



Fank Seffrood,
Mayor

Kirby Lack,
Mayor Pro Tem

City Council

George D. Duncan

Matthew H. Russell

James Pierce Jr.

Dan Yancey

David Morris

Jay Manning

Andrea M Gardner

City Manager

Velia Key

Director of

Financial Services

City of Copperas Cove, Texas Comprehensive Annual Financial Report

For the Year Ended
September 30, 2016



City of Copperas Cove

T E X A S

City Built for Family Living

City of Copperas Cove, Texas

Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2016

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City of Copperas Cove, Texas
Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2016

City of Copperas Cove, Texas

Vision Statement

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

Mission Statement

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

Adopted by the City Council on April 19, 2011



"The City Built for Family Living"

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Introductory Section



“The City Built for Family Living”

March 28, 2017

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, 2016, 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 provides the City Council, City staff, our citizens, our bondholders and any other interested parties with valuable detailed information concerning the financial condition and activities 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 Weaver and Tidwell, 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, 2016, 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 unmodified opinion that the City of Copperas Cove’s financial statements for the fiscal year ended September 30, 2016, 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 33,557 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 35,141 per the Fort Hood Fast Facts published on March 3, 2017. Fort Hood has a significant 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 35% 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.

Ad Valorem Taxes. Property tax revenues are the City's largest source of funding. Tax collections totaled \$9.9 million for fiscal year 2016, an increase of 1.2% from prior year. The City has experienced a decline in net taxable value since 2009; this decline is the result of the disabled veteran's exemption plus the over 65 tax freeze.

Sales Tax. After property tax revenues, the General Fund's second largest revenue and most volatile source is sales tax generated from a variety of businesses operating in the City of Copperas Cove. Sales tax collections have decreased by approximately 0.2 percent in comparison to fiscal year 2015.

Overall the City is maintaining adequate funding for expenditures and reserves as required by the fund balance policy. The City continues 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 to discuss financial information for long-term planning, financial policies, internal controls, and fund balance reserve requirements.

The City began multi-year budgeting during the FY 2016 budget development. Multi-year budgeting will help to further streamline the current budgeting process for future year budgets. The first year of preparation represented challenges for all department heads due to the additional forecast ahead; however, the ramifications of this process is that we will update the revenue trends and review the expenditures based on needs.

MAJOR INITIATIVES

At the end of the 2016 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 on the City's website under the 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 Water System Study provides "a list of recommended improvements that has been developed to address immediate concerns and deficiencies in the Copperas Cove water system. These improvements are referred to as Phase I Improvements in the total amount of \$11.3 million and are necessary for the water distribution system to provide an adequate level of service and satisfy design

criteria under current existing conditions. Phase I Improvements consists of four projects whose primary goal is to address the water storage deficiencies and improve water transmission capabilities.” Phase I was authorized by City Council beginning with the Southwest Water Improvements project. Phase II and III projects are longer term and total \$27.6 million to address population growth.

- ◆ Hughes Garden Drainage Improvement Project design phase was completed.
- ◆ Replaced tipping floor and scale at the Solid Waste Transfer Station.
- ◆ Completed Phase I of the Northwest Wastewater Treatment Plant.
- ◆ Information System Building is ongoing and scheduled to be completed by Spring 2017.
- ◆ Advance Meter Infrastructure is ongoing and scheduled to be completed and implemented by Spring 2017.
- ◆ Mountaintop Phase I was completed.
- ◆ Business US 190 redesign was presented to City Council and project is currently ongoing.
- ◆ Avenue D sidewalk improvement project is currently ongoing.

ACCOMPLISHMENTS

During fiscal year 2016, 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.
- ◆ Maintained above average clearance rates in Part I & Part II crimes as compared to state averages.

Fire

- ◆ Received and managed a Homeland Security Program Grant used to fund the purchase of Interoperability Compliant portable radios.
- ◆ 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

- ◆ Conducted two youth soccer leagues with 842 participants.
- ◆ Conducted Youth Baseball / Softball program with over 600 participants.
- ◆ Conducted Youth Flag Football and Youth Tackle Football with 315 participants.
- ◆ Conducted Youth Basketball with 424 participants.
- ◆ Conducted swimming lesson for 5 levels of ability.
- ◆ Library maintained accreditation by the Texas State Library & Archives Commission.
- ◆ The Library provided access to e-book, and downloadable materials.

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.
- ◆ Improved Wastewater Treatment processes that focused on increased safety, productivity, and cost savings.
- ◆ Updated the Water Conservation and Contingency Plan.

Solid Waste

- ◆ 9,709 households are currently participating in the single Stream Recycling Program (SSR).
- ◆ 1,021 tons of recyclables were collected and kept away from the landfill resulting in savings for our City and helping the environment.
- ◆ successfully submitted quarterly and semiannual report for groundwater monitoring.

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 Budget Director. 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, Purchasing, Investments, Capital Assets, and Debt Management Policy.

AWARDS AND ACKNOWLEDGMENTS

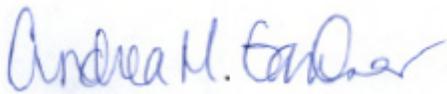
Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Copperas Cove for its comprehensive annual financial report for the fiscal year ended September 30, 2015. This was the 24th 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.

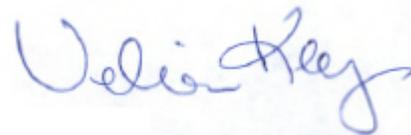
Acknowledgments: The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department, and all directors and department heads. We would like to express our appreciation to all members of the departments who assisted 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 Weaver and Tidwell L.L.P. is greatly appreciated.

Respectfully submitted,



Andrea M. Gardner
City Manager



Velia Key
Director of Financial Services

City of Copperas Cove, Texas

List of Principal Officials

City Council

Frank Seffrood - Mayor
Kirby Lack - Mayor Pro Tem

David Morris - Council Member
James Pierce Jr - Council Member
Dan Yancey - Council Member

Jay Manning - Council Member
George Duncan - Council Member
Matthew Russell - Council Member

City Staff

Reporting to City Council

Andrea M. Gardner, City Manager
Denton, Navarro, Rocha, Bernal, Hyde & Zech P.C., City Attorney
F.W. "Bill" Price, City Judge
Lisa Kubala, Associate Municipal Judge

Reporting to the City Manager

Joe Brown, Parks & Recreation Director/ Deputy City Manager
Ryan D. Haverlah, Budget Director/Asst. to the City Manager
Eddie Wilson, Police Chief
Michael Neujahr, Fire Chief
Velia Key, Director of Financial Services
Jeff Davis, Human Resources Director
Kevin Keller, Public Information Officer
Mike Morton, Building Official
Greg Mitchell, Information Systems Director
Charlotte Hitchman, Planner



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, 2015

Executive Director/CEO

Financial Section

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Independent Auditor's Report

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, 2016, 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

The City's 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, as of September 30, 2016, 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.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary information and pension schedules on pages 5 through 17, and 66 through 70, respectively, 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's basic financial statements. The introductory section, combining financial statements and budget comparisons, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements and budget comparisons 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 fund statements and budget comparisons 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 28, 2017 on our consideration of the City's 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 the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
March 28, 2017

Management's Discussion and Analysis



Management's Discussion and Analysis

As management of the City of Copperas Cove, Texas, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2016. 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 17 and the accompanying notes to the financial statements.

Financial Highlights

- The total net position of the City increased to \$48.1 million from the prior year's \$46.0 million.
- As of September 30, 2016, the City's governmental funds reported combined ending fund balances of \$12.6 million, a decrease of \$1.6 million in comparison with prior year.
- As of September 30, 2016, unassigned fund balance for the General Fund was \$6.3 million, or 42.9% of total General Fund expenditures. Unassigned fund balance, when compared to prior year, increased 2.7%.

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 18 – 21 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 66 - 98.

The basic governmental fund financial statements can be found on pages 24 - 27 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 29-34 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 35-63 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 76-86 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, 2016.

Net Position

The following table reflects the Condensed Statement of Net Position as of September 30, 2016 and the previous year.

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 14,294,060	\$ 16,416,972	\$ 26,059,384	\$ 21,953,949	\$ 40,353,444	\$ 38,370,921
Capital assets	40,197,470	40,004,573	53,142,651	48,242,191	93,340,121	88,246,764
Total assets	<u>54,491,530</u>	<u>56,421,545</u>	<u>79,202,035</u>	<u>70,196,140</u>	<u>133,693,565</u>	<u>126,617,685</u>
Deferred outflows of resources	3,318,896	1,341,916	1,333,629	726,304	4,652,525	2,068,220
Other liabilities	1,460,336	1,978,664	4,300,071	2,114,945	5,760,407	4,093,609
Long-term liabilities	40,517,262	41,053,923	43,410,134	37,099,485	83,927,396	78,153,408
Total liabilities	<u>41,977,598</u>	<u>43,032,587</u>	<u>47,710,205</u>	<u>39,214,430</u>	<u>89,687,803</u>	<u>82,247,017</u>
Deferred inflows of resources	464,274	325,783	134,864	87,466	599,138	413,249
Net position						
Net investment in capital assets	11,295,015	11,141,316	23,926,500	25,997,032	35,221,515	37,138,348
Restricted	2,918,469	2,595,110	641,398	504,099	3,559,867	3,099,209
Unrestricted	<u>1,155,070</u>	<u>668,665</u>	<u>8,122,697</u>	<u>5,119,417</u>	<u>9,277,767</u>	<u>5,788,082</u>
Total net position	<u>\$ 15,368,554</u>	<u>\$ 14,405,091</u>	<u>\$ 32,690,595</u>	<u>\$ 31,620,548</u>	<u>\$ 48,059,149</u>	<u>\$ 46,025,639</u>

The City's combined net position was \$48.1 million as of September 30, 2016. Of the \$48.1 million, \$15.4 million was in the governmental activities and \$32.7 million was in the business-type activities. The City's total net position increased when compared to the prior year by \$2.0 million.

Net position consists of three components: net investment in capital assets, restricted net position and unrestricted net position. The first portion of net position (\$35.2 million or 73%) 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 decreased \$1.9 million or 5%. 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 \$3.6 million at September 30, 2016, or 8% 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 increased \$0.5 million or 15% compared to September 30, 2015.

The third portion consists of unrestricted net position totaling \$9.2 million or 19% 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 \$3.5 million or 60% compared to September 30, 2015.

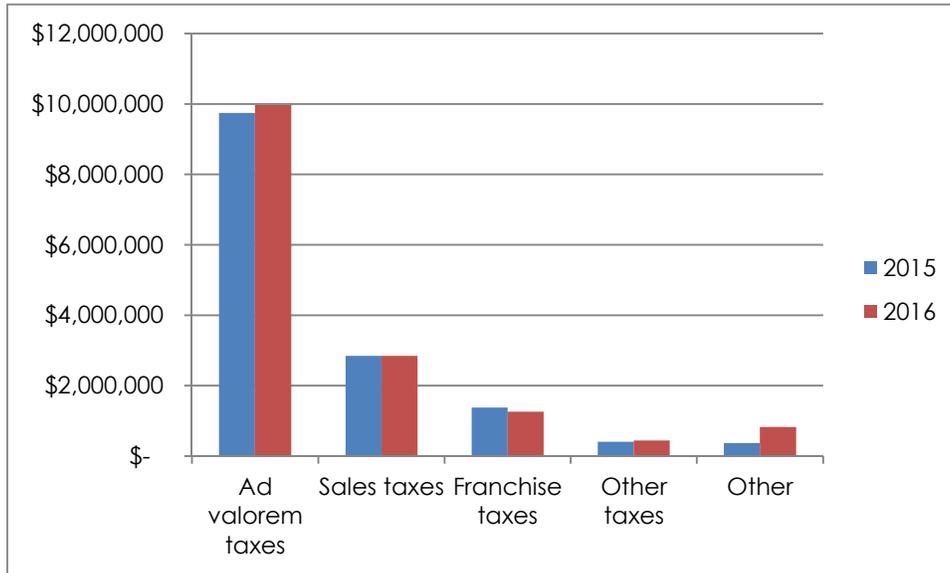
Changes in Net Position. The City's total revenues for the fiscal year ended September 30, 2016, were \$33.9 million. Total revenues decreased when compared to the prior year by \$0.2 million or <1%. The City's total costs of all programs and services increased to \$31.9 million, an increase of <1% from the previous year.

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Revenues						
Charges for services	\$ 3,022,516	\$ 3,231,357	\$ 15,113,036	\$ 15,411,764	\$ 18,135,552	\$ 18,643,121
Operating grants and contributions	289,597	571,277	-	-	289,597	571,277
Capital grants and contributions	-	3,500	-	-	-	3,500
General revenues						
Ad valorem taxes	9,967,981	9,742,586	-	-	9,967,981	9,742,586
Sales taxes	2,842,678	2,848,964	-	-	2,842,678	2,848,964
Franchise taxes	1,258,920	1,375,791	-	-	1,258,920	1,375,791
Other taxes	443,966	406,468	-	-	443,966	406,468
Interest and investment earnings	37,671	101,631	57,383	37,684	95,054	139,315
Miscellaneous	792,655	267,602	65,543	128,586	858,198	396,188
Total revenues	<u>18,655,984</u>	<u>18,549,176</u>	<u>15,235,962</u>	<u>15,578,034</u>	<u>33,891,946</u>	<u>34,127,210</u>
Expenses						
General government	3,140,253	3,535,829	-	-	3,140,253	3,535,829
Community services	2,154,671	3,214,351	-	-	2,154,671	3,214,351
Fleet and facility maintenance	295,982	456,308	-	-	295,982	456,308
Highways and streets	1,669,455	1,434,484	-	-	1,669,455	1,434,484
Public safety	11,075,796	9,162,709	-	-	11,075,796	9,162,709
Interest on long-term debt	628,810	1,054,111	-	-	628,810	1,054,111
Water and sewer	-	-	8,811,109	9,221,685	8,811,109	9,221,685
Solid waste	-	-	3,470,827	3,041,437	3,470,827	3,041,437
Golf course	-	-	611,534	565,774	611,534	565,774
Total expenses	<u>18,964,967</u>	<u>18,857,792</u>	<u>12,893,470</u>	<u>12,828,896</u>	<u>31,858,437</u>	<u>31,686,688</u>
Increase (decrease) in net position before transfers	(308,983)	(308,616)	2,342,492	2,749,138	2,033,509	2,440,522
Transfers	<u>1,272,446</u>	<u>1,157,733</u>	<u>(1,272,446)</u>	<u>(1,157,733)</u>	<u>-</u>	<u>-</u>
Change in net position	963,463	849,117	1,070,046	1,591,405	2,033,509	2,440,522
Net position, beginning	14,405,091	17,386,162	31,620,549	31,010,187	46,025,640	48,396,349
Change in accounting principle	-	(3,830,188)	-	(981,044)	-	(4,811,232)
Net position, ending	<u>\$ 15,368,554</u>	<u>\$ 14,405,091</u>	<u>\$ 32,690,595</u>	<u>\$ 31,620,548</u>	<u>\$ 48,059,149</u>	<u>\$ 46,025,639</u>

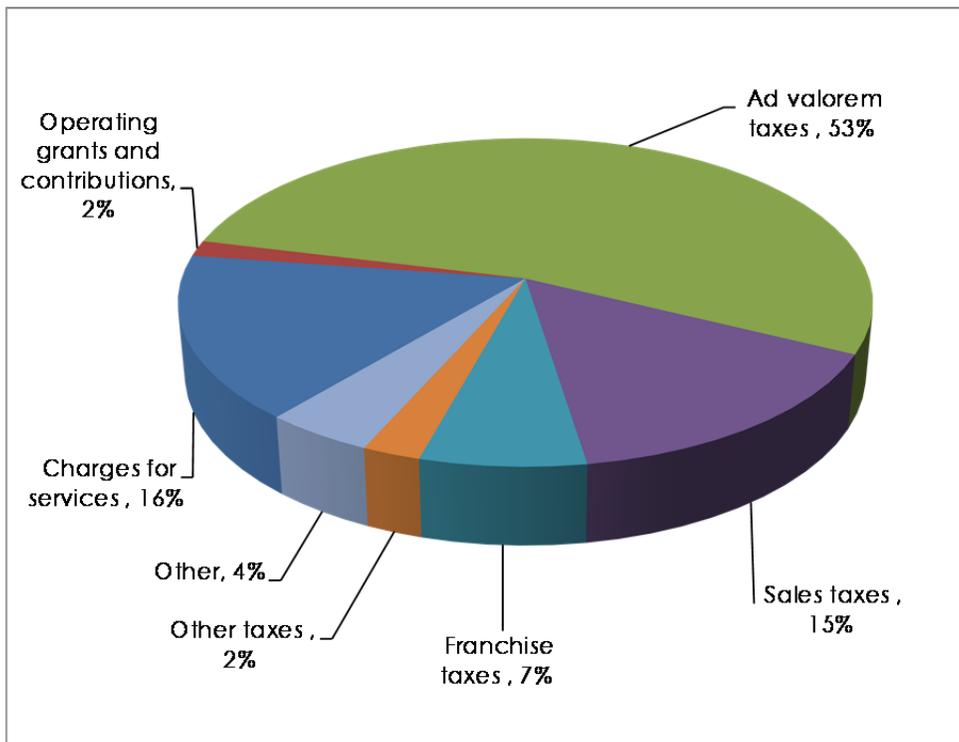
General Revenues – Governmental Activities

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 \$0.2 million, which is an increase of 2.3% compared to the previous year. Sales tax remained consistent at \$2.8 million compared to the previous year.

