	<u>947,926</u>	<u>965,422</u>	<u>998,898</u>
\$ 15,476,132	\$ 14,056,377	\$ 12,574,243	\$ 10,734,193	\$ 9,788,894	\$ 9,260,304
\$ 192,866,808	\$ 75,173,528	\$ 156,702,864	\$ 133,771,776	\$ 121,991,256	\$ 115,403,868

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	Tax Notes	Capital Leases			
2013	\$ 22,925	\$ 34,157	\$ 5,575	\$ -	\$ -	\$ 18,991	\$ 2,150	\$ 5,940	\$ -	\$ 89,738	3.22%	\$ 2,802
2012	16,924	44,220	5,305	-	-	20,901	2,290	6,570	-	96,210	3.19%	3,004
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

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)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Net General Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita
2013	\$ 78,223	\$ 17,307	\$ 60,916	5.50%	\$ 1,825
2012	84,335	13,151	71,184	6.56%	2,204
2011	85,455	438	85,017	7.96%	2,654
2010	59,647	424	59,223	5.21%	1,975
2009	55,993	367	55,626	4.89%	1,855
2008	51,666	157	51,509	4.98%	1,718
2007	55,551	97	55,454	6.03%	1,849
2006	51,198	1,298	49,900	6.41%	1,664
2005	55,347	340	55,007	7.67%	1,834
2004	54,742	222	54,520	7.98%	1,818

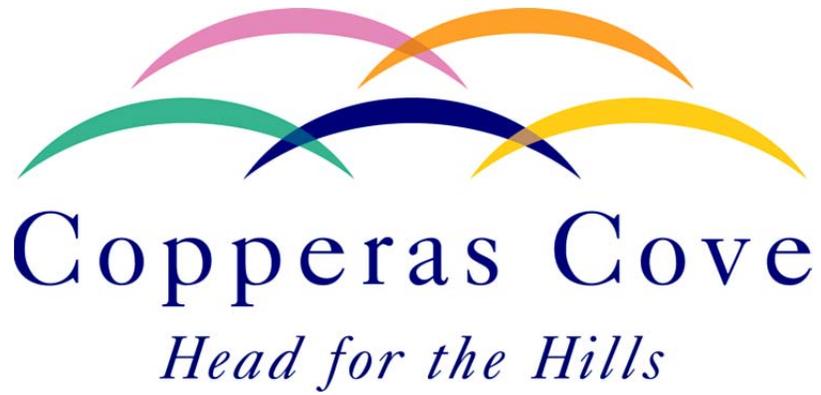
Source: Finance Department, City of Copperas Cove

CITY OF COPPERAS COVE, TEXAS
REVENUE BOND COVERAGE - WATER AND SEWER FUND
LAST TEN 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		
2013	\$ 10,723,476	\$ 6,069,310	\$ 4,654,166	\$ 2,622,127	\$ 858,830	\$ 3,480,957	1.34
2012	9,714,990	5,556,574	4,158,416	2,369,092	985,823	3,354,915	1.24
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



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
2013	33,374	\$ 2,790	\$ 36,129	29.0	8,370	8.5%
2012	32,300	3,018	36,932	29.1	8,324	8.4%
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%

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

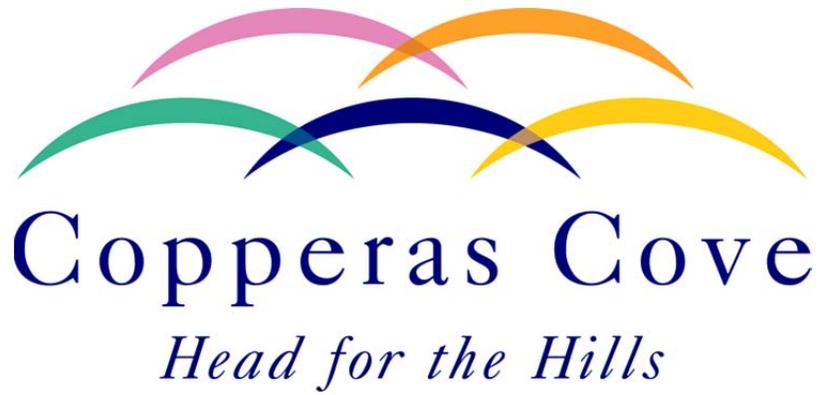
5 <http://www.tracer2.com/cgi/dataanalysis/>