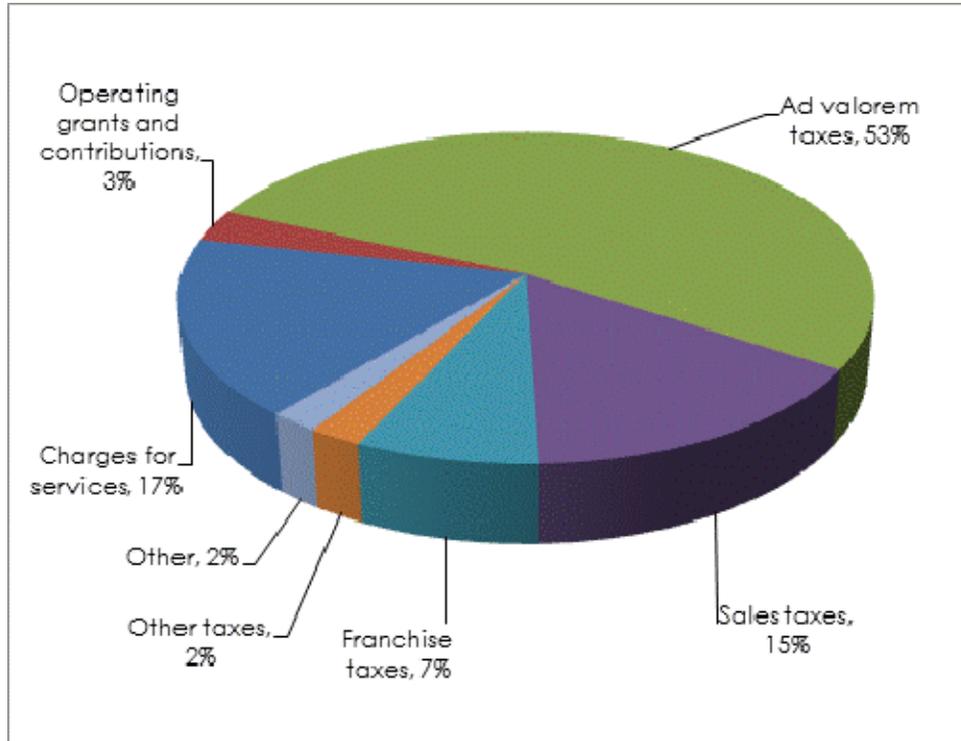
General Revenues – Governmental Activities



Revenues by Source – Governmental Activities – FY 2016



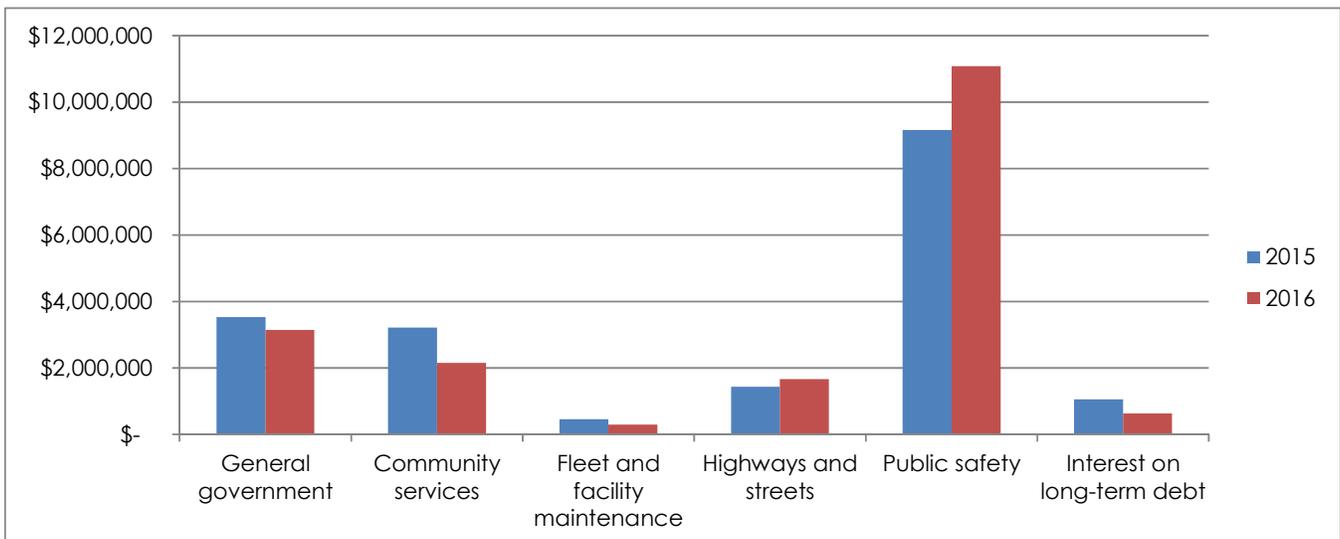
Revenues by Source – Governmental Activities – FY 2015



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 \$11.1 million, or 58% of total expenses compared to the prior year's \$9.2 million, or 49%, followed by General Government at \$3.1 million, or 17% compared to prior year's \$3.5 million, or 19%. Community Services recorded \$2.2 million, or 11% compared to prior year's \$3.2 million, or 17%. Highways and Streets recorded \$1.7 million, or 9% compared to prior year's \$1.4 million, or 8%. Interest on long-term debt recorded \$0.8 million, or 4% compared to prior year's \$0.7 million, or 4%.

Expenses – Governmental Activities

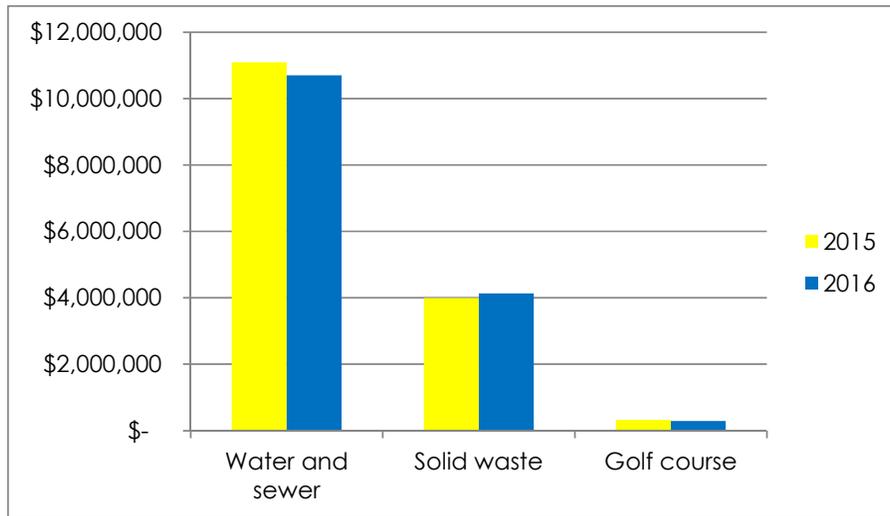


Business-type Activities – Revenues

Business-type activities increased the City's net position by \$1.1 million. Charges for services provided the largest share of revenues at 99%.

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 decreased by \$0.4 million or 3.6%. Solid Waste revenues increased \$134 thousand or 3.4% from the previous year, and the Golf Course Fund revenues decreased from \$323 thousand in 2015 to \$285 thousand in 2016, a decrease of \$38 thousand or 11%.

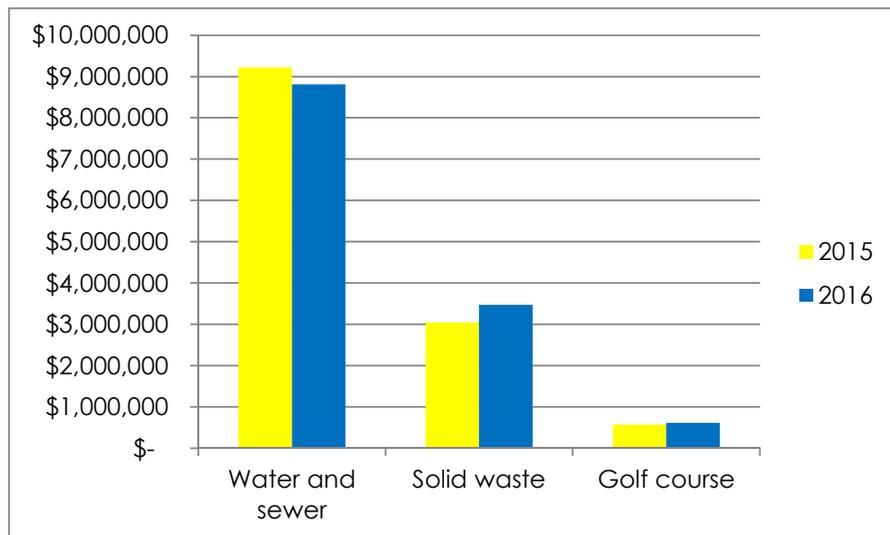
Program Revenues – Business-type Activities



Business-type Activities – Expenses

Total expenses for business-type activities were \$12.8 million, an increase of \$0.1 million or <1% compared to the prior year. Water and Sewer recorded \$8.8 million in expenses, a decrease of \$0.4 million or 5% compared to the prior year. Solid Waste expenses increased \$429 thousand or 14%. Golf Course expenses increased from \$566 thousand in 2015 to \$612 thousand in 2016, an increase of \$46 thousand or 8%.

Program Expenses – Business-type Activities



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, 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 \$12.6 million, a decrease of \$1.6 million in comparison with the prior year.

The General Fund is the chief operating fund of the City. At September 30, 2016, unassigned fund balance of the General Fund was \$6.3 million, while total fund balance was \$6.5 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 42.9% of total General Fund expenditures.

The Debt Service Fund has a total fund balance of \$599 thousand, all of which is restricted for the payment of debt service.

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 totaled \$6.8 million, an increase of \$2.8 million or 70%. The Solid Waste Fund unrestricted net position was \$3.0 million, an increase of \$0.5 or 20%. Unrestricted net position for the Golf Course Fund decreased by \$237 thousand in 2016.

The total increase (decrease) in net position for the three funds was \$1.1 million, \$185 thousand, and (\$237 thousand) respectively. Total operating revenues in the 2016 fiscal year were \$15.2 million, a decrease of <1% from the 2015 fiscal year. Total operating expenses totaled \$12.9 million, an increase of <1%. Total operating income was \$2.2 million, a decrease of \$0.4 million or 15%.

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 70 for more information on budget policies).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2016, the City has \$93.3 million invested in various capital assets, net of accumulated depreciation. Of the \$93.3 million, \$40.2 million is invested in governmental activities and \$53.1 million is invested in business-type activities. Compared to last year, total capital assets increased \$5.0 million. Capital assets in governmental activities increased \$193 thousand from the prior year. Capital assets in business-type activities increased \$4.9 million or 10% from the prior year.

The following table provides a breakdown of the capital asset balances net of accumulated depreciation at September 30, 2016. Additional information on the City's capital assets may be found in Note 3-E to the financial statements.

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

	Capital Assets					
	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	\$ 1,278,035	\$ 1,278,035	\$ 917,921	\$ 917,921	\$ 2,195,956	\$ 2,195,956
Buildings and improvements	6,767,082	2,722,464	18,551	22,131	6,785,633	2,744,595
Furniture and fixtures	4,917	7,506	-	-	4,917	7,506
Vehicles	1,861,961	2,644,194	794,291	990,179	2,656,252	3,634,373
Equipment	1,164,234	1,313,082	314,185	516,764	1,478,419	1,829,846
Facilities/infrastructure	27,059,564	27,721,186	37,099,779	38,483,570	64,159,343	66,204,756
Construction in progress	2,061,677	4,318,106	13,997,924	7,311,626	16,059,601	11,629,732
Total capital assets	<u>\$ 40,197,470</u>	<u>\$ 40,004,573</u>	<u>\$ 53,142,651</u>	<u>\$ 48,242,191</u>	<u>\$ 93,340,121</u>	<u>\$ 88,246,764</u>

Long-term Debt

The City's total debt increased by \$2.2 million during the current fiscal year. During the 2016 fiscal year, the City had the following debt issuances:

- General Obligation Refunding Bonds, Series 2016, in the amount of \$6.3 million. These bonds refunded \$6.6 million in outstanding obligations.
- General Obligation Refunding Bonds, Series 2015, in the amount of \$1.2 million. These bonds refunded \$1.1 million in outstanding obligations.
- Combination Tax and Revenue Certificates of Obligation, Series 2016, in the amount of \$8.4 million.

The following schedule shows the outstanding bonds and notes of the City (both current and long-term) as of September 30, 2016 and 2015.

	Outstanding Debt					
	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
General obligations	\$ 19,410,540	\$ 20,087,980	\$ 16,889,460	\$ 15,717,020	\$ 36,300,000	\$ 35,805,000
Tax/revenue certificates of obligation	10,665,000	10,670,000	21,195,000	13,725,000	31,860,000	24,395,000
Tax notes	1,305,065	2,975,000	844,935	4,940,000	2,150,000	7,915,000
Total debt	<u>\$ 31,380,605</u>	<u>\$ 33,732,980</u>	<u>\$ 38,929,395</u>	<u>\$ 34,382,020</u>	<u>\$ 70,310,000</u>	<u>\$ 68,115,000</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, 2016		
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 3-G of the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

City of Copperas Cove's economic future is not without challenge. The City has been experiencing loss of property tax revenue since 2009, due to the 100% disabled veteran's property tax exemption. The FY 2017 budget includes over \$300,000 revenue from the State as approved by House Bill 7 (HB7) for cities disproportionately affected by the 100% disabled veteran's property tax exemption. Another factor that impacts the City tremendously is the movement of troops from Fort Hood, the largest military installation in the United States. Our School District provides education to about 8,200 students and 35% of the student population is military families. The City continues to develop commercially, on September 6, 2016, the City Council approved a public loan in the amount of \$3,000,000 million dollars to C-Cove 90 Partners, Ltd for Phase II of the 5 Hill Shopping Center.

Property tax revenues for maintenance and operations are projected to increase in FY 2017, the increase is attributed to the decrease in debt service payments. The sales tax revenue is particularly important to the City because it reduces the General Fund's dependency on property taxes. Sales tax revenue is about 18% of the General Fund revenue; this type of revenue is volatile and subject to economic cycles.

The City is anticipating several housing developments to begin construction in the very near future and continue for more than a decade. Heartwood Park Phase I, a development of 222 lots, has sold a number of homes and continues construction. The Reserves at Skyline Mountain, a development of 57 lots, has installed infrastructure and is currently constructing and selling home sites. There are also three additional housing developments proposed in concept totaling 1,869 lots.

The Water and Sewer Fund is starting the new fiscal year with new technology Advance Meter Infrastructure (AMI), we are extremely proud to offer this new technology to our citizens. AMI has streamlined the manual process of the billing for utility accounts and will provide significant savings to the Water and Sewer Fund.

The Golf Course Fund has been operating at a deficit for several years, all positions from the Golf Course Maintenance has been moved to the General Fund Parks Maintenance, this change was made in an effort to provide some relief to the Fund and create efficiencies in the work flow.

The Solid Waste Fund continues to thrive with the Single Stream Recycling Program, the program is highly supported by the community. The number of household participation has increased by 2,451 from the prior year. We anticipate that the entire community will be participating in the program by the end of fiscal year 2017.

The total operating budget for FY 2017 is \$31,876,118. This total includes \$16,101,411 for the General Fund, \$11,751,436 for the Water and Sewer Fund, \$3,692,916 for the Solid Waste Fund and \$330,355 for the Golf Course Fund.

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
914 South Main Street
Copperas Cove, TX 76522
(254) 547-4221

Or visit our website at <http://www.copperascovetx.gov>

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Basic Financial Statements

City of Copperas Cove, Texas

Statement of Net Position

September 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 11,076,899	\$ 6,995,505	\$ 18,072,404	\$ 3,015,397
Restricted cash and investments	-	16,308,374	16,308,374	-
Receivables (net of allowance)				
Taxes	893,467	-	893,467	241,349
Accounts	384,494	4,264,523	4,649,017	128
Fines	77,258	-	77,258	-
Ambulance fees	63,328	-	63,328	-
Grants	46,034	-	46,034	-
Internal balances	1,558,684	(1,558,684)	-	-
Inventories	70,617	37,856	108,473	-
Prepaid items	21,180	11,810	32,990	2,500
Notes receivable	102,099	-	102,099	-
Capital assets				
Nondepreciable	3,339,712	14,915,845	18,255,557	1,119,902
Depreciable (net)	36,857,758	38,226,806	75,084,564	478,144
Total assets	54,491,530	79,202,035	133,693,565	4,857,420
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	2,881,407	899,652	3,781,059	70,672
Deferred charge on refunding	437,489	433,977	871,466	-
Total deferred outflows of resources	3,318,896	1,333,629	4,652,525	70,672
Total assets and deferred outflows of resources	57,810,426	80,535,664	138,346,090	4,928,092

The Notes to Basic Financial Statements are an integral part of this statement.