CITY OF COPPERAS COVE, TEXAS

PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO

2013			
Employer	Employees	Percentage	Rank
Fort Hood - Military	45,000	64.3%	1
Fort Hood - Civilian	21,240	30.5%	2
Copperas Cove ISD	1,275	1.8%	3
GS Services	1,248	1.8%	4
Wal-Mart Supercenter	445	0.6%	5
City of Copperas Cove	276	0.4%	6
H.E.B. Grocery Store	170	0.2%	7
WindCrest Nursing Center	100	0.2%	8
McDonald's	95	0.1%	9
Hill Country Rehab. & Nursing Ctr.	90	0.1%	10
Total	<u>69,939</u>	<u>100.0%</u>	
2004			
Taxpayer	Employees	Percentage	Rank
Fort Hood - Military	40,347	68.2%	1
Fort Hood - Civilian	13,724	23.2%	2
Central Texas College	1,519	2.6%	3
Copperas Cove ISD	1,256	2.1%	4
Metroplex Hospital	900	1.5%	5
GC Services	527	0.9%	6
Wal-Mart	400	0.7%	7
City of Copperas Cove	279	0.5%	8
HEB Grocery Store	145	0.2%	9
Tarleton State University	64	0.1%	10
Total	<u>59,161</u>	<u>100.0%</u>	

Source: Each entity provided data.



OPERATING INFORMATION

CITY OF COPPERAS COVE, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund										
City Manager	2	2	3	3	4	2	2	2	2	2
City Secretary	2	2	1	2	2	2	2	2	2	2
City Attorney (Contract)	1	1	1	1	1	1	1	1	1	1
Finance	5	7	8	7	7	6	5	6	6	6
Grants Administration	-	-	-	-	-	-	1	1	1	1
Human Resources	3	3	4	5	4	2	2	2	2	2
Information Systems	3	3	4	3	3	3	2	2	2	2
Municipal Court	7	7	7	7	7	8	8	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	1	1	-
Police	73	73	74	74	74	71	71	69	69	69
Public Affairs Office	-	-	-	1	1	1	-	-	-	-
Animal Control	5	5	5	5	5	4	4	4	4	4
Fire/EMS	51	51	53	53	53	53	52	46	46	46
Emergency Management	-	-	-	-	-	1	1	-	-	-
Engineering	-	-	1	2	2	2	1	5	5	5
Building & Development	4	4	4	4	4	6	6	5	5	5
Street	6	6	7	8	8	8	7	7	7	7
Public Works	4	-	-	-	-	1	1	1	1	1
Parks & Recreation	18	18	18	18	18	16	18	14	14	14
Fleet Services	6	6	5	5	5	5	5	5	5	5
Facility Maintenance	-	-	2	2	2	5	5	5	5	5
Planning	-	-	2	1	2	3	3	1	1	1
Library	7	7	10	10	10	10	10	10	10	10
Code & Health	3	3	4	4	4	4	4	3	2	2
Total General Fund	200	198	213	216	217	214	212	198	197	196
Water & Sewer Fund										
Water & Sewer Admin	4	4	3	2	2	2	2	2	2	2
Utility Administration	11	11	11	11	11	10	10	11	8	8
Water Distribution	11	11	11	11	11	9	9	9	12	12
Sewer Collection	8	8	9	9	9	7	7	7	7	7
Wastewater Treatment	11	11	11	11	11	11	11	11	10	10
Composting	0	0	3	3	3	3	3	2	2	2
Total Water & Sewer Fund	45	45	48	47	47	42	42	42	41	41
Solid Waste Fund										
Administration	5	5	4	4	4	4	4	4	3	3
Residential	5	5	4	4	4	4	4	4	4	4
Recycling	2	2	2	2	2	2	2	2	3	3
Brush	3	3	2	2	2	2	2	2	2	2
Commercial	3	3	4	4	4	4	4	4	4	5
Collection	3	3	-	-	-	-	-	-	-	-
Disposal	6	6	5	5	5	5	4	4	5	5
Total Solid Waste Fund	26	26	21	21	21	21	20	20	20	21

CITY OF COPPERAS COVE, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Recreational Activities Fund										
Recreational Activities Fund	-	-	2	2	2	2	2	1	1	1
Total Recreational Activities Fund	-	-	2	2	2	2	2	1	1	1
Cemetery Fund										
Cemetery Fund	-	-	1	1	1	1	1	1	1	1
Total Cemetery Fund	-	-	1	1	1	1	1	1	1	1
Drainage Fund										
Drainage Utility	6	6	6	7	7	7	7	5	5	5
Total Drainage Fund	6	6	6	7	7	7	7	5	5	5
Golf Course Fund										
Golf Course	7	7	10	10	15	14	15	15	15	15
Total Golf Course Fund	7	7	10	10	15	14	15	15	15	15
Court Security Fund										
Municipal Court	-	-	1	-	-	-	-	-	-	-
Total Court Security Fund	-	-	1	-	-	-	-	-	-	-
Total All Funds	283	281	301	303	309	299	298	282	279	279

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				
	2013	2012	2011	2010	2009
<u>Government Facilities</u>					
<u>Building and Development</u>					
<i>Use or Nature: Development Services</i>					
Building permits issued:	3,000	3,100	3,237	3,092	2,455
Inspections performed:	6,374	5,541	6,032	7,367	5,505
<u>Fire Protection</u>					
<i>Use or Nature: Public Safety</i>					
Number of stations:	3	3	3	3	3
Number of hydrants (approx.):	1,043	1,049	1,042	1,042	1,105
Number of volunteer firemen:	4	4	5	4	12
Number of paid firemen:	50	46	46	51	51
Firemen per 1,000 population:	2.00	1.44	1.44	1.70	1.70
Fire responses:	1,436	1,268	1,302	1,694	1,842
Emergency medical services responses:	3,875	3,357	2,968	2,694	2,882
<u>Police Protection</u>					
<i>Use or Nature: Public Safety</i>					
Number of stations:	1	1	1	1	1
Number of sworn officers:	54	59	54	56	56
Officers per 1,000 population:	1.67	1.84	1.69	1.87	1.87
Calls for service:	21,000	19,000	19,000	19,000	19,000
Part I violent crimes reported*:	1,300	1,200	1,200	1,300	1,100
* 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:	2,256	2,039	1,905	1,837	2,409
Number of euthanized:	893	817	857	887	981
Number of animals adopted:	421	459	660	680	663
Number of animals re-claimed:	544	414	330	467	660
<u>Municipal Court</u>					
<i>Use or Nature: Public Safety</i>					
Number of warrants issued:	1,950	1,345	2,750	3,243	3,258
Number of warrants cleared:	1,948	3,202	7,500	3,098	2,662
Number of violations processed:	8,331	9,500	9,575	11,159	9,846
<u>Libraries</u>					
<i>Use or Nature: Community Services</i>					
Number of public libraries:	1	1	1	1	1
Number of volumes:	70,566	70,566	69,000	70,570	68,972
Circulation of items:	95,000	71,621	87,000	115,199	120,224
Circulation per capita:	2.94	2.24	2.72	3.84	4.01

TABLE 20

Fiscal Year				
2008	2007	2006	2005	2004
2,178	2,229	3,232	3,019	NA**
10,299	9,242	8,501	6,036	NA**
3	3	3	3	3
1,050	1,014	1,600	1,600	885
9	8	-	-	-
52	52	46	46	45
1.73	1.73	1.51	1.51	1.48
2,177	2,356	2,275	2,190	1,845
3,402	3,339	3,100	3,242	2,845
1	1	1	1	1
56	54	53	53	53
1.87	1.80	1.74	1.74	1.74
17,808	21,000	21,467	NA**	NA**
1,161	1,211	1,274	NA**	1,072
2,035	2,793	2,804	2,380	NA**
1,104	1,432	1,324	1,075	NA**
638	648	696	1,365	NA**
612	595	602	683	NA**
3,266	3,129	3,493	6,847	NA**
1,648	1,936	2,989	2,544	NA**
10,581	8,561	10,124	12,450	NA**
1	1	1	1	1
66,606	64,180	62,572	59,957	57,363
113,457	95,826	102,986	109,299	106,348
3.78	3.19	3.50	3.70	3.63