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Accounts payable	\$ 441,169	\$ 2,752,353	\$ 3,193,522	\$ 20,330
Retainage payable	228,939	165,463	394,402	-
Accrued liabilities	410,530	289,048	699,578	2,933
Due to other governments	83,546	-	83,546	-
Unearned revenue	62,309	1,001	63,310	-
Other liabilities	98,769	-	98,769	-
Accrued interest payable	135,074	168,339	303,413	7,834
Customer deposits	-	923,867	923,867	-
Noncurrent liabilities				
Due within one year	2,847,151	3,309,471	6,156,622	87,730
Due in more than one year	37,670,111	40,100,663	77,770,774	1,840,361
Total liabilities	41,977,598	47,710,205	89,687,803	1,959,188
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	464,274	134,864	599,138	12,319
Total deferred inflows of resources	464,274	134,864	599,138	12,319
NET POSITION				
Net investment in capital assets	11,295,015	23,926,500	35,221,515	1,598,046
Restricted for				
Debt service	693,078	641,398	1,334,476	-
Community services	109,448	-	109,448	-
Highways and streets	1,879,846	-	1,879,846	-
Public safety	34,741	-	34,741	-
Economic development	201,356	-	201,356	1,358,539
Unrestricted	1,155,070	8,122,697	9,277,767	-
Total net position	\$ 15,368,554	\$ 32,690,595	\$ 48,059,149	\$ 2,956,585

City of Copperas Cove, Texas
Statement of Activities
For The Year Ended September 30, 2016

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities				
General government	\$ 3,140,253	\$ 300,308	\$ -	\$ -
Community services	2,154,671	367,740	129,675	-
Fleet and facility services	295,982	-	-	-
Highways and streets	1,669,455	886,844	-	-
Public safety	11,075,796	1,467,624	159,922	-
Interest and fiscal charges	628,810	-	-	-
Total governmental activities	18,964,967	3,022,516	289,597	-
Business-type activities				
Water and sewer	8,811,109	10,701,271	-	-
Solid waste	3,470,827	4,127,047	-	-
Golf course	611,534	284,718	-	-
Total business-type activities	12,893,470	15,113,036	-	-
Total primary government	\$ 31,858,437	\$ 18,135,552	\$ 289,597	\$ -
COMPONENT UNIT				
Economic development	\$ 801,243	\$ 10,733	\$ -	\$ -
Total component unit	\$ 801,243	\$ 10,733	\$ -	\$ -
General revenues				
Taxes				
Ad valorem taxes				
Sales taxes				
Franchise taxes				
Other taxes				
Miscellaneous				
Unrestricted investment earnings				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning				
Net position, ending				

Net (Expense) Revenue and Changes in Net Position

Primary Government

Governmental Activities	Business-type Activities	Total	Component Unit
\$ (2,839,945)	\$ -	\$ (2,839,945)	
(1,657,256)	-	(1,657,256)	
(295,982)	-	(295,982)	
(782,611)	-	(782,611)	
(9,448,250)	-	(9,448,250)	
(628,810)	-	(628,810)	
(15,652,854)	-	(15,652,854)	
-	1,890,162	1,890,162	
-	656,220	656,220	
-	(326,816)	(326,816)	
-	2,219,566	2,219,566	
(15,652,854)	2,219,566	(13,433,288)	
			\$ (790,510)
			(790,510)
9,967,981	-	9,967,981	-
2,842,678	-	2,842,678	1,420,642
1,258,920	-	1,258,920	-
443,966	-	443,966	-
792,655	65,543	858,198	19,981
37,671	57,383	95,054	1,859
1,272,446	(1,272,446)	-	-
16,616,317	(1,149,520)	15,466,797	1,442,482
963,463	1,070,046	2,033,509	651,972
14,405,091	31,620,549	46,025,640	2,304,613
<u>\$ 15,368,554</u>	<u>\$ 32,690,595</u>	<u>\$ 48,059,149</u>	<u>\$ 2,956,585</u>

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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, 2016

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 5,196,323	315,656	\$ 5,564,920	\$ 11,076,899
Receivables (net of allowance)				
Taxes	771,803	94,195	27,469	893,467
Ambulance fees	63,328	-	-	63,328
Accounts	168,369	-	216,125	384,494
Fines	72,263	-	4,995	77,258
Grants	3,674	-	42,360	46,034
Due from other funds	1,300,620	289,649	3,937	1,594,206
Inventory	70,617	-	-	70,617
Prepaid items	19,491	-	1,689	21,180
Notes receivable	-	-	102,099	102,099
Total assets	<u>\$ 7,666,488</u>	<u>\$ 699,500</u>	<u>\$ 5,963,594</u>	<u>\$ 14,329,582</u>
LIABILITIES				
Accounts payable	\$ 273,267	\$ 6,422	\$ 161,480	\$ 441,169
Retainage payable	-	-	228,939	228,939
Due to other funds	-	-	35,522	35,522
Due to other governments	83,546	-	-	83,546
Unearned revenue	51,074	-	11,235	62,309
Accrued liabilities	398,353	-	12,177	410,530
Other liabilities	98,769	-	-	98,769
Total liabilities	905,009	6,422	449,353	1,360,784
DEFERRED INFLOWS OF RESOURCES				
Unavailable				
Property taxes	140,674	93,775	-	234,449
Municipal court fines	72,262	-	4,994	77,256
Ambulance fees	63,328	-	-	63,328
Total deferred inflows of resources	276,264	93,775	4,994	375,033
FUND BALANCES				
Nonspendable	90,108	-	1,689	91,797
Restricted	26,084	599,303	5,507,558	6,132,945
Assigned	50,362	-	-	50,362
Unassigned	6,318,661	-	-	6,318,661
Total fund balances	6,485,215	599,303	5,509,247	12,593,765
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 7,666,488</u>	<u>\$ 699,500</u>	<u>\$ 5,963,594</u>	<u>\$ 14,329,582</u>

City of Copperas Cove, Texas

Reconciliation of the Balance Sheet of
Governmental Funds to the
Statement of Net Position
September 30, 2016

Total fund balances - governmental funds balance sheet \$ 12,593,765

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. 40,197,470

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. (37,797,714)

Unavailable revenues are deferred inflows of resources in the fund financial statements, but such revenues are recognized in the government-wide financial statements. 375,033

Net position of governmental activities - statement of net position \$ 15,368,554

City of Copperas Cove, Texas
 Governmental Funds
 Statement of Revenues, Expenditures,
 and Changes In Fund Balances
 For the Year Ended September 30, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 10,354,674	\$ 3,973,249	\$ 166,192	\$ 14,494,115
Charges for services	1,404,977	-	886,635	2,291,612
Intergovernmental	4,355	129,675	155,568	289,598
Fines	508,532	-	24,686	533,218
Licenses	54,971	-	-	54,971
Permits	220,944	-	-	220,944
Investment income	20,960	1,880	14,831	37,671
Miscellaneous	761,113	-	712	761,825
Total revenues	<u>13,330,526</u>	<u>4,104,804</u>	<u>1,248,624</u>	<u>18,683,954</u>
EXPENDITURES				
Current				
General government	2,688,783	-	-	2,688,783
Community services	1,738,459	-	186,341	1,924,800
Fleet and facility services	276,534	-	-	276,534
Highways and streets	579,399	-	507,997	1,087,396
Public safety	9,356,861	-	125,597	9,482,458
Capital outlay	81,886	-	2,655,005	2,736,891
Debt service				
Principal retirement	-	2,712,880	196,560	2,909,440
Interest and fiscal charges	-	1,136,874	18,011	1,154,885
Total expenditures	<u>14,721,922</u>	<u>3,849,754</u>	<u>3,689,511</u>	<u>22,261,187</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,391,396)	255,050	(2,440,887)	(3,577,233)
OTHER FINANCING SOURCES (USES)				
Issuance of bonds	-	-	600,000	600,000
Payment to refunding escrow agent	-	(4,802,926)	-	(4,802,926)
Refunding bonds issued	-	4,430,000	-	4,430,000
Premium on bonds	-	436,570	53,025	489,595
Sale of capital assets	6,754	-	2,160	8,914
Insurance recoveries	21,916	-	-	21,916
Transfers in	1,475,000	-	-	1,475,000
Transfers out	-	(89,304)	(113,250)	(202,554)
Total other financing sources (uses)	<u>1,503,670</u>	<u>(25,660)</u>	<u>541,935</u>	<u>2,019,945</u>
NET CHANGE IN FUND BALANCES	112,274	229,390	(1,898,952)	(1,557,288)
FUND BALANCES, beginning of year	6,372,941	369,913	7,408,199	14,151,053
FUND BALANCES, end of year	<u>\$ 6,485,215</u>	<u>\$ 599,303</u>	<u>\$ 5,509,247</u>	<u>\$ 12,593,765</u>

The Notes to Basic Financial Statements are an integral part of this statement.

City of Copperas Cove, Texas

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances –
Governmental Funds
To the Statement of Activities
For the Year Ended September 30, 2016

Net change in fund balances - total governmental funds \$ (1,557,288)

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

Governmental funds report all 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. This reconciling
item represents the amount by which capital outlay exceeded depreciation
in the current period. 256,587

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 premiums, discounts,
and similar items when debt is first issued, whereas these amounts are
deferred and amortized in the statements of activities. This reconciling item
represents the net effect of these differences in the treatment of long-term
debt and related items. 2,707,342

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. (320,904)

Some revenues in the statement of activities do not provide current

Some revenues in the statement of activities do not provide current financial
resources and are not included in the governmental funds. (58,584)

The net effect of various miscellaneous transactions involving capital assets
(i.e., sales, trade-ins, and donations) is to decrease net position. (63,690)

Change in net position of governmental activities - statement of activities \$ 963,463

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City of Copperas Cove, Texas

Enterprise Funds

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

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

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

City of Copperas Cove, Texas

Proprietary Funds

Statement of Net Position

September 30, 2016

	Business-type Activities			Total
	Water and Sewer	Solid Waste	Nonmajor Golf Course	
ASSETS				
Current assets				
Cash and investments	\$ 5,131,825	\$ 1,862,880	\$ 800	\$ 6,995,505
Restricted cash and investments	15,558,663	630,780	118,931	16,308,374
Accounts receivable, net	1,781,266	2,481,264	1,993	4,264,523
Inventory	-	-	37,856	37,856
Prepaid expenses	10,910	661	239	11,810
Total current assets	22,482,664	4,975,585	159,819	27,618,068
Noncurrent assets				
Property and equipment				
Land	413,469	204,452	300,000	917,921
Buildings	189,590	-	132,722	322,312
Vehicles	1,119,229	3,083,247	61,267	4,263,743
Equipment	1,521,455	628,481	429,027	2,578,963
Facilities	28,318,491	3,795,717	1,600,245	33,714,453
Infrastructure	42,600,008	-	-	42,600,008
Construction in progress	13,997,924	-	-	13,997,924
Less accumulated depreciation	(39,419,728)	(4,732,571)	(1,100,374)	(45,252,673)
Net property and equipment	48,740,438	2,979,326	1,422,887	53,142,651
Total noncurrent assets	48,740,438	2,979,326	1,422,887	53,142,651
Total assets	71,223,102	7,954,911	1,582,706	80,760,719
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	511,018	322,738	65,896	899,652
Deferred charge on refunding	405,381	21,737	6,859	433,977
Total deferred outflows of resources	916,399	344,475	72,755	1,333,629

The Notes to Basic Financial Statements are an integral part of this statement.

City of Copperas Cove, Texas
Proprietary Funds
Statement of Net Position (Continued)
September 30, 2016

	Business-type Activities			
	Water and Sewer	Solid Waste	Nonmajor Golf Course	Total
LIABILITIES AND NET POSITION				
Current liabilities				
Accounts payable	\$ 2,598,107	\$ 141,465	\$ 12,781	\$ 2,752,353
Accrued liabilities	75,162	198,633	15,253	289,048
Due to other funds	-	-	1,558,684	1,558,684
Unearned revenue	-	236	765	1,001
Customer deposits	923,867	-	-	923,867
Retainage payable	165,463	-	-	165,463
Accrued interest	162,890	5,303	146	168,339
Noncurrent liabilities, current portion	2,958,342	237,802	113,327	3,309,471
Total current liabilities	6,883,831	583,439	1,700,956	9,168,226
Noncurrent liabilities				
Compensated absences	101,796	19,300	6,007	127,103
Bonds payable	35,491,420	1,578,542	239,965	37,309,927
Net pension liability	1,195,187	679,731	147,377	2,022,295
Net OPEB obligation	44,125	22,102	7,661	73,888
Estimated landfill postclosure care costs	-	567,450	-	567,450
Total noncurrent liabilities	36,832,528	2,867,125	401,010	40,100,663
Total liabilities	43,716,359	3,450,564	2,101,966	49,268,889
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	79,449	45,582	9,833	134,864
Total deferred inflows of resources	79,449	45,582	9,833	134,864
NET POSITION				
Net investment in capital assets	21,003,381	1,723,672	1,199,447	23,926,500
Restricted for				
Debt service	536,537	104,861	-	641,398
Unrestricted	6,803,775	2,974,707	(1,655,785)	8,122,697
Total net position	\$ 28,343,693	\$ 4,803,240	\$ (456,338)	\$ 32,690,595

The Notes to Basic Financial Statements are an integral part of this statement.

City of Copperas Cove, Texas

Proprietary Funds

Combining Statement of Revenues, Expenses
and Changes in Net Position

For the Year Ended September 30, 2016

	Business-type Activities			Total
	Water and Sewer	Solid Waste	Nonmajor Golf Course	
OPERATING REVENUES				
Charges for services	\$ 10,701,271	\$ 4,127,047	\$ 284,718	\$ 15,113,036
Miscellaneous	54,763	10,737	43	65,543
Total operating revenues	10,756,034	4,137,784	284,761	15,178,579
OPERATING EXPENSES				
Personnel services	1,986,559	1,026,986	262,461	3,276,006
Supplies and materials	1,913,447	550,464	60,719	2,524,630
Services and charges	1,710,666	1,235,790	108,330	3,054,786
Maintenance and repairs	334,114	130,910	75,647	540,671
Depreciation	1,680,226	501,023	98,214	2,279,463
Total operating expenses	7,625,012	3,445,173	605,371	11,675,556
OPERATING INCOME (LOSS)	3,131,022	692,611	(320,610)	3,503,023
NONOPERATING REVENUES (EXPENSES)				
Investment income	52,308	4,923	152	57,383
Interest and fiscal charges	(1,228,947)	(37,716)	(6,811)	(1,273,474)
Gain on sale of capital assets	40,950	10,750	648	52,348
Insurance recoveries	1,900	1,312	-	3,212
Total nonoperating revenues (expenses)	(1,133,789)	(20,731)	(6,011)	(1,160,531)
NET INCOME (LOSS) BEFORE TRANSFERS	1,997,233	671,880	(326,621)	2,342,492
TRANSFERS				
Transfers in	20,250	-	89,304	109,554
Transfers out	(895,000)	(487,000)	-	(1,382,000)
CHANGE IN NET POSITION	1,122,483	184,880	(237,317)	1,070,046
NET POSITION, beginning of year	27,221,210	4,618,360	(219,021)	31,620,549
NET POSITION, end of year	\$ 28,343,693	\$ 4,803,240	\$ (456,338)	\$ 32,690,595

The Notes to Basic Financial Statements are an integral part of this statement.

City of Copperas Cove, Texas
Proprietary Funds
Statement of Cash Flows
For the Year Ended September 30, 2016

	Business-type Activities			Total
	Water and Sewer	Solid Waste	Nonmajor Golf Course	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 11,375,179	\$ 3,930,603	\$ 284,598	\$ 15,590,380
Payments to suppliers	(1,926,795)	(1,954,397)	(246,390)	(4,127,582)
Payments to employees	(1,959,483)	(999,388)	(241,363)	(3,200,234)
Net cash flows provided (used) by operating activities	7,488,901	976,818	(203,155)	8,262,564
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	52,308	4,923	152	57,383
Payments on notes receivable	330,000	-	-	330,000
Net cash flows provided by investing activities	382,308	4,923	152	387,383
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from issuance of long-term debt	12,199,492	383,773	178,025	12,761,290
Principal paid on long-term debt	(6,576,237)	(303,000)	(109,306)	(6,988,543)
Interest and fiscal charges paid	(1,225,724)	(17,350)	(2,347)	(1,245,421)
Proceeds from sale on capital assets	31,900	10,750	647	43,297
Acquisition of property and equipment	(6,830,123)	(270,131)	(68,721)	(7,168,975)
Net cash flows used by noncapital financing activities	(2,400,692)	(195,958)	(1,702)	(2,598,352)
FINANCING ACTIVITIES				
Cash received from other funds	20,250	-	324,436	344,686
Cash paid to other funds	(895,000)	(487,000)	-	(1,382,000)
Net cash flows provided (used) by noncapital financing activities	(874,750)	(487,000)	324,436	(1,037,314)
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,595,767	298,783	119,731	5,014,281
CASH AND CASH EQUIVALENTS, beginning of year	16,094,721	2,194,877	-	18,289,598
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 20,690,488</u>	<u>\$ 2,493,660</u>	<u>\$ 119,731</u>	<u>\$ 23,303,879</u>
RECONCILIATION TO THE STATEMENT OF NET POSITION				
Unrestricted cash and investments	\$ 5,131,825	\$ 1,862,880	\$ 800	\$ 6,995,505
Restricted cash and investments	15,558,663	630,780	118,931	16,308,374
Total cash and investments	<u>\$ 20,690,488</u>	<u>\$ 2,493,660</u>	<u>\$ 119,731</u>	<u>\$ 23,303,879</u>

The Notes to Basic Financial Statements are an integral part of this statement.

City of Copperas Cove, Texas
Proprietary Funds
Statement of Cash Flows (Continued)
For the Year Ended September 30, 2016

**RECONCILIATION OF OPERATING INCOME (LOSS) TO
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES**

Operating income (loss)	\$ 3,131,022	\$ 692,611	\$ (320,610)	\$ 3,503,023
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	1,680,226	501,023	98,214	2,279,463
Decrease (increase) in assets				
Accounts receivable	520,804	(207,181)	(163)	313,460
Inventory	-	-	3,005	3,005
Prepaid expenses	17,311	7,445	2,495	27,251
Increase (Decrease) in liabilities				
Accounts payable	2,014,121	(1,518)	(7,194)	2,005,409
Accrued liabilities	11,541	28,901	8,270	48,712
Due to other funds	-	(43,160)	-	(43,160)
Landfill closure costs	(50,928)	(4,350)	-	(55,278)
Accrued compensated absences	62,492	257	3,786	66,535
Net pension liability	3,971	2,790	8,504	15,265
Net OPEB obligation	98,341	-	538	98,879
Total adjustments	<u>4,357,879</u>	<u>284,207</u>	<u>117,455</u>	<u>4,759,541</u>
Net cash provided (used) by operating activities	<u>\$ 7,488,901</u>	<u>\$ 976,818</u>	<u>\$ (203,155)</u>	<u>\$ 8,262,564</u>

City of Copperas Cove, Texas
Notes to Basic Financial Statements

City of Copperas Cove, Texas

Notes To Basic Financial Statements

Note 1. 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 operation 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 Copperas Cove Economic Development Corporation (CCEDC) was created in 1990 by resolution of the City Council to promote and develop new and expanded business enterprises and to provide and encourage employment and the public welfare. The City Council appoints the Board of Directors of the component unit and the organization is fiscally dependent on the City. Separate financial statements for the component unit may be obtained by contacting the CCEDC located at 914 South Main 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 unit. As a rule, the effect of interfund activity has been eliminated from these statements. However, interfund services provided and used are not eliminated. Governmental activities, normally 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. 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.

City of Copperas Cove, Texas

Notes To Basic Financial Statements

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

The City reports the following 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 and 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. Unearned revenue arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned 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 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 expense 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.

City of Copperas Cove, Texas

Notes To Basic Financial Statements

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance

Cash and Investments

For the purpose of the statement of cash flows, cash equivalents are defined as short-term, highly-liquid investments with an original maturity date of three months or less.

Investments for the City are reported at fair value except for the position in the State Treasurer's Investment Pool (Pool). In accordance with state law, the Pool operated in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the Pool qualified as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The Pool is subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined financial statements as cash and investments or restricted cash and investments. The City's cash and investments are considered to be cash on hand, demand deposits, and short-term investments with original maturities of less than one year from the date of acquisition.

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 are accounted for 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 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.

City of Copperas Cove, Texas
Notes To Basic Financial Statements

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:

Assets	Years
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 ten 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%) of 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 the proprietary fund in the fund financial statements, the 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 are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category:

- Deferred charges on bond refundings. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

City of Copperas Cove, Texas

Notes To Basic Financial Statements

- Pension contributions after the measurement date – these contributions are deferred and recognized in the following fiscal year.
- Difference in project and actual earnings on pension assets – this difference is deferred and amortized over a closed five-year period.
- Difference in expected and actual pension experience – this difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statements element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- Difference in expected and actual pension experience – this difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Under the modified accrual basis of accounting, governmental funds report unavailable revenues from three sources: property taxes, municipal court fines, and ambulance revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund Balance Classifications

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 by 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:** Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- **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.

City of Copperas Cove, Texas
Notes To Basic Financial Statements

When an expenditure is incurred for purposes for which restricted and unrestricted fund balance is available, the City considered 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

Net position represents the difference between assets, deferred outflows (inflows) of resources and liabilities. Net investment in capital assets consists of capital assets (net of accumulated depreciation), reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Estimates

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

Note 2. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net 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. Deferred inflows and outflows related to pensions are also not reported in the funds.” The details of this difference are as follows:

Bonds payable	\$ (31,380,605)
Unamortized bond premiums	(1,267,590)
Deferred charge on refunding	437,489
Net pension obligation	(7,006,144)
Deferred inflows related to pensions	(464,274)
Deferred outflows related to pensions	2,881,407
Net OPEB obligation	(208,209)
Accrued interest payable	(135,074)
Compensated absences	(654,714)
	<hr/>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position of governmental activities</i>	\$ (37,797,714)
	<hr/>

City of Copperas Cove, Texas
Notes To Basic Financial Statements

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 difference are as follows:

Property taxes	\$ 234,449
Ambulance charges for services	63,328
Municipal court fines	<u>77,256</u>
Net adjustment to increase <i>fund balances - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 375,033</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 difference are as follows:

Capital outlay	\$ 2,650,755
Depreciation expense	<u>(2,394,168)</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>\$ 256,587</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 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 difference are as follows:

Principal repayments	\$ 7,382,375
Issuance of debt	(5,030,000)
Change in discounts and premiums	99,076
Deferred loss on refunding	<u>255,891</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>\$ 2,707,342</u>

City of Copperas Cove, Texas
 Notes To Basic Financial Statements

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 difference are as follows:

Net changes in:	
Compensated absences	\$ 22,157
Accrued interest	11,288
Net pension obligation	(332,558)
Net OPEB obligation	<u>(21,791)</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>\$ (320,904)</u>

Another element of the 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 difference are as follows:

Dispositions	<u>\$ (63,690)</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>\$ (63,690)</u>

Note 3. 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. 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 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, 2016, the City's entire deposit balance was collateralized with securities held by the pledging financial institution or covered by FDIC insurance.

City of Copperas Cove, Texas
Notes To Basic Financial Statements

Interest Credit 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% of the City's total investments.

Additionally, per its investment policy, 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 of 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 Fund Investment Act.
- 7) Eligible investment pools in accordance with the Public Funds Investment Act, Sec. 2256.016-2256.019.

The City's investments at September 30, 2016 are shown below:

	<u>Amortized Cost</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	\$ 23,893,697	45
Total Amortized Cost	<u>\$ 23,893,697</u>	

The City's investment pool is a 2a7-like pool. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 or the Investment Company Act of 1940. During the fiscal year ended September 30, 2016, the City utilized the following external investment pool.

TexPool

Under the TexPool Participation Agreement, administrative and investment firms Lehman Brothers, Inc. and Federated Investors, Inc. provide services to TexPool 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.

City of Copperas Cove, Texas
Notes To Basic Financial Statements

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.

C. Receivables

Receivables at September 30, 2016 for the City's individual major and nonmajor funds, including the applicable allowances for uncollectible accounts, consist of the following:

	General	Debt Service	Water and Sewer	Solid Waste	Total Non- major	Total
Receivables						
Taxes	\$ 771,803	\$ 94,195	\$ -	\$ -	\$ 27,469	\$ 893,467
Ambulance	63,328	-	-	-	-	63,328
Fines	1,447,761	-	-	-	99,877	1,547,638
Utilities		-	1,781,266	2,481,264	216,125	4,478,655
Accounts	168,369	-	-	-	1,993	170,362
Grants	3,674	-	-	-	42,360	46,034
Notes	-	-	-	-	102,099	102,099
Gross receivables	2,454,935	94,195	1,781,266	2,481,264	489,923	7,301,583
Less allowance for uncollectible	1,375,498	-	-	-	94,882	1,470,380
Net total receivables	<u>\$ 1,079,437</u>	<u>\$ 94,195</u>	<u>\$ 1,781,266</u>	<u>\$ 2,481,264</u>	<u>\$ 395,041</u>	<u>\$ 5,831,203</u>

City of Copperas Cove, Texas
Notes To Basic Financial Statements

D. Fund Balance

Fund Balance Classification	General	Debt Service	Nonmajor
Nonspendable			
Inventories	\$ 70,617	\$ -	\$ -
Prepaid items	19,491	-	1,689
Restricted			
Tourism	-	-	83,324
Drainage	-	-	1,879,846
Municipal Court	-	-	28,858
Economic development	-	-	201,356
Homeland security	-	-	1,977
Emergency management	-	-	3,906
Grants	26,084	-	40
Debt service	-	599,303	-
Capital projects	-	-	3,308,251
Assigned			
Capital projects	50,362	-	-
Unassigned	6,318,661	-	-
Total	\$ 6,485,215	\$ 599,303	\$ 5,509,247

City of Copperas Cove, Texas
Notes To Basic Financial Statements

E. Capital Assets

Capital asset activity for the year ended September 30, 2016, was as follows:

	Balance 9/30/15	Additions	Deletions	Balance 9/30/16
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 1,278,035	\$ -	\$ -	\$ 1,278,035
Construction in progress	4,318,106	2,354,954	4,611,383	2,061,677
	<u>5,596,141</u>	<u>2,354,954</u>	<u>4,611,383</u>	<u>3,339,712</u>
Total capital assets not being depreciated				
	5,596,141	2,354,954	4,611,383	3,339,712
Capital assets, being depreciated				
Buildings	8,693,049	4,293,878	-	12,986,927
Furniture and fixtures	307,297	-	-	307,297
Vehicles	5,997,401	52,522	90,449	5,959,474
Equipment	4,954,929	164,832	47,695	5,072,066
Infrastructure	17,083,160	395,952	-	17,479,112
Facilities	19,391,637	-	-	19,391,637
	<u>56,427,473</u>	<u>4,907,184</u>	<u>138,144</u>	<u>61,196,513</u>
Total capital assets being depreciated				
	56,427,473	4,907,184	138,144	61,196,513
Less accumulated depreciation				
Buildings	5,970,585	249,260	-	6,219,845
Furniture and fixtures	299,791	2,589	-	302,380
Vehicles	3,353,207	771,065	26,759	4,097,513
Equipment	3,641,847	313,680	47,695	3,907,832
Infrastructure	3,873,338	427,601	-	4,300,939
Facilities	4,880,273	629,973	-	5,510,246
	<u>22,019,041</u>	<u>2,394,168</u>	<u>74,454</u>	<u>24,338,755</u>
Total accumulated depreciation				
	22,019,041	2,394,168	74,454	24,338,755
Total capital assets being depreciated, net				
	<u>34,408,432</u>	<u>2,513,016</u>	<u>63,690</u>	<u>36,857,758</u>
Governmental activities capital assets, net				
	<u>\$ 40,004,573</u>	<u>\$ 4,867,970</u>	<u>\$ 4,675,073</u>	<u>\$ 40,197,470</u>

City of Copperas Cove, Texas
Notes To Basic Financial Statements

	Balance 9/30/15	Additions	Deletions	Balance 9/30/16
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 917,921	\$ -	\$ -	\$ 917,921
Construction in progress	7,311,626	6,973,681	287,383	13,997,924
	<u>8,229,547</u>	<u>6,973,681</u>	<u>287,383</u>	<u>14,915,845</u>
Total capital assets not being depreciated				
	<u>8,229,547</u>	<u>6,973,681</u>	<u>287,383</u>	<u>14,915,845</u>
Capital assets, being depreciated				
Buildings	322,312	-	-	322,312
Vehicles	4,152,145	111,598	-	4,263,743
Equipment	2,632,643	68,720	122,400	2,578,963
Infrastructure	42,600,008	-	-	42,600,008
Facilities	33,401,146	313,307	-	33,714,453
	<u>83,108,254</u>	<u>493,625</u>	<u>122,400</u>	<u>83,479,479</u>
Total capital assets being depreciated				
	<u>83,108,254</u>	<u>493,625</u>	<u>122,400</u>	<u>83,479,479</u>
Less accumulated depreciation				
Buildings	300,181	3,580	-	303,761
Vehicles	3,161,968	429,884	122,400	3,469,452
Equipment	2,115,879	148,899	-	2,264,778
Infrastructure	24,757,968	812,504	-	25,570,472
Facilities	12,759,614	884,596	-	13,644,210
	<u>43,095,610</u>	<u>2,279,463</u>	<u>122,400</u>	<u>45,252,673</u>
Total accumulated depreciation				
	<u>43,095,610</u>	<u>2,279,463</u>	<u>122,400</u>	<u>45,252,673</u>
Total capital assets being depreciated, net				
	<u>40,012,644</u>	<u>(1,785,838)</u>	<u>-</u>	<u>38,226,806</u>
Business-type activities capital assets, net				
	<u>\$ 48,242,191</u>	<u>\$ 5,187,843</u>	<u>\$ 287,383</u>	<u>\$ 53,142,651</u>

City of Copperas Cove, Texas
Notes To Basic Financial Statements

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

Government activities		
General government	\$	269,380
Public safety		1,369,141
Community service		175,156
Highways and streets		571,551
Fleet maintenance		<u>8,940</u>
 Total depreciation expense - government activities	 \$	 <u><u>2,394,168</u></u>
 Business-type activities		
Water and sewer	\$	1,680,226
Solid waste		501,023
Golf course		<u>98,214</u>
 Total depreciation expense - business-type activities	 \$	 <u><u>2,279,463</u></u>

Discretely Presented Component Unit

Activity for the Copperas Cove Economic Development Corporation (CCEDC) for the year ended September 30, 2016 was as follows:

	Balance 9/30/15	Additions	Deletions	Balance 9/30/16
Capital assets, not being depreciated				
Land	\$ 1,119,902	\$ -	\$ -	\$ 1,119,902
Total assets not being depreciated	<u>1,119,902</u>	<u>-</u>	<u>-</u>	<u>1,119,902</u>
Capital assets, being depreciated				
Buildings	508,189	-	-	508,189
Equipment	157,966	1,440	-	159,406
Improvements other than buildings	246,600	-	-	246,600
Total capital assets being depreciated	<u>912,755</u>	<u>1,440</u>	<u>-</u>	<u>914,195</u>
Less accumulated depreciation				
Buildings	137,597	20,328	-	157,925
Equipment	124,619	5,547	-	130,166
Improvements other than buildings	123,300	24,660	-	147,960
Total accumulated depreciation	<u>385,516</u>	<u>50,535</u>	<u>-</u>	<u>436,051</u>
Total capital assets being depreciation, net	<u>527,239</u>	<u>(49,095)</u>	<u>-</u>	<u>478,144</u>
Governmental activities capital assets, net	<u>\$ 1,647,141</u>	<u>\$ (49,095)</u>	<u>\$ -</u>	<u>\$ 1,598,046</u>

City of Copperas Cove, Texas
Notes To Basic Financial Statements

F. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables at September 30, 2016 is as follows:

	Interfund Receivables	Interfund Payables
General fund		
Nonmajor enterprise funds	\$ 1,265,138	\$ -
Nonmajor governmental funds	35,482	-
Total general fund	1,300,620	-
Debt service		
Nonmajor enterprise funds	289,649	-
Total debt service	289,649	-
Nonmajor governmental funds		
General fund	-	35,482
Nonmajor enterprise funds	3,937	40
Total nonmajor governmental funds	3,937	35,522
Nonmajor enterprise funds		
General fund	-	1,265,138
Debt service	-	289,649
Nonmajor governmental funds	-	3,897
Total nonmajor enterprise funds	-	1,558,684
Total	\$ 1,594,206	\$ 1,594,206

Balances resulted from the time lag between the date that transactions are recorded in the accounting system and payments between funds are made, and are not representative of any specific transaction.

Transfers during the year ended September 30, 2016 were:

	Transfers In	Transfers Out
General fund		
Water and sewer	\$ 895,000	\$ -
Solid waste	487,000	-
Nonmajor governmental funds	93,000	-
Total general fund	1,475,000	-
Debt service		
Nonmajor enterprise fund	-	89,304
Water and sewer		
General fund	-	895,000
Nonmajor governmental funds	20,250	-
Total water and sewer	20,250	895,000
Solid waste		
General fund	-	487,000
Nonmajor governmental funds		
General fund	-	113,250
Nonmajor enterprise fund		
Debt service	89,304	-
Total transfers	\$ 1,584,554	\$ 1,584,554

City of Copperas Cove, Texas
Notes To Basic Financial Statements

Transfers in to the General Fund and Water and Sewer Fund are all administrative cost reimbursements. Transfers in to the Nonmajor Enterprise Fund are to fund debt payments. All transfers are in accordance with budgetary authorizations.

G. Long-term Debt

A summary of long-term debt transactions for the year ended September 30, 2016 is as follows:

	Balance 9/30/15	Additions	Deletions	Balance 9/30/16	Due Within One Year
Governmental activities					
General obligation bonds	\$ 20,087,980	\$ 4,430,000	\$ 5,107,440	\$ 19,410,540	\$ 1,135,200
Certificates of obligation	10,670,000	600,000	605,000	10,665,000	880,000
Limited tax notes	2,975,000	-	1,669,935	1,305,065	570,065
Unamortized bond premium	1,443,684	489,595	665,689	1,267,590	-
Unamortized bond discount	(77,018)	-	(77,018)	-	-
Total bonds payable	<u>35,099,646</u>	<u>5,519,595</u>	<u>7,971,046</u>	<u>32,648,195</u>	<u>2,585,265</u>
Compensated absences	676,871	684,675	706,832	654,714	261,886
Net pension liability	5,090,988	3,835,531	1,920,375	7,006,144	-
Net OPEB obligation	186,418	58,013	36,222	208,209	-
Governmental activities long-term debt	<u>\$ 41,053,923</u>	<u>\$ 10,097,814</u>	<u>\$ 10,634,475</u>	<u>\$ 40,517,262</u>	<u>\$ 2,847,151</u>
Business-type activities					
General obligation bonds	\$ 15,717,020	\$ 3,080,000	\$ 1,907,560	\$ 16,889,460	\$ 2,034,800
Certificates of obligation	13,725,000	7,825,000	355,000	21,195,000	865,000
Limited tax notes	4,940,000	-	4,095,065	844,935	324,935
Unamortized bond premium	497,324	1,259,809	122,646	1,634,487	-
Unamortized bond discount	(33,742)	-	(4,522)	(29,220)	-
Total bonds payable	<u>34,845,602</u>	<u>12,164,809</u>	<u>6,475,749</u>	<u>40,534,662</u>	<u>3,224,735</u>
Estimated landfill postclosure care costs	610,610	-	43,160	\$ 567,450	-
Compensated absences	209,843	117,955	115,959	211,839	84,736
Net pension liability	1,366,841	1,313,538	658,084	2,022,295	-
Net OPEB liability	66,589	16,355	9,056	73,888	-
Business-type activities long-term debt	<u>\$ 37,099,485</u>	<u>\$ 13,612,657</u>	<u>\$ 7,302,008</u>	<u>\$ 43,410,134</u>	<u>\$ 3,309,471</u>
Discretely presented component unit					
Revenue bonds	\$ 1,820,000	\$ -	\$ 85,000	\$ 1,735,000	\$ 85,000
Compensated absences	4,433	8,733	9,870	3,296	2,730
Net pension liability	145,268	105,083	63,284	187,067	-
Net OPEB obligation	2,728	-	-	2,728	-
Discretely presented component unit	<u>\$ 1,972,429</u>	<u>\$ 113,816</u>	<u>\$ 158,154</u>	<u>\$ 1,928,091</u>	<u>\$ 87,730</u>

City of Copperas Cove, Texas
Notes To Basic Financial Statements

For the liability for the net pension liability and the net other postemployment benefit obligation, the General Fund normally liquidates approximately 77%, the Water and Sewer Fund normally liquidates approximately 13%, and the Solid Waste Fund normally liquidates approximately 7%. The remaining portion is liquidated by nonmajor funds and the discretely presented component unit.

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.

Bonds payable at September 30, 2016 includes the following individual issues:

	Interest Rate %	Issue Date	Maturity Date	Original Issue	Outstanding
Governmental activities					
General obligation bonds					
2006 refunding	3.78	03/09/06	08/15/21	\$ 996,000	\$ 578,000
2007 refunding	3.94	05/31/07	09/30/23	1,408,500	1,335,000
2009 various purpose	3.00-4.875	09/10/09	08/15/34	4,770,000	400,000
2010 various purpose	4.00-4.50	05/25/10	08/15/35	1,425,000	1,240,000
2010 refunding	1.00-2.75	11/15/10	08/15/19	2,490,540	791,040
2011 various purpose	3.50-5.00	02/01/11	08/15/28	5,490,000	5,490,000
2012 refunding	.25-3.00	04/15/12	08/15/23	972,000	601,500
2013 various purpose	.35-2.625	01/15/13	08/15/33	4,685,000	4,235,000
2013 refunding	2.00	04/15/13	08/15/17	860,000	310,000
2015 refunding	1.97	12/15/15	08/15/25	775,000	775,000
2016 refunding	2.00-4.00	08/15/16	08/15/34	3,655,000	3,655,000
Limited tax notes					
2010A	1.00-2.30	11/15/10	08/15/17	1,380,000	90,065
2012	1.96	02/11/12	09/30/18	990,000	540,000
2013	.35-1.25	01/15/13	09/30/19	2,000,000	675,000
Tax/revenue certificates of obligation					
2007 various purpose	3.94	05/31/07	09/30/27	5,300,000	4,260,000
2011 various purpose	3.50-5.00	02/01/11	08/15/17	39,000,000	260,000
2013 PPFCO	2.00	12/12/13	09/30/25	630,000	485,000
2014 various purpose	2.00	02/15/14	09/30/39	2,321,036	2,005,000
2015 various purpose	3.00	08/01/15	08/15/40	3,055,000	3,055,000
2016 various purpose	2.00-4.00	08/15/16	08/15/23	360,000	360,000
2016 various purpose	2.00-4.00	08/15/16	08/15/36	240,000	240,000
Total				<u>\$ 82,803,076</u>	<u>\$ 31,380,605</u>

City of Copperas Cove, Texas
Notes To Basic Financial Statements

	Interest Rate %	Issue Date	Maturity Date	Original Issue	Outstanding
Business-type activities					
General obligation bonds					
2005 refunding	3.68	11/29/05	08/15/19	\$ 4,022,200	\$ 1,155,000
2006 refunding	3.78	03/09/06	08/15/21	3,984,000	2,312,000
2007 refunding	3.94	05/31/07	09/30/23	3,286,500	3,115,000
2010 various purpose	2.375-3.00	05/25/10	08/30/35	3,260,000	2,880,000
2010 refunding	1.00-2.75	11/15/10	08/15/19	3,554,460	1,128,960
2012 refunding	0.25-3.00	04/15/12	08/15/23	4,973,000	3,063,500
2013 refunding	2.00	04/15/13	08/15/17	490,000	155,000
2015 refunding	1.97	12/15/15	08/15/25	400,000	400,000
2016 refunding	2.00-4.00	08/15/16	08/15/27	2,680,000	2,680,000
Limited tax notes					
2010A	1.00-2.30	11/15/10	08/15/17	535,000	44,935
2012	1.96	12/02/11	09/30/18	335,000	50,000
2013	0.35-1.25	01/15/13	09/30/19	630,000	750,000
Tax/revenue certificates of obligation					
2005 various purpose	3.63	11/10/05	08/15/25	3,050,000	1,700,000
2014 various purpose	2.0-3.5	02/15/14	09/30/39	7,590,000	6,625,000
2015 various purpose	3.00	08/01/15	08/15/40	5,045,000	5,045,000
2016 various purpose	3.00-4.00	8/15/2016	08/15/36	7,825,000	7,825,000
Total				<u>\$ 51,660,160</u>	<u>\$ 38,929,395</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.