CITY OF COPPERAS COVE, TEXAS

CAPITAL ASSET STATISTICS AND OPERATING INDICATORS BY FUNCTIONS

LAST TEN FISCAL YEARS

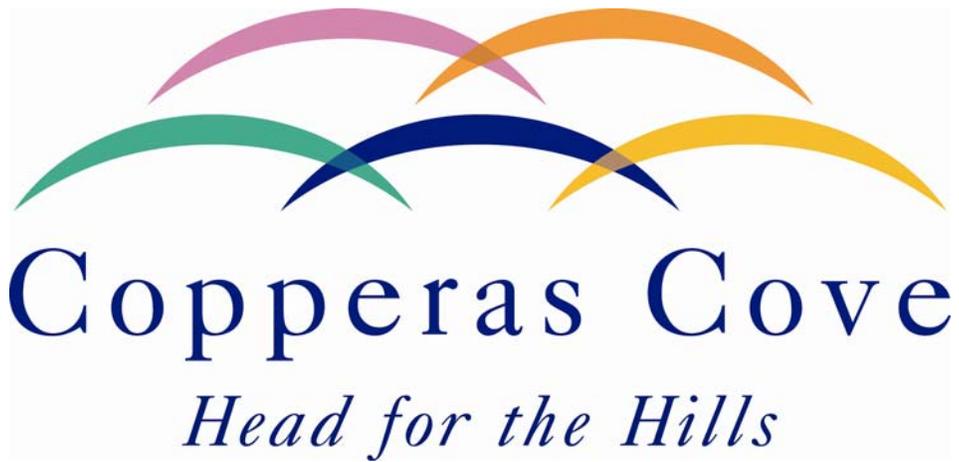
	Fiscal Year				
	2013	2012	2011	2010	2009
<u>Parks and Recreation</u>					
<i>Use or Nature: Community Services</i>					
Park acreage developed:	380	380	380	380	380
Park acreage undeveloped:	5	5	5	5	5
Playgrounds:	8	8	7	7	7
Participants in sports activities:	2,213	2,636	2,316	3,500	2,889
Coaches certified:	427	570	650	625	644
<u>Street</u>					
<i>Use or Nature: Public Works</i>					
Paved streets:	133 miles	133 miles	133 miles	132.5 miles	132 miles
<u>Utilities</u>					
<u>Water System</u>					
<i>Use or Nature: Public Works</i>					
Miles of water mains:	226	220	225	225	225
Daily average consumption:	4.1 MGD	4.1 MGD	3.9 MGD	4.2 MGD	4.2 MGD
Maximum daily capacity:	8.1 MGD	8.1 MGD	7.6 MGD	13.5 MGD	13.5 MGD
Number of service connections:	13,474	12,387	12,031	12,072	11,936
<u>Sewage System</u>					
<i>Use or Nature: Public Works</i>					
Miles of sanitary sewers:	377	377	375	375	375
Number of lift stations:	16	16	16	16	16
Daily average treatment:	1.9 MGD	2.631 MGD	1.9 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):	10,715	11,149	11,400	11,171	10,947
<u>Golf Course</u>					
<i>Use or Nature: Community Services</i>					
Rounds of golf played (annually):	16,770	19,300	25,000	23,907	27,911
Tournament rounds (annually):	525	626	650	728	1,190
Annual dues (memberships):	220	226	270	244	240
<u>Community Statistics</u>					
<i>Use or Nature: Employee Information</i>					
School District Employees:	1,275	1,275	1,324	1,300	1,300
City Employees:	276	276	298	303	309
Fort Hood Servicemen:	45,000	45,000	47,700	44,000	44,000
Fort Hood Employees (Civilians):	21,240	21,240	15,800	17,098	17,098

Source: Various Departments, City of Copperas Cove

** Data not available.

TABLE 20

Fiscal Year				
2008	2007	2006	2005	2004
380	214	214	214	214
5	163	163	163	163
7	6	5	5	5
2,700	2,837	2,382	2,353	1,500
602	638	486	486	125
132 miles	129 miles	121 miles	121 miles	110 miles
183	255	230	230	227
4 MGD	4 MGD	4 MGD	4 MGD	5 MGD
13.5 MGD	13.5 MGD	13.5 MGD	13.5 MGD	13.5 MGD
11,966	12,472	11,195	10,801	10,466
350	350	210	210	200
15	14	14	14	14
3.1 MGD	3.1 MGD	3.1 MGD	3.1 MGD	3.1 MGD
9.0 MGD	9.0 MGD	9.0 MGD	9.0 MGD	6.35 MGD
11,025	10,512	10,359	10,022	9,794
32,954	30,004	32,437	35,060	NA**
1,495	1,429	1,798	NA**	NA**
240	232	213	NA**	NA**
1,300	1,218	1,162	1,159	1,142
299	298	281.5	279	279
53,416	39,262	43,995	45,777	45,777
17,098	8,909	8,909	12,134	12,134



Copperas Cove

Head for the Hills