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
2017	\$ 1,135,200	\$ 694,908	\$ 2,034,800	\$ 591,347
2018	1,511,420	654,248	2,093,580	526,140
2019	1,312,420	612,195	2,002,580	463,628
2020	1,353,000	573,928	1,797,000	398,346
2021	1,449,500	533,106	1,845,500	339,735
2022-2026	6,114,000	1,999,418	4,366,000	963,854
2027-2031	4,695,000	766,545	1,310,000	462,636
2032-2036	1,840,000	134,718	1,330,000	178,463
2037-2041	-	-	110,000	4,400
Total	<u>\$ 19,410,540</u>	<u>\$ 5,969,066</u>	<u>\$ 16,889,460</u>	<u>\$ 3,928,549</u>

City of Copperas Cove, Texas
Notes To Basic Financial Statements

During the year ended September 30, 2016, the City issued General Obligation Refunding Bonds, Series 2016, in the amount of \$6,335,000, maturing in 2034 with interest rates ranging between 2% and 4%, for the purpose of advance refunding certain maturities of the City's outstanding obligations totaling \$6,620,000. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the defeased bonds. As a result, these bonds have been removed from the City's obligations at year end. The City advance refunded these bonds to reduce its total debt service payments over the next 17 years, and to obtain a net economic gain of approximately \$470,629.

During the year ended September 30, 2016, the City issued General Obligation Refunding Bonds, Series 2015, in the amount of \$1,175,000, maturing in 2025 with interest rates at 1.97%, for the purpose of currently refunding certain maturities of the City's outstanding obligations totaling \$1,105,000. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the defeased bonds. As a result, these bonds have been removed from the City's obligations at year end. The City advance refunded these bonds to reduce its total debt service payments in the 2016 and 2017 fiscal years by \$1,108,396. The transaction extended the final maturity of the obligation to 2025, resulting in a net economic benefit of (\$25,315).

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
2017	\$ 880,000	\$ 378,139	\$ 865,000	\$ 748,026
2018	700,000	341,456	1,050,000	707,904
2019	725,000	319,259	1,085,000	677,733
2020	745,000	295,948	1,135,000	646,853
2021	775,000	271,733	1,165,000	609,071
2022-2026	3,290,000	999,494	5,360,000	2,508,018
2027-2031	1,480,000	510,958	5,140,000	1,610,300
2032-2036	1,150,000	312,625	3,175,000	809,058
2037-2041	920,000	89,200	2,220,000	201,200
Total	<u>\$ 10,665,000</u>	<u>\$ 3,518,812</u>	<u>\$ 21,195,000</u>	<u>\$ 8,518,163</u>

During the year ended September 30, 2016, the City issued Combination Tax and Revenue Certificates of Obligation, Series 2016, in the amount of \$8,425,000, maturing in 2036 with interest rates ranging between 2% and 4%. The proceeds from the bonds will be used to acquire heavy equipment entity-wide, improve and renovate the library, construct and improve parks and recreational facilities, improving the City's water and wastewater facilities, and improving the golf course facilities.

City of Copperas Cove, Texas
Notes To Basic Financial Statements

Limited Tax Notes

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

Year ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 570,065	\$ 20,354	\$ 324,935	\$ 10,371
2018	500,000	10,859	270,000	6,330
2019	235,000	2,938	250,000	3,126
Total	<u>\$ 1,305,065</u>	<u>\$ 34,151</u>	<u>\$ 844,935</u>	<u>\$ 19,827</u>

Note 4. 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 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, 2016. Remaining commitments with contractors at September 30, 2016 totaled \$818,667 and \$4,994,155 for governmental and water and sewer funds, respectively.

City of Copperas Cove, Texas
Notes To Basic Financial Statements

Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year-end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Fund	Amount
General fund	\$ 351,195
Debt service	6,422
Nonmajor governmental funds	208,176
	\$ 565,793

C. Defined Benefit Pension Policies

Plan Descriptions. The City participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agency multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Sections 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.org.

All eligible employees of the City are required to participate in TMRS. Employees of CCEDC also participate in the City's TMRS plan, however management has determined that due to the relative immateriality of the CCEDC's portion of the net pension liability, amounts allocable to CCEDC have not been excluded from these disclosures.

Benefits Provided. TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in over seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The City has approved an annually repeating (automatic) basis monetary credit referred to as an updated service credit (USC) which is a theoretical amount which takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, the City provides, on an annually repeating (automatic) basis, cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

A summary of plan provisions for the City are as follows:

Employee deposit rate	6.0%
Matching ratio (City to Employee)	2 to 1
Years required for vesting	Five
Service retirement eligibility	20 years to any age, five years at age 60 and above
Updated service credit	100% repeating
Annuity increase to retirees	70% of CPI, repeating

City of Copperas Cove, Texas
Notes To Basic Financial Statements

C. Defined Benefit Pension Policies

Employees Covered by Benefit Terms.

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	199
Inactive employees entitled to but not yet receiving benefits	200
Active employees	257
	656

Contributions. The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are 100%, 150%, or 2000%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contributions rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 6.0% of their annual gross earnings during the fiscal year. The contribution rates for the City were 12.31% and 12.61% in calendar years 2016 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2016 were \$1,360,243 and equal to the required contributions.

Net Pension Liability. The City's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

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 14 years

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Table is used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

City of Copperas Cove, Texas
Notes To Basic Financial Statements

Actuarial assumptions used in the December 31, 2015 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering the years 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the TMRS Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Return	10.0%	4.03%
Real Estate	10.0%	5.00%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	8.00%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in the statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

City of Copperas Cove, Texas
Notes To Basic Financial Statements

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2014	\$52,165,905	\$45,562,808	\$6,603,097
Charges for the year			
Service cost	1,495,238	-	1,495,238
Interest	3,637,340	-	3,637,340
Difference between expected and actual experience	(622,765)	-	(622,765)
Changes in assumptions	121,574	-	121,574
Contributions, employer	-	1,351,607	(1,351,607)
Contributions, employee	-	643,113	(643,113)
Net investment income	-	67,231	(67,231)
Benefit payments, including refunds of employee contributions	(1,903,036)	(1,903,036)	-
Administrative expense	-	(40,950)	40,950
Other changes	-	(2,023)	2,023
Balance at 12/31/2015	<u>\$ 54,894,256</u>	<u>\$ 45,678,750</u>	<u>\$ 9,215,506</u>

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 17,648,317	\$ 9,215,506	\$ 2,390,837

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. The report may be obtained on the internet at www.tmr.org.

City of Copperas Cove, Texas
Notes To Basic Financial Statements

Pension Expense and Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. For the year ended September 30, 2016, the City recognized pension expense of \$1,773,371.

At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual economic experience	\$ -	\$ 611,457
Difference between projected and actual investment earnings	2,728,917	-
Differences in assumptions	86,839	-
Contributions subsequent to the measurement date	<u>1,035,975</u>	<u>-</u>
Total	<u>\$ 3,851,731</u>	<u>\$ 611,457</u>

For the year ending September 30, 2016, \$1,035,975 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability. Other amounts reported as deferred outflows and inflows or resources related to pensions will be recognized in pension expenses as follows:

For the year ended September 30,	
<u> </u>	
2016	\$ 435,710
2017	580,925
2018	563,230
2019	<u>624,434</u>
Total	<u>\$ 2,204,299</u>

Subsequent Event. Pursuant to TMRS policy of conducting experience studies every four years, the TMRS Board at their July 31, 2015 meeting determined that they would be changing certain actuarial assumptions including reducing the long-term expected rate of return from the current 7% to 6.75% and changing the inflation assumption from 3% to 2.5%. Reduction of expected investment return and related discount rate will increase projected pension liabilities. Reducing the inflation assumption reduces liabilities as future annuity levels and future cost of living adjustments are not projected to be as large as originally projected. While the actual impact on the City's valuation for December 31, 2015, is not known, the City does expect some downward pressure on its funded status and upward pressure on its 2017 actuarially determined contribution (ADC) due to this change.

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 five years of service. Spouses and dependents of retirees are also eligible. As of the most recent actuarial study, the City has 245 active employees and five 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.

City of Copperas Cove, Texas
Notes To Basic Financial Statements

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 is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameter 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 annual OPEB cost for the fiscal year ended September 30, 2016 is as follows:

Annual Required Contribution (ARC)	\$	76,461
Interest on net OPEB obligation		11,508
Adjustment to the ARC		<u>(10,583)</u>
Annual OPEB cost		77,386
Employer contributions		<u>(48,296)</u>
Increase (Decrease) in net OPEB obligation		29,090
Net OPEB obligation, beginning of year		<u>255,735</u>
Net OPEB obligation, end of year	\$	<u><u>284,825</u></u>

The OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ending September 30, 2016 and the preceding two fiscal years were as follows:

Fiscal Year Ended	Annual Required Contribution	Employer Contribution	Percentage Contributed	Net OPEB Obligation
September 30, 2014	\$ 68,118	\$ 35,284	51.8%	\$ 218,459
September 30, 2015	74,957	37,681	50.3%	255,735
September 30, 2016	76,461	48,296	63.2%	284,825

The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameter 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 annual OPEB cost for the fiscal year ended September 30, 2016 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
12/31/14	\$ -	\$ 660,367	\$ 660,367	0.00%	\$ 10,674,610	6.19%

Under the reporting parameters, the City's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$660,367 at December 31, 2015. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 6.19%.

City of Copperas Cove, Texas
Notes To Basic Financial Statements

Actuarial Methods and Assumptions

This 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 14 years

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 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, by ordinance, 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 2016, 2015, and 2014 were \$24,392, \$19,729, and \$19,383, respectively, which equaled the required contributions each year.

Fiscal Year Ended	Annual Required Contribution	Employer Contribution	Percentage Contributed	Net TMRS Obligation
September 30, 2014	\$ 19,383	\$ 19,383	100%	\$ -
September 30, 2015	19,729	19,729	100%	-
September 30, 2016	24,392	24,392	100%	-

City of Copperas Cove, Texas

Notes To Basic Financial Statements

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, 2016 are \$567,450. It is estimated that the landfill requires 13 years of postclosure care of September 30, 2016.

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City of Copperas Cove, Texas
Required Supplementary Information

City of Copperas Cove, Texas

Required Supplementary Information

General Fund

Schedule of Revenues, Expenditures, and Changes

In Fund Balance – Budget and Actual (Budgetary Basis)

For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 10,378,969	\$ 10,378,969	\$ 10,354,674	\$ (24,295)
Charges for services	1,258,570	1,258,570	1,404,977	146,407
Intergovernmental	-	-	4,355	4,355
Fines	562,990	562,990	508,532	(54,458)
Licenses	48,205	48,205	54,971	6,766
Permits	197,450	197,450	220,944	23,494
Investment income	15,900	15,900	20,960	5,060
Miscellaneous	609,192	609,192	761,113	151,921
Total revenues	<u>13,071,276</u>	<u>13,071,276</u>	<u>13,330,526</u>	<u>259,250</u>
EXPENDITURES				
Current				
General government	2,950,950	2,950,950	2,799,913	151,037
Community services	1,753,389	1,753,389	1,745,182	8,207
Fleet and facility services	280,509	280,509	276,534	3,975
Highways and streets	632,069	632,069	590,632	41,437
Public safety	9,549,297	9,549,297	9,444,509	104,788
Total expenditures	<u>15,166,214</u>	<u>15,166,214</u>	<u>14,856,770</u>	<u>309,444</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,094,938)	(2,094,938)	(1,526,244)	568,694
OTHER FINANCING SOURCES (USES)				
Transfers in	1,475,000	1,475,000	1,475,000	-
Sale of capital assets	9,000	6,000	6,754	754
Insurance recoveries	5,000	19,875	21,916	2,041
Total other financing sources (uses)	<u>1,489,000</u>	<u>1,500,875</u>	<u>1,503,670</u>	<u>2,795</u>
NET CHANGE IN FUND BALANCE	<u>\$ (605,938)</u>	<u>\$ (594,063)</u>	(22,574)	<u>\$ 571,489</u>
FUND BALANCE, beginning of year			6,372,941	
CURRENT YEAR ENCUMBRANCES			145,578	
PRIOR YEAR ENCUMBRANCES			(10,730)	
FUND BALANCE, end of year			<u>\$ 6,485,215</u>	

City of Copperas Cove, Texas
 Required Supplementary Information
 Texas Municipal Retirement System
 Schedule of Changes in Net Pension Liability
 and Related Ratios
 For the Year Ended September 30, 2016

	Measurement Year 2015	Measurement Year 2014
Total pension liability		
Service cost	\$ 1,495,238	\$ 1,410,662
Interest (on the total pension liability)	3,637,340	3,470,336
Difference between expected and actual experience	(622,765)	(578,465)
	121,574	-
Benefit payments, including refunds of employee contributions	(1,903,036)	(2,015,046)
Net change in total pension liability	2,728,351	2,287,487
Total pension liability, beginning of year	52,165,905	49,878,418
Total pension liability, end of year (a)	<u>\$ 54,894,256</u>	<u>\$ 52,165,905</u>
Plan fiduciary net position		
Contributions, employer	\$ 1,351,607	\$ 1,352,470
Contributions, employee	643,113	640,477
Net investment income	67,231	2,468,151
Benefit payments, including refunds of employee contributions	(1,903,036)	(2,015,046)
Administrative expense	(40,950)	(25,768)
Other	(2,023)	(2,119)
Net change in plan fiduciary net position	115,942	2,418,165
Plan fiduciary net position, beginning of year	45,562,808	43,144,643
Plan fiduciary net position, end of year (b)	<u>\$ 45,678,750</u>	<u>\$ 45,562,808</u>
Net pension liability, end of year (a) - (b)	<u>\$ 9,215,506</u>	<u>\$ 6,603,097</u>
Plan fiduciary net position as a percentage of total pension liability	83.21%	87.34%
Covered employee payroll	\$ 10,718,552	\$ 10,674,610
Net pension liability as a percentage of covered employee payroll	85.98%	61.86%

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, 2016

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)
12/31/10	\$ -	\$ 829,152	0%	\$ 829,152	\$ 11,028,900	7.52%
12/31/12	-	616,076	0%	616,076	10,636,449	5.79%
12/31/14	-	660,367	0%	660,367	11,032,423	5.99%

City of Copperas Cove, Texas

Notes to Required Supplementary Information

September 30, 2016

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 or 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.

City of Copperas Cove, Texas

Combining Statements and Budget Comparisons as Supplementary Information

The 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.

City of Copperas Cove, Texas
 Nonmajor Governmental Funds
 Combining Balance Sheet by Fund Type
 September 30, 2016

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and investments	\$ 1,906,204	\$ 3,658,716	\$ 5,564,920
Receivables (net of allowance)			
Taxes	27,469	-	27,469
Accounts	216,125	-	216,125
Fines	4,995	-	4,995
Grants	42,360	-	42,360
Due from other funds	3,937	-	3,937
Prepaid items	1,689	-	1,689
Notes receivable	102,099	-	102,099
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 2,304,878</u>	<u>\$ 3,658,716</u>	<u>\$ 5,963,594</u>
LIABILITIES			
Accounts payable	\$ 39,954	\$ 121,526	\$ 161,480
Retainage payable	-	228,939	228,939
Due to other funds	35,522	-	35,522
Accrued liabilities	12,177	-	12,177
Unearned revenue	11,235	-	11,235
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>98,888</u>	<u>350,465</u>	<u>449,353</u>
DEFERRED INFLOWS OF RESOURCES			
Municipal court fines	4,994	-	4,994
	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	4,994	-	4,994
FUND BALANCES			
Nonspendable	1,689	-	1,689
Restricted	2,199,307	3,308,251	5,507,558
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>2,200,996</u>	<u>3,308,251</u>	<u>5,509,247</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
	<u>\$ 2,304,878</u>	<u>\$ 3,658,716</u>	<u>\$ 5,963,594</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, 2016

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 166,192	\$ -	\$ 166,192
Charges for services	886,635	-	886,635
Intergovernmental	155,568	-	155,568
Fines	24,686	-	24,686
Investment income	4,048	10,783	14,831
Miscellaneous income	-	712	712
	<hr/>	<hr/>	<hr/>
Total revenues	1,237,129	11,495	1,248,624
EXPENDITURES			
Current			
Community services	186,341	-	186,341
Highways and streets	507,997	-	507,997
Public safety	125,597	-	125,597
Capital outlay	179,000	2,476,005	2,655,005
Debt service			
Principal retirement	196,560	-	196,560
Interest and fiscal charges	11,654	6,357	18,011
	<hr/>	<hr/>	<hr/>
Total expenditures	1,207,149	2,482,362	3,689,511
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES			
	29,980	(2,470,867)	(2,440,887)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	2,160	-	2,160
Premium on bonds	-	53,025	53,025
Issuance of bonds	-	600,000	600,000
Transfers out	(113,250)	-	(113,250)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(111,090)	653,025	541,935
NET CHANGE IN FUND BALANCES			
	(81,110)	(1,817,842)	(1,898,952)
FUND BALANCES, beginning of year			
	<hr/>	<hr/>	<hr/>
	2,282,106	5,126,093	7,408,199
FUND BALANCES, end of year			
	<hr/>	<hr/>	<hr/>
	\$ 2,200,996	\$ 3,308,251	\$ 5,509,247

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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 the drainage assessment fees and grants.

Municipal Court Fund – To account for funds required to be utilized to improve technology, security, and efficiency and the Municipal Court.

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

Tobacco Grant Fund – To account for funds that 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 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, 2016

	<u>Hotel/Motel Tax</u>	<u>Drainage Utility</u>	<u>Municipal Court</u>	<u>Texas Community Development Loan</u>
ASSETS				
Cash and investments	\$ 85,331	\$ 1,682,654	\$ 30,199	\$ 99,257
Receivables (net of allowance)				
Taxes	27,469	-	-	-
Accounts	-	216,125	-	-
Fines	-	-	4,995	-
Grants	-	-	-	-
Due from other funds	-	-	-	-
Prepaid items	972	717	-	-
Notes receivable	-	-	-	102,099
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 113,772</u>	<u>\$ 1,899,496</u>	<u>\$ 35,194</u>	<u>\$ 201,356</u>
LIABILITIES				
Accounts payable	\$ 29,476	\$ 7,817	\$ 281	\$ -
Due to other funds	-	-	-	-
Accrued liabilities	-	11,116	1,061	-
Unearned revenue	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	29,476	18,933	1,342	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable				
Municipal Court fines	-	-	4,994	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	-	-	4,994	-
FUND BALANCES				
Nonspendable	972	717	-	-
Restricted	83,324	1,879,846	28,858	201,356
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	84,296	1,880,563	28,858	201,356
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
	<u>\$ 113,772</u>	<u>\$ 1,899,496</u>	<u>\$ 35,194</u>	<u>\$ 201,356</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>
\$ 8,754	\$ -	\$ 9	\$ -	\$ 1,906,204
-	-	-	-	27,469
-	-	-	-	216,125
-	-	-	-	4,995
-	42,360	-	-	42,360
-	-	3,897	40	3,937
-	-	-	-	1,689
-	-	-	-	102,099
<u>\$ 8,754</u>	<u>\$ 42,360</u>	<u>\$ 3,906</u>	<u>\$ 40</u>	<u>\$ 2,304,878</u>
\$ -	\$ 2,380	\$ -	\$ -	\$ 39,954
-	35,522	-	-	35,522
-	-	-	-	12,177
8,754	2,481	-	-	11,235
8,754	40,383	-	-	98,888
-	-	-	-	4,994
-	-	-	-	4,994
-	-	-	-	1,689
-	1,977	3,906	40	2,199,307
-	1,977	3,906	40	2,200,996
<u>\$ 8,754</u>	<u>\$ 42,360</u>	<u>\$ 3,906</u>	<u>\$ 40</u>	<u>\$ 2,304,878</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, 2016

	<u>Hotel/Motel Tax</u>	<u>Drainage Utility</u>	<u>Municipal Court</u>	<u>Texas Community Development Loan</u>
REVENUES				
Taxes	\$ 166,192	\$ -	\$ -	\$ -
Charges for services	-	886,635	-	-
Intergovernmental	-	-	-	-
Fines	-	-	24,686	-
Investment income	106	3,621	81	240
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	166,298	890,256	24,767	240
EXPENDITURES				
Current				
Community services	186,341	-	-	-
Highways and streets	-	507,997	-	-
Public safety	-	-	54,961	-
Capital outlay	-	93,745	-	-
Debt service				
Principal retirement	35,000	156,560	5,000	-
Interest and fiscal charges	1,050	10,604	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	222,391	768,906	59,961	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(56,093)	121,350	(35,194)	240
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	2,160	-	-
Transfers out	-	(113,250)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	(111,090)	-	-
NET CHANGE IN FUND BALANCES	(56,093)	10,260	(35,194)	240
FUND BALANCES, beginning of year	<hr/>	<hr/>	<hr/>	<hr/>
	140,389	1,870,303	64,052	201,116
FUND BALANCES, end of year	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 84,296	\$ 1,880,563	\$ 28,858	\$ 201,356

Tobacco Grant	Homeland Security Grants	FEMA Grant	City-wide Grants	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 166,192
-	-	-	-	886,635
1,781	153,787	-	-	155,568
-	-	-	-	24,686
-	-	-	-	4,048
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
1,781	153,787	-	-	1,237,129
-	-	-	-	186,341
-	-	-	-	507,997
1,781	68,855	-	-	125,597
-	85,255	-	-	179,000
-	-	-	-	196,560
-	-	-	-	11,654
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
1,781	154,110	-	-	1,207,149
-	(323)	-	-	29,980
-	-	-	-	2,160
-	-	-	-	(113,250)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	-	(111,090)
-	(323)	-	-	(81,110)
-	2,300	3,906	40	2,282,106
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ -	\$ 1,977	\$ 3,906	\$ 40	\$ 2,200,996
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City of Copperas Cove, Texas

Nonmajor Capital Projects Funds

2006 Limited Tax Notes Fund – To account for the purchase of land and acquisition of engineering services for a new Police Station and the acquisition of a vacuum sweeper and ambulance. Payment of the debt service related for this issuance will be derived from the Tax Interest and Sinking Fund.

2010A Limited 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, fire, and emergency purposes.

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

2011 Capital Improvement 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.

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

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

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

2013 Capital Improvement Fund – To account for the proceeds from debt issued for the purposes of building and equipping a new fire station.

2013 Public Property Finance Fund – To account for the proceeds from debt issued for the purpose of purchasing a fire truck and related equipment for the truck.

2014 Tax Supported Certificates of Obligation Fund – To account for the proceeds from tax supported certificates of obligation to be used for constructing and acquiring various capital assets.

2015 Tax Supported Certificates of Obligation Fund – To account for the proceeds from tax supported certificates of obligation to be used for constructing and acquiring various capital assets.

2016 Tax Supported Certificates of Obligation Fund – To account for the proceeds from tax supported certificates of obligation to be used for constructing and acquiring various capital assets.

City of Copperas Cove, Texas
 Nonmajor Capital Projects Funds
 Combining Balance Sheet
 September 30, 2016

	<u>2006 Limited Tax Notes</u>	<u>2010A Limited Tax Notes</u>	<u>2011 Revenue and Limited Tax Bonds</u>	<u>2011 Capital Improvement</u>
ASSETS				
Cash and investments	\$ 45	\$ 10,158	\$ 43,006	\$ 5,439
Total assets	<u>\$ 45</u>	<u>\$ 10,158</u>	<u>\$ 43,006</u>	<u>\$ 5,439</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Retainage payable	-	-	-	-
Total liabilities	-	-	-	-
Fund balances				
Restricted	45	10,158	43,006	5,439
Total fund balances	<u>45</u>	<u>10,158</u>	<u>43,006</u>	<u>5,439</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 45</u>	<u>\$ 10,158</u>	<u>\$ 43,006</u>	<u>\$ 5,439</u>

2012 Tax Supported Tax Notes	2012 Municipal Court Limited Tax Note	2013 Capital Improvement	2013 Tax Supported Tax Notes
\$ 62,410	\$ 863	\$ 198,406	\$ 41,859
<u>\$ 62,410</u>	<u>\$ 863</u>	<u>\$ 198,406</u>	<u>\$ 41,859</u>
\$ -	\$ -	\$ 2,010	\$ 8,484
-	-	192,341	-
-	-	194,351	8,484
<u>62,410</u>	<u>863</u>	<u>4,055</u>	<u>33,375</u>
<u>62,410</u>	<u>863</u>	<u>4,055</u>	<u>33,375</u>
<u>\$ 62,410</u>	<u>\$ 863</u>	<u>\$ 198,406</u>	<u>\$ 41,859</u>

City of Copperas Cove, Texas
 Nonmajor Capital Projects Funds
 Combining Balance Sheet (Continued)
 September 30, 2016

	2013	2014	2015	2016	
	Public Property	Tax Supported	Tax Supported	Tax Supported	Total Nonmajor
	Finance	Certificates of	Certificates of	Certificates of	Capital Projects
		Obligation	Obligation	Obligation	Funds
ASSETS					
Cash and investments	\$ 11,859	\$ 698,751	\$ 1,954,805	\$ 631,115	\$ 3,658,716
Total assets	<u>\$ 11,859</u>	<u>\$ 698,751</u>	<u>\$ 1,954,805</u>	<u>\$ 631,115</u>	<u>\$ 3,658,716</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 4,345	\$ 106,687	\$ 121,526
Retainage payable	-	-	36,598	-	228,939
Total liabilities	-	-	40,943	106,687	350,465
Fund balances					
Restricted	11,859	698,751	1,913,862	524,428	3,308,251
Total fund balances	<u>11,859</u>	<u>698,751</u>	<u>1,913,862</u>	<u>524,428</u>	<u>3,308,251</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 11,859</u>	<u>\$ 698,751</u>	<u>\$ 1,954,805</u>	<u>\$ 631,115</u>	<u>\$ 3,658,716</u>

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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, 2016

	2006 Limited Tax Notes	2010A Limited Tax Notes	2011 Revenue and Limited Tax Bonds	2011 Capital Improvement
REVENUES				
Investment income	\$ -	\$ 35	\$ 123	\$ 16
Miscellaneous income	-	-	-	-
Total revenues	-	35	123	16
EXPENDITURES				
Capital outlay	-	3,402	-	-
Debt service				
Interest and fiscal charges	-	-	-	-
Bond issuance costs	-	-	-	-
Total expenditures	-	3,402	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(3,367)	123	16
OTHER FINANCING SOURCES				
Premium on bonds	-	-	-	-
Issuance of bonds	-	-	-	-
Total other financing sources	-	-	-	-
NET CHANGE IN FUND BALANCES	-	(3,367)	123	16
FUND BALANCES, beginning of year	45	13,525	42,883	5,423
FUND BALANCES, end of year	\$ 45	\$ 10,158	\$ 43,006	\$ 5,439

2012 Tax Supported Tax Notes	2012 Municipal Court Limited Tax Note	2013 Capital Improvement	2013 Tax Supported Tax Notes
\$ 176	\$ 1	\$ 1,226	\$ 211
-	-	-	-
176	1	1,226	211
2,965	-	762,763	73,966
-	-	-	-
-	216	-	-
2,965	216	762,763	73,966
(2,789)	(215)	(761,537)	(73,755)
-	-	-	-
-	-	-	-
-	-	-	-
(2,789)	(215)	(761,537)	(73,755)
65,199	1,078	765,592	107,130
\$ 62,410	\$ 863	\$ 4,055	\$ 33,375

City of Copperas Cove, Texas

Nonmajor Capital Projects Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances (Continued)
 For the Year Ended September 30, 2016

	2013 Public Property Finance	Tax Supported Certificates of Obligation	Tax Supported Certificates of Obligation	Tax Supported Certificates of Obligation	Total Nonmajor Capital Projects Funds
REVENUES					
Investment income	\$ 34	\$ 993	\$ 7,444	\$ 524	\$ 10,783
Miscellaneous income	-	712	-	-	712
Total revenues	34	1,705	7,444	524	11,495
EXPENDITURES					
Capital outlay	-	332,656	1,177,273	122,980	2,476,005
Debt service					
Interest and fiscal charges	-	-	-	-	-
Bond issuance costs	-	-	-	6,141	6,357
Total expenditures	-	332,656	1,177,273	129,121	2,482,362
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	34	(330,951)	(1,169,829)	(128,597)	(2,470,867)
OTHER FINANCING SOURCES					
Premium on bonds	-	-	-	53,025	53,025
Issuance of bonds	-	-	-	600,000	600,000
Total other financing sources	-	-	-	653,025	653,025
NET CHANGE IN FUND BALANCES	34	(330,951)	(1,169,829)	524,428	(1,817,842)
FUND BALANCES, beginning of year	11,825	1,029,702	3,083,691	-	5,126,093
FUND BALANCES, end of year	<u>\$ 11,859</u>	<u>\$ 698,751</u>	<u>\$ 1,913,862</u>	<u>\$ 524,428</u>	<u>\$ 3,308,251</u>

City of Copperas Cove, Texas
 General Fund
 Schedule of Revenues
 Budget and Actual (Budgetary Basis)
 For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
TAXES				
Current ad valorem	\$ 5,916,082	\$ 5,916,082	\$ 5,906,195	\$ (9,887)
Delinquent ad valorem	30,478	30,478	32,357	1,879
Penalty and interest	34,791	34,791	36,750	1,959
Franchise	1,346,147	1,346,147	1,317,385	(28,762)
Sales	2,843,458	2,843,458	2,842,678	(780)
Mixed drink	18,031	18,031	18,445	414
Bingo	189,982	189,982	200,864	10,882
	<hr/>	<hr/>	<hr/>	<hr/>
Total taxes	10,378,969	10,378,969	10,354,674	(24,295)
LICENSES				
Bicycle	10	10	12	2
Contractors	31,000	31,000	34,240	3,240
Animal	6,000	6,000	6,731	731
Taxi cab	300	300	300	-
Vicious/dangerous animal	300	300	450	150
Wrecker	595	595	680	85
Food establishment	10,000	10,000	12,558	2,558
	<hr/>	<hr/>	<hr/>	<hr/>
Total licenses	48,205	48,205	54,971	6,766
PERMITS				
Building	75,000	75,000	88,379	13,379
Street cuts	8,000	8,000	4,628	(3,372)
Electrical	22,400	22,400	23,207	807
Solicitors	2,000	2,000	1,670	(330)
Natural gas lines	1,200	1,200	1,525	325
Garage sale	7,000	7,000	6,620	(380)
Plumbing	40,000	40,000	50,654	10,654
Mechanical	19,200	19,200	18,208	(992)
Car wash	500	500	210	(290)
Signs	1,500	1,500	1,450	(50)
Swimming pools	400	400	560	160
Ambulance license	3,060	3,060	3,720	660
Certificate of occupancy	4,500	4,500	5,520	1,020
Alarms	3,490	3,490	3,490	-
Alcohol license	1,000	1,000	600	(400)
Food workers	100	100	130	30
Land disturbance	100	100	135	35
Other permit fees	8,000	8,000	10,238	2,238
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Total permits	197,450	197,450	220,944	23,494

City of Copperas Cove, Texas

General Fund

Schedule of Revenues

Budget and Actual (Budgetary Basis) (Continued)

For the Year Ended September 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
CHARGES FOR SERVICES				
Cemetery plot sales	\$ 21,700	\$ 21,700	\$ 17,362	\$ (4,338)
Football fees	25,602	25,602	18,015	(7,587)
Basketball fees	26,776	26,776	27,765	989
Volleyball entry fees	8,395	8,395	5,730	(2,665)
Youth baseball fees	39,965	39,965	45,628	5,663
Adult softball fees	46,483	46,483	51,330	4,847
Soccer registration fees	1,264	1,264	2,889	1,625
Special events	10,430	10,430	4,739	(5,691)
Concession sales	16,000	16,000	9,060	(6,940)
Flag football fees	2,200	2,200	2,989	789
Recreational classes	-	-	225	225
Swimming lessons	14,500	14,500	8,645	(5,855)
Swimming pool	37,110	37,110	48,714	11,604
Community building rental	25,022	25,022	23,657	(1,365)
Library meeting room rental	10,000	10,000	7,468	(2,532)
Library miscellaneous	14,000	14,000	14,556	556
Animal shelter fees	25,000	25,000	27,775	2,775
Ambulance fees	850,000	850,000	1,011,130	161,130
Notary fees	350	350	331	(19)
Print/copy fees	360	360	352	(8)
Mowing/mowing liens revenue	15,000	15,000	3,519	(11,481)
Sale of city maps	30	30	38	8
NSF charge fees	60	60	120	60
Plat filing fees	5,800	5,800	7,450	1,650
RV park fees	5,020	5,020	5,020	-
Police overtime reimbursement	2,000	2,000	3,665	1,665
Police restitution	500	500	2,668	2,168
Festival reimbursements	27,000	27,000	30,775	3,775
Senior program fees	4,000	4,000	2,851	(1,149)
Open records	200	200	262	62
Pool rental	5,000	5,000	2,525	(2,475)
Animal identification	3,500	3,500	4,200	700
Re-inspection fees	8,000	8,000	5,700	(2,300)
Animal tranquilization fees	80	80	20	(60)
Street sign	400	400	209	(191)
Fire inspection fees	3,650	3,650	2,605	(1,045)
Fire testing fees	573	573	2,590	2,017
Rezoning request fees	1,200	1,200	1,200	-
Variance request fees	1,400	1,400	1,200	(200)
Total charges for services	1,258,570	1,258,570	1,404,977	146,407

City of Copperas Cove, Texas

General Fund

Schedule of Revenues

Budget and Actual (Budgetary Basis) (Continued)

For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
FINES				
Municipal court fines	\$ 204,905	\$ 204,905	\$ 190,047	\$ (14,858)
Traffic violations	96,913	96,913	86,267	(10,646)
Library fines	11,000	11,000	10,022	(978)
Arrest warrants	34,217	34,217	34,168	(49)
Child safety fund	6,576	6,576	6,251	(325)
State court fees	28,322	28,322	27,770	(552)
HB 70 fees	14,234	14,234	6,703	(7,531)
Arresting officer fees	35,261	35,261	15,686	(19,575)
Civil justice fee	22	22	21	(1)
Juvenile	123,031	123,031	122,957	(74)
Admin fee - defensive driving	7,824	7,824	7,790	(34)
Penalties - false alarm	685	685	850	165
Total fines	562,990	562,990	508,532	(54,458)
INVESTMENT INCOME				
Investment income	15,900	15,900	20,960	5,060
Total investment income	15,900	15,900	20,960	5,060
MISCELLANEOUS				
Rental	26,800	26,800	27,135	335
Miscellaneous	582,392	582,392	733,978	151,586
Total miscellaneous	609,192	609,192	761,113	151,921
INTERGOVERNMENTAL				
Grants	-	-	4,355	4,355
Total intergovernmental	-	-	4,355	4,355
Totals	<u>\$ 13,071,276</u>	<u>\$ 13,071,276</u>	<u>\$ 13,330,526</u>	<u>\$ 259,250</u>

City of Copperas Cove, Texas
 General Fund
 Schedule of Expenditures
 Budget and Actual (Budgetary Basis)
 For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
GENERAL GOVERNMENT				
City council	\$ 43,702	\$ 43,702	\$ 25,010	\$ 18,692
City manager	297,180	297,180	290,447	6,733
Financial services and accounting	713,301	713,301	705,932	7,369
Information systems	335,208	335,208	330,987	4,221
City secretary	133,666	133,666	133,597	69
City attorney	129,159	129,159	136,054	(6,895)
Public Information	86,816	86,816	86,895	(79)
Personnel	221,109	221,109	220,344	765
Planning	242,240	242,240	194,654	47,586
Nondepartmental	697,284	697,284	624,992	72,292
Engineering	51,285	51,285	51,001	284
Total general government	2,950,950	2,950,950	2,799,913	151,037
COMMUNITY SERVICES				
Parks and recreation	1,159,474	1,159,474	1,174,304	(14,830)
Library	425,629	425,629	409,493	16,136
Code and health	168,286	168,286	161,385	6,901
Total community services	1,753,389	1,753,389	1,745,182	8,207
FLEET AND FACILITY SERVICES				
Fleet maintenance	280,509	280,509	276,534	3,975
Total fleet and facility services	280,509	280,509	276,534	3,975
HIGHWAYS AND STREETS				
Highways and streets	632,069	632,069	590,632	41,437
Total highways and streets	632,069	632,069	590,632	41,437
PUBLIC SAFETY				
Building inspections	303,714	303,714	295,391	8,323
Municipal court	342,933	342,933	347,906	(4,973)
Animal control	228,820	228,820	215,503	13,317
Police department	4,982,604	4,982,604	4,935,884	46,720
Fire/EMS department	3,689,434	3,689,434	3,648,030	41,404
Emergency management	1,792	1,792	1,795	(3)
Total public safety	9,549,297	9,549,297	9,444,509	104,788
Total expenditures	<u>\$ 15,166,214</u>	<u>\$ 15,166,214</u>	<u>\$ 14,856,770</u>	<u>\$ 309,444</u>

City of Copperas Cove, Texas

Hotel/Motel Tax Fund

Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual (Budgetary Basis)
For the Year Ended September 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Taxes	\$ 164,573	\$ 164,573	\$ 166,192	\$ 1,619
Investment income	-	-	106	106
Total revenues	164,573	164,573	166,298	1,725
EXPENDITURES				
Current				
Community services				
Services and charges	201,909	201,909	191,523	10,386
Capital outlay				
Community services	-	-	-	-
Debt service				
Principal retirement	35,000	35,000	35,000	-
Interest and fiscal charges	1,050	1,050	1,050	-
Total expenditures	237,959	237,959	227,573	10,386
NET CHANGE IN FUND BALANCE	<u>\$ (73,386)</u>	<u>\$ (73,386)</u>	(61,275)	<u>\$ 12,111</u>
FUND BALANCE, beginning of year			140,389	
CURRENT YEAR ENCUMBRANCES			5,182	
PRIOR YEAR ENCUMBRANCES			-	
FUND BALANCE, end of year			<u>\$ 84,296</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Charges for services	\$ 935,000	\$ 930,250	\$ 886,635	\$ (43,615)
Investment income	2,160	3,000	3,621	621
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	937,160	933,250	890,256	(42,994)
EXPENDITURES				
Current				
Highways and streets				
Personnel services	251,520	251,236	222,536	28,700
Supplies and materials	21,163	20,231	11,078	9,153
Maintenance and repairs	20,714	23,383	16,670	6,713
Services and charges	56,921	311,290	261,670	49,620
Capital outlay				
Capital drainage projects	65,000	1,015,071	110,545	904,526
Debt service				
Principal	156,560	156,560	156,560	-
Interest and fiscal charges	9,003	10,604	10,604	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	580,881	1,788,375	789,663	998,712
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	356,279	(855,125)	100,593	955,718
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	1,000	2,160	2,160	-
Transfers out	(113,250)	(113,251)	(113,250)	(1)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(112,250)	(111,091)	(111,090)	(1)
NET CHANGE IN FUND BALANCE				
	<u>\$ 244,029</u>	<u>\$ (966,216)</u>	(10,497)	<u>\$ 955,717</u>
FUND BALANCE, beginning of year			1,870,303	
CURRENT YEAR ENCUMBRANCES			66,104	
PRIOR YEAR ENCUMBRANCES			<hr/> (45,348)	
FUND BALANCE, end of year			<hr/> <u>\$ 1,880,563</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, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Fines	\$ 24,700	\$ 24,700	\$ 24,686	\$ (14)
Investment income	40	40	81	41
Total revenues	24,740	24,740	24,767	27
EXPENDITURES				
Current				
Public safety				
Personnel	26,967	26,967	27,439	(472)
Supplies and materials	3,617	3,617	2,659	958
Maintenance and repairs	20,003	20,003	20,001	2
Services and charges	4,981	4,981	5,044	(63)
Debt service				
Principal retirement	5,000	5,000	5,000	-
Total expenditures	60,568	60,568	60,143	425
NET CHANGE IN FUND BALANCE	\$ (35,828)	\$ (35,828)	(35,376)	\$ 452
FUND BALANCE, beginning of year			64,052	
CURRENT YEAR ENCUMBRANCES			182	
FUND BALANCE, end of year			\$ 28,858	

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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 2,625	\$ 2,625	\$ 1,781	\$ (844)
Total revenues	2,625	2,625	1,781	(844)
EXPENDITURES				
Current				
Public safety				
Personnel services	4,007	4,007	1,636	2,371
Supplies and materials	-	-	145	(145)
Total expenditures	4,007	4,007	1,781	2,226
NET CHANGE IN FUND BALANCE	<u>\$ (1,382)</u>	<u>\$ (1,382)</u>	-	<u>\$ 1,382</u>
FUND BALANCE, beginning of year			<u>-</u>	
FUND BALANCE, end of year			<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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 233,418	\$ 233,418	\$ 153,787	\$ (79,631)
Investment income	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	233,418	233,418	153,787	(79,631)
EXPENDITURES				
Current				
Public safety				
Personnel	35,726	35,726	36,416	(690)
Supplies and materials	10,341	10,341	11,341	(1,000)
Services and charges	-	-	21,098	(21,098)
Capital outlay				
Public safety	186,351	186,351	85,255	101,096
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	232,418	232,418	154,110	78,308
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>\$ 1,000</u>	<u>\$ 1,000</u>	(323)	<u>\$ (1,323)</u>
FUND BALANCE, beginning of year			<hr/>	2,300
FUND BALANCE, end of year			<hr/>	<u>\$ 1,977</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Taxes	\$ 3,972,762	\$ 3,972,762	\$ 3,973,249	\$ 487
Intergovernmental	129,675	129,675	129,675	-
Investment income	5,249	1,200	1,880	680
	<u>4,107,686</u>	<u>4,103,637</u>	<u>4,104,804</u>	<u>1,167</u>
Total revenues				
EXPENDITURES				
Debt service				
Principal retirement	2,920,184	2,920,184	2,712,880	207,304
Interest and fiscal charges	1,154,704	1,154,704	1,136,874	17,830
	<u>4,074,888</u>	<u>4,074,888</u>	<u>3,849,754</u>	<u>225,134</u>
Total expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>32,798</u>	<u>28,749</u>	<u>255,050</u>	<u>226,301</u>
OTHER FINANCING SOURCES (USES)				
				-
Payment to refunding escrow agent	-	-	(4,802,926)	(4,802,926)
Refunding bonds issued	-	-	4,430,000	4,430,000
Premium on bonds	-	3,000	436,570	433,570
Transfers out	-	-	(89,304)	(89,304)
	<u>-</u>	<u>3,000</u>	<u>(25,660)</u>	<u>(28,660)</u>
Total other financing sources (uses)				
NET CHANGE IN FUND BALANCE	<u><u>\$ 32,798</u></u>	<u><u>\$ 31,749</u></u>	<u><u>\$ 229,390</u></u>	<u><u>\$ 197,641</u></u>
FUND BALANCE, beginning of year			<u>369,913</u>	
FUND BALANCE, end of year			<u><u>\$ 599,303</u></u>	

City of Copperas Cove, Texas
Statistical Section
(All tables in the Statistical Section are Unaudited)



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's ability to generate its own source revenues.
- ❖ **Debt Capacity Information:** The Debt Capacity section provides understanding and assessment of 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 comparison 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.



Financial Trends Information

"The City Built for Family Living"

City of Copperas Cove, Texas
Net Position by Component
Last Ten Fiscal Years

	Fiscal Year				
	2016	2015	2014	2013	2012
Governmental activities:					
Invested in capital assets, net of related debt	\$ 11,295,015	\$ 11,141,316	\$ 10,205,332	\$ 9,578,570	\$ 8,858,742
Restricted:					
Debt service	693,078	301,339	590,327	370,920	2,052,717
Community services and econ. development	310,804	354,908	336,826	352,417	328,857
Highways and streets	1,897,846	1,867,333	1,505,937	1,338,433	1,336,771
Public safety	34,741	71,530	100,402	96,842	82,251
Unrestricted	1,155,070	668,665	4,647,338	7,007,547	7,020,001
Total governmental activities net assets	\$ 15,386,554	\$ 14,405,091	\$ 17,386,162	\$ 18,744,729	\$ 19,679,339
Business-type activities:					
Invested in capital assets, net of related debt	\$ 23,926,500	\$ 25,997,032	\$ 20,327,650	\$ 22,994,554	\$ 22,080,586
Restricted:					
Debt service	641,398	504,099	511,264	531,573	522,756
Capital projects	-	-	-	-	-
Unrestricted	8,122,697	5,119,417	10,171,273	6,415,903	6,091,602
Total business-type activities net assets	\$ 32,690,595	\$ 31,620,548	\$ 31,010,187	\$ 29,942,030	\$ 28,694,944
Primary government:					
Invested in capital assets, net of related debt	\$ 35,221,515	\$ 37,138,348	\$ 30,532,982	\$ 32,573,124	\$ 30,939,328
Restricted:					
Debt service	1,334,476	805,438	1,101,591	902,493	2,575,473
Community services and economic development	310,804	354,908	336,826	352,417	328,857
Highways and streets	1,879,846	1,867,333	1,505,937	1,338,433	1,336,771
Public safety	34,741	71,530	100,402	96,842	82,251
Unrestricted	9,277,767	5,788,082	14,818,611	13,423,450	13,111,603
Total primary government net assets	\$ 48,059,149	\$ 46,025,639	\$ 48,396,349	\$ 48,686,759	\$ 48,374,283

Table 1

		Fiscal Year				
	2011	2010	2009	2008	2007	
\$	8,931,762	\$ 18,043,868	\$ 11,374,872	\$ 15,403,434	\$ 12,609,887	
	2,241,325	478,387	424,487	366,564	156,930	
	339,794	311,224	5,387,776	342,815	43,821	
	1,296,342	1,086,970	-	-	-	
	82,854	135,760	-	-	-	
	7,861,051	5,517,904	7,276,161	7,088,728	5,933,671	
\$	<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>	
\$	22,369,970	\$ 22,596,745	\$ 25,553,411	\$ 23,052,050	\$ 20,770,346	
	512,401	772,228	1,075,085	378,138	825,526	
	-	-	-	523,457	783,250	
	5,109,801	4,743,078	1,995,872	3,415,881	3,170,782	
\$	<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>	
\$	31,301,732	\$ 40,640,613	\$ 36,928,283	\$ 38,455,484	\$ 33,380,233	
	2,753,726	1,250,615	1,499,572	744,702	982,456	
	339,794	311,224	5,387,776	866,272	827,071	
	1,296,342	1,086,970	-	-	-	
	82,854	135,760	-	-	-	
	12,970,852	10,260,982	9,272,033	10,504,609	9,104,453	
\$	<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>	

City of Copperas Cove, Texas

Changes in Net Position

Last Ten Fiscal Years

	Fiscal Year				
	2016	2015	2014	2013	2012
EXPENSES					
Governmental activities:					
General government	\$ 3,140,253	\$ 3,535,829	\$ 3,293,107	\$ 2,763,344	\$ 2,546,927
Community services	2,154,671	3,214,351	2,074,947	1,991,851	2,244,461
Fleet and facility maintenance	295,982	456,308	266,975	260,234	221,682
Highways and streets	1,669,455	1,434,484	1,592,976	1,493,706	1,271,079
Public safety	11,075,796	9,162,709	10,177,406	10,215,865	10,124,360
Interest on long-term debt	628,810	1,054,111	1,972,914	2,345,029	2,464,443
Total governmental activities expenses	<u>18,964,967</u>	<u>18,857,792</u>	<u>19,378,325</u>	<u>19,070,029</u>	<u>18,872,952</u>
Business-type activities:					
Water and sewer	8,811,109	9,221,685	8,708,517	8,675,269	8,435,752
Solid waste	3,470,827	3,041,437	2,905,397	3,149,394	2,776,066
Golf course	611,534	565,774	546,309	609,842	580,689
Total business-type activities expenses	<u>12,893,470</u>	<u>12,828,896</u>	<u>12,160,223</u>	<u>12,434,505</u>	<u>11,792,507</u>
Total primary government expenses	<u>\$ 31,858,437</u>	<u>\$ 31,686,688</u>	<u>\$ 31,538,548</u>	<u>\$ 31,504,534</u>	<u>\$ 30,665,459</u>
PROGRAM REVENUES					
Governmental activities:					
Charges for services:					
General government	\$ 300,308	\$ 354,870	\$ 334,382	\$ 283,509	\$ 327,064
Community services	367,740	1,136,980	1,112,802	1,119,533	1,175,746
Highways and streets	886,844	930,020	931,748	900,308	891,366
Public safety	1,467,624	809,487	692,758	669,343	926,953
Operating grants and contributions	289,597	571,277	376,813	460,352	289,311
Capital grants and contributions	-	3,500	2,776	863	139,528
Total governmental activities program revenues	<u>3,312,113</u>	<u>3,806,134</u>	<u>3,451,279</u>	<u>3,433,908</u>	<u>3,749,968</u>
Business-type activities:					
Charges for services:					
Water and sewer	10,701,271	11,095,431	10,421,191	10,706,431	9,756,792
Solid waste	4,127,047	3,993,003	3,874,212	3,561,759	2,983,601
Golf course	284,718	323,330	331,204	370,934	421,911
Capital grants and contributions	-	-	-	19,145	3,422
Total business-type activities program revenues	<u>15,113,036</u>	<u>15,411,764</u>	<u>14,626,607</u>	<u>14,658,269</u>	<u>13,165,726</u>
Total primary government program revenues	<u>\$ 18,425,149</u>	<u>\$ 19,217,898</u>	<u>\$ 18,077,886</u>	<u>\$ 18,092,177</u>	<u>\$ 16,915,694</u>

Table 2

		Fiscal Year				
	2011	2010	2009	2008	2007	
\$	2,875,722	\$ 2,623,640	\$ 3,034,581	\$ 2,175,856	\$ 1,839,306	
	2,438,256	2,373,405	2,289,134	2,344,074	2,258,488	
	279,016	364,763	354,495	414,669	386,747	
	46,924,619	1,404,332	1,178,405	1,598,678	897,493	
	10,026,320	9,586,380	9,165,778	8,893,527	7,888,352	
	2,070,699	948,569	765,655	679,576	492,193	
	<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>	
	9,409,881	8,867,419	8,380,368	8,095,813	7,071,789	
	2,608,915	2,397,273	2,329,168	2,435,324	2,267,473	
	573,612	579,846	741,818	789,415	786,556	
	<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>\$ 77,207,040</u>	<u>\$ 29,145,627</u>	<u>\$ 28,239,402</u>	<u>\$ 27,426,932</u>	<u>\$ 23,888,397</u>	
\$	352,865	\$ 254,356	\$ 318,728	\$ 253,864	\$ 470,885	
	1,016,328	970,855	1,018,263	1,315,084	933,020	
	832,234	865,236	865,821	861,909	837,486	
	574,554	928,159	994,799	2,299,739	1,261,826	
	42,807,297	314,701	299,511	821,392	450,303	
	169,298	709,919	507,970	1,805,607	450,824	
	<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>	
	9,933,243	9,057,365	8,782,371	8,901,647	8,526,099	
	3,099,602	3,094,402	2,991,428	3,023,495	2,690,123	
	385,799	439,810	530,908	674,696	633,730	
	-	-	-	1,345,220	370,434	
	<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>\$ 59,171,220</u>	<u>\$ 16,634,803</u>	<u>\$ 16,309,799</u>	<u>\$ 21,302,653</u>	<u>\$ 16,624,730</u>	

City of Copperas Cove, Texas
Changes in Net Position (Continued)
Last Ten Fiscal Years

	Fiscal Year				
	2016	2015	2014	2013	2012
NET (EXPENSE) REVENUES					
Governmental activities	\$ (15,652,854)	\$ (15,927,046)	\$ (15,927,046)	\$ (15,636,121)	\$ (15,122,984)
Business-type activities	2,219,566	2,466,384	2,466,384	2,223,764	1,373,219
Total primary government net expense	<u>(13,433,288)</u>	<u>(13,460,662)</u>	<u>(13,460,662)</u>	<u>(13,412,357)</u>	<u>(13,749,765)</u>
GENERAL REVENUES AND OTHER					
CHANGES IN NET POSITION					
Governmental activities:					
Ad valorem taxes	9,967,981	9,742,586	9,430,398	8,994,705	8,873,472
Sales taxes	2,842,678	2,848,964	2,771,359	2,712,277	2,585,231
Franchise taxes	1,258,920	1,375,791	1,359,461	1,361,973	1,361,161
Other taxes	443,966	406,468	410,158	357,225	352,523
Unrestricted investment earnings	37,671	101,631	42,537	67,321	17,072
Miscellaneous	792,655	267,602	177,552	162,006	176,736
Transfers	1,272,446	1,157,733	1,137,835	1,046,004	683,000
Total governmental activities	<u>16,616,317</u>	<u>15,900,775</u>	<u>15,329,300</u>	<u>14,701,511</u>	<u>14,049,195</u>
Business-type activities:					
Unrestricted investment earnings	57,383	37,684	33,707	19,806	12,553
Loss on sale of capital assets	-	-	-	-	-
Transfers	(1,272,446)	(1,157,733)	(1,137,835)	(1,046,004)	(683,000)
Miscellaneous	65,543	128,586	22,764	49,520	-
Total business-type activities	<u>(1,149,520)</u>	<u>(991,463)</u>	<u>(1,081,364)</u>	<u>(976,678)</u>	<u>(670,447)</u>
Total primary government	<u>15,466,797</u>	<u>14,909,312</u>	<u>14,247,936</u>	<u>13,724,833</u>	<u>13,378,748</u>
CHANGE IN NET POSITION					
Governmental activities	963,463	849,117	(597,746)	(934,610)	(1,073,789)
Business-type activities	1,070,046	1,591,405	1,385,020	1,247,086	702,772
Total primary government	<u>\$ 2,033,509</u>	<u>\$ 2,440,522</u>	<u>\$ 787,274</u>	<u>\$ 312,476</u>	<u>\$ (371,017)</u>

Table 2

Fiscal Year				
2011	2010	2009	2008	2007
\$ (18,862,056)	\$ (13,257,863)	\$ (12,782,956)	\$ (8,748,785)	\$ (9,358,235)
826,236	747,039	853,353	2,624,506	2,094,568
(18,035,820)	(12,510,824)	(11,929,603)	(6,124,279)	(7,263,667)
8,590,003	8,570,742	8,468,730	7,717,778	6,831,452
2,427,417	2,479,925	2,309,693	2,582,748	2,275,752
1,315,430	1,318,570	1,321,777	1,246,655	1,270,632
410,235	428,840	362,779	103,775	97,844
16,923	48,967	143,829	489,974	610,569
319,754	245,860	344,326	-	-
961,309	1,275,776	1,049,271	1,065,087	996,616
14,041,071	14,368,680	14,000,405	13,206,017	12,082,865
15,194	16,420	60,154	260,206	456,616
-	-	-	-	-
(961,309)	(1,275,776)	(1,049,271)	(1,065,087)	(996,616)
-	-	-	-	-
(946,115)	(1,259,356)	(989,117)	(804,881)	(540,000)
13,094,956	13,109,324	13,011,288	12,401,136	11,542,865
(4,820,985)	1,110,817	1,217,449	4,457,232	2,724,630
(119,879)	(512,317)	(135,764)	1,819,625	1,554,568
\$ (4,940,864)	\$ 598,500	\$ 1,081,685	\$ 6,276,857	\$ 4,279,198

City of Copperas Cove, TexasTax Revenues by Source
Last Ten Calendar Years**Table 3**

<u>Calendar Year</u>	<u>Property</u>	<u>Sales</u>	<u>Franchise</u>	<u>Bingo</u>	<u>Mixed Beverage</u>	<u>Totals</u>
2016	\$ 9,967,981	\$ 2,842,678	\$ 1,258,920	\$ 200,864	\$ 18,445	\$ 14,288,888
2015	9,822,405	2,848,964	1,375,791	217,438	18,740	14,283,337
2014	9,430,346	2,771,359	1,359,461	215,613	16,484	13,793,263
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
2002	3,865,981	1,655,794	1,122,864	62,079	16,911	6,723,629
2001	3,862,252	1,523,949	1,057,543	58,577	14,290	6,516,611

Source: City of Copperas Cove Finance Department

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City of Copperas Cove, Texas

Fund Balances Governmental Funds Last Ten Fiscal Years

	Fiscal Year				
	2016	2015	2014	2013	2012
General fund					
Reserved					
Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory and prepaid items	-	-	-	-	-
Unreserved					
Designated for contingencies	-	-	-	-	-
Unreserved, undesignated	-	-	-	-	-
Nonspendable	90,108	160,707	198,696	80,932	88,819
Restricted	26,084	9,457	9,452	9,446	9,430
Assigned	50,362	50,326	50,293	50,260	78,208
Unassigned	6,318,661	6,152,451	5,582,265	6,116,257	5,684,953
Total general fund	<u>\$ 6,485,215</u>	<u>\$ 6,372,941</u>	<u>\$ 5,840,706</u>	<u>\$ 6,256,895</u>	<u>\$ 5,861,410</u>
All other governmental funds					
Reserved					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects	-	-	-	-	-
Encumbrances	-	-	-	-	-
Inventory and prepaid items	-	-	-	-	-
Notes receivable	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Nonspendable	1,689	2,970	-	-	110,535
Restricted	6,106,861	7,775,142	21,665,093	24,548,350	15,918,697
Unassigned	-	-	-	(3,072)	(1,228)
Total all other governmental funds	<u>\$ 6,108,550</u>	<u>\$ 7,778,112</u>	<u>\$ 21,665,093</u>	<u>\$ 24,545,278</u>	<u>\$ 16,028,004</u>

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

Table 4

		Fiscal Year				
		2011	2010	2009	2008	2007
\$	-	\$ 97,009	\$ 147,926	\$ 439,561	\$ 590,556	
	-	75,642	75,462	73,708	67,352	
	-	-	1,000,000	1,000,000	1,000,000	
	-	5,389,639	3,982,944	3,678,639	3,328,429	
	71,983	-	-	-	-	
	22,680	-	-	-	-	
	136,710	-	-	-	-	
	5,362,117	-	-	-	-	
\$	5,593,490	\$ 5,562,290	\$ 5,206,332	\$ 5,191,908	\$ 4,986,337	
\$	-	\$ 438,056	\$ 424,487	\$ 366,564	\$ 156,930	
	-	-	-	5,515,872	5,338,633	
	-	543,181	64,805	729,673	638,251	
	-	-	94	2,510	323	
	-	115,499	127,799	-	-	
	-	1,538,631	1,893,415	1,110,626	1,076,333	
	-	2,214,095	5,387,776	8,078,317	7,394,289	
	123,779	-	-	-	-	
	5,188,837	-	-	-	-	
	-	-	-	-	-	
\$	5,312,616	\$ 4,849,462	\$ 7,898,376	\$ 15,803,562	\$ 14,604,759	

City of Copperas Cove, Texas

Changes in Fund Balances

Governmental Funds

Last Ten Fiscal Years

	Fiscal Year				
	2016	2015	2014	2013	2012
REVENUES					
Taxes	\$ 14,494,115	\$ 14,453,638	\$ 13,971,324	\$ 13,435,777	\$ 13,164,642
Charges for services	2,291,612	2,124,167	2,121,414	2,148,310	2,168,844
Intergovernmental	289,598	554,192	13,058,288	17,367,931	13,089,316
Fines	24,686	576,127	599,894	672,774	730,528
Licenses	563,503	54,318	57,227	46,463	50,262
Permits	220,944	226,239	191,939	151,749	186,774
Investment income	37,671	101,631	42,537	67,321	17,072
Miscellaneous	761,825	387,802	294,332	259,712	333,849
Total revenues	18,683,954	18,478,114	30,336,955	34,150,037	29,741,287
EXPENDITURES					
General government	2,688,783	2,579,037	2,717,470	2,410,130	2,295,603
Community services	1,925,123	1,806,197	1,909,766	1,793,492	2,035,401
Fleet and facility services	276,534	272,903	267,510	255,839	216,223
Highways and streets	1,087,396	892,160	1,203,029	1,082,538	813,253
Public safety	9,482,135	9,099,534	9,224,214	9,150,282	9,102,313
Capital outlay	2,736,891	4,942,783	1,985,294	2,980,169	1,734,555
Debt service					
Principal retirement	2,909,440	15,025,105	17,640,925	13,230,808	2,826,748
Interest and fiscal charges	1,092,372	1,637,462	2,425,620	2,835,690	2,837,194
Bond issuance costs	62,513	34,395	71,713	122,253	32,328
Total expenditures	22,261,187	36,289,576	37,445,541	33,861,201	21,893,618
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,577,233)	(17,811,462)	(7,108,586)	288,836	7,847,669

Table 5

Fiscal Year				
2011	2010	2009	2008	2007
\$ 12,762,118	\$ 12,756,287	\$ 12,472,480	\$ 11,636,499	\$ 10,435,134
1,920,904	1,935,879	1,976,286	1,957,335	1,790,420
635,435	991,057	573,215	728,358	103,226
617,983	851,855	923,735	800,841	815,533
48,403	50,438	51,347	38,848	39,784
161,296	209,272	143,658	181,354	178,795
16,923	48,967	143,829	489,974	610,569
522,760	367,572	472,538	419,113	662,467
16,685,822	17,211,327	16,757,088	16,252,322	14,635,928
2,571,032	2,340,206	2,739,976	2,054,435	1,872,769
2,207,167	2,193,410	2,103,284	1,884,340	1,780,748
269,820	360,257	347,946	400,647	376,342
46,453,663	959,247	815,197	986,425	878,940
8,933,461	8,962,367	8,559,414	8,274,073	7,433,330
1,976,709	5,610,024	10,031,225	4,418,877	2,370,118
1,595,508	1,428,939	1,277,501	873,731	926,000
1,783,514	915,609	729,758	666,848	464,207
670,233	-	91,072	-	-
66,461,107	22,770,059	26,695,373	19,559,376	16,102,454
(49,775,285)	(5,558,732)	(9,938,285)	(3,307,054)	(1,466,526)

City of Copperas Cove, Texas
 Changes in Fund Balances (Continued)
 Governmental Funds
 Last Ten Fiscal Years

	Fiscal Year				
	2016	2015	2014	2013	2012
OTHER FINANCING SOURCES (USES)					
Issuance of capital leases	\$ -	\$ -	\$ -	\$ -	\$ -
Issuance of bonds	5,030,000	3,055,000	2,951,036	7,545,000	1,962,000
Premium on bonds	489,595	109,694	51,928	10,781	52,821
Payment to refunded bond escrow agent	(4,802,926)	-	-	-	-
Sale of capital assets	8,914	57,990	64,111	8,741	14,104
Insurance recoveries	21,916	26,299	18,338	13,397	8,714
Transfers in	1,475,000	1,404,000	1,358,000	1,260,978	1,374,156
Transfers out	(202,554)	(196,267)	(220,165)	(214,974)	(276,156)
Total other financing sources (uses)	<u>2,019,945</u>	<u>4,456,716</u>	<u>4,223,248</u>	<u>8,623,923</u>	<u>3,135,639</u>
NET CHANGE IN FUND BALANCES	<u><u>\$ (1,557,288)</u></u>	<u><u>\$ (13,354,746)</u></u>	<u><u>\$ (2,885,338)</u></u>	<u><u>\$ 8,912,759</u></u>	<u><u>\$ 10,983,308</u></u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	<u>20.8%</u>	<u>53.3%</u>	<u>56.8%</u>	<u>52.4%</u>	<u>28.3%</u>

Table 5

Fiscal Year				
2011	2010	2009	2008	2007
\$ -	\$ -	\$ 50,612	\$ 50,823	\$ -
48,360,540	1,590,000	6,895,000	1,612,673	5,251,270
3,401,878				
(2,454,088)				
-	-	-	-	-
-				
1,538,349	1,938,505	1,386,352	1,571,164	1,264,260
(577,040)	(662,729)	(337,081)	(506,077)	(267,643)
50,269,639	2,865,776	7,994,883	2,728,583	6,247,887
494,354	(2,692,956)	(1,943,402)	(578,471)	4,781,361
<u>6.3%</u>	<u>13.7%</u>	<u>12.6%</u>	<u>10.2%</u>	<u>10.1%</u>

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Revenue Capacity Information

"The City Built for Family Living"

City of Copperas Cove, Texas

Assessed Value and Estimated Tax Value of Taxable Property Last Ten Fiscal Years

Table 6

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					
2016	2015	\$ 690,539,767	\$ 699,560,283	\$ 78,030,104	\$ 174,190	\$ 197,554,017	\$ 105,252,608	\$ 1,165,497,719	0.7979	\$ 1,165,497,719
2015	2014	1,093,122,862	279,686,286	77,988,874	182,330	190,182,195	104,912,640	1,155,885,517	0.7900	1,155,885,517
2014	2013	1,031,206,299	256,129,826	77,269,634	182,650	164,603,431	92,940,709	1,107,244,269	0.7774	1,107,244,269
2013	2012	1,015,850,788	247,919,476	66,073,230	197,870	156,486,756	88,906,752	1,084,647,856	0.7639	1,084,647,856
2012	2011	982,229,990	242,493,067	67,350,050	192,230	146,385,820	78,422,116	1,067,456,541	0.7639	1,067,456,541
2011	2010	1,042,392,798	243,294,708	64,040,190	186,290	131,303,669	81,695,580	1,136,914,737	0.7600	1,067,456,541
2010	2009	1,041,083,408	236,161,374	67,222,770	114,180	119,893,916	86,150,945	1,138,536,871	0.7600	1,136,914,737
2009	2008	867,633,248	204,100,078	66,011,498	115,920	102,803,530	-	1,035,057,214	0.7400	1,138,536,871
2008	2007	785,140,036	159,987,484	62,029,470	90,590	87,723,750	-	919,523,830	0.7400	1,035,057,214
2007	2006	737,593,910	52,350,230	59,473,482	50,180	70,659,836	-	778,807,966	0.7400	919,785,031

* 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

Table 7

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					
2016	2015	\$ 0.479	\$ 0.320	\$ 0.798	\$ 0.494	\$ 1.220	\$ 0.137	\$ 0.011	\$ 2.660
2015	2014	0.504	0.286	0.790	0.458	1.217	0.137	0.012	2.614
2014	2013	0.524	0.253	0.777	0.459	1.217	0.137	0.012	2.602
2013	2012	0.569	0.191	0.760	0.449	1.217	0.140	0.015	2.581
2012	2011	0.545	0.219	0.7639	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	-	2.479
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
2004	2003	0.629	0.146	0.775	0.412	1.592	0.148	-	2.927
2003	2002	0.606	0.139	0.745	0.388	1.592	0.148	-	2.873
2002	2001	0.606	0.139	0.745	0.381	1.542	0.149	-	2.817
2001	2000	0.640	0.105	0.745	0.381	1.542	0.149	0.149	2.817

* GWCD - Groundwater Conservation District

Source: Coryell County Tax Assessor - Collector

City of Copperas Cove, Texas

Principal Property Taxpayers
Current Year and Nine Years Ago

Table 8

		2016	
<u>Taxpayer</u>	<u>Type of Business</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Oncor Electric Delivery Co. (FKA TXU)	Electric utility	\$ 12,158,570	1.05%
Wal-Mart Real Estate	Developer	11,677,690	1.01%
HEB Grocery Store	Retailer	10,000,000	0.87%
Wal-Mart Properties Stores East	Developer	7,645,830	0.66%
HEB Grocery CO	Retailer	7,423,110	0.64%
Cove Terrace Associates, Ltd.	Retailer	5,662,820	0.49%
Colonial Plaza Partnership	Retailer	5,632,810	0.49%
Copperas Cove AL LLC	Developer	5,500,000	0.48%
Cinergy Cinemas LP	Movie Theater	4,888,130	0.42%
Town Square Copperas Cove	Retailer	4,400,000	0.38%
Subtotal		<u>74,988,960</u>	<u>6.49%</u>
All other taxpayers		<u>1,080,061,500</u>	<u>93.51%</u>
Total		<u>\$ 1,155,050,460</u>	<u>100.00%</u>

		2007	
<u>Taxpayer</u>	<u>Type of Business</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Walmart Real Estate	Developer	\$ 10,901,740	1.19%
TXU Electric Delivery Co.	Electric Utility	9,549,460	1.04%
Central Telephone Co.	Telephone Utility	8,493,740	0.92%
Wal-Mart Properties	Developer	7,660,420	0.83%
Cove Terrace Associates	Developer	7,112,880	0.77%
Crosstowne LTD	Retailer	6,510,660	0.71%
Colonial Plaza Partnership	Retailer	5,128,554	0.56%
Judy Lane Properties	Developer	4,685,630	0.51%
Texas Cable Partners	Cable Utility	3,909,370	0.43%
Lightfoot Oil Company	Oil Company	3,797,260	0.41%
Subtotal		<u>67,749,714</u>	<u>7.37%</u>
All other taxpayers		<u>852,035,317</u>	<u>92.63%</u>
Total		<u>\$ 919,785,031</u>	<u>100.00%</u>

Source: Coryell County Appraisal District, Gatesville, Texas
2007 CAFR City of Copperas Cove

City of Copperas Cove, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years

Table 9

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		
2016	2015	\$ 9,969,371	\$ 9,813,412	98.4%	-	9,813,412	98.44%	\$ 155,959	1.56%
2015	2014	9,853,284	9,727,297	98.7%	125,970	9,853,267	100.00%	17	0.00%
2014	2013	9,356,141	9,288,597	99.3%	58,571	9,347,168	99.90%	8,973	0.10%
2013	2012	8,945,954	8,873,218	99.2%	60,327	8,933,545	99.86%	12,409	0.14%
2012	2011	8,825,688	8,737,130	99.0%	75,083	8,812,213	99.85%	13,475	0.15%
2011	2010	8,582,640	8,496,718	99.0%	78,030	8,574,748	99.91%	7,892	0.09%
2010	2009	8,525,125	8,388,219	98.4%	128,111	8,516,330	99.90%	8,795	0.10%
2009	2008	8,425,173	8,323,643	98.8%	90,808	8,414,451	99.87%	10,722	0.13%
2008	2007	7,659,423	7,552,143	98.6%	99,704	7,651,847	99.90%	7,576	0.10%
2007	2006	6,806,409	6,672,244	98.0%	125,538	6,797,781	99.87%	8,628	0.13%

Source: City of Copperas Cove Finance Department

City of Copperas Cove, TexasAdopted Tax Rates
Last Ten Fiscal Years**Table 10**

Fiscal Year	Tax Year	Total Assessed Valuation	Assessment Rate	Gross Tax Rate
2016	2015	\$ 1,155,050,460	100.00%	0.79791
2015	2014	1,154,743,980	100.00%	0.79000
2014	2013	1,130,792,202	100.00%	0.77400
2013	2012	1,100,135,239	100.00%	0.76000
2012	2011	1,084,647,856	100.00%	0.76390
2011	2010	1,067,456,541	100.00%	0.76000
2010	2009	1,136,914,737	100.00%	0.76000
2009	2008	1,138,536,871	100.00%	0.74000
2008	2007	1,035,057,214	100.00%	0.74000
2007	2006	919,785,031	100.00%	0.74000

Source: City of Copperas Cove Budget Department

City of Copperas Cove, Texas**Table 11**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
2016	2015	\$ 1,155,050,460	\$ 29,584,530	\$ 237,087,000
2015	2014	1,154,743,980	35,008,392	244,306,000
2014	2013	1,130,792,202	18,119,157	222,756,000
2013	2012	1,100,135,239	15,619,747	207,494,000
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

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>

Water Rates

Effective October 1, 2015

Waterworks System

The City owns and operates its water distribution and supply systems and purchases its water supply from Bell County Water Control and Improvement District No. 1. The water supply is received in ground storage tanks located throughout the system on hilltops which surround the City, which function as elevated tanks because of the static head differential with the developed areas of the City. The City's waterworks system is comprised of 8 storage/pump facilities with a present combined permitted capacity of 13.5 MGD. The system consists of approximately 225 miles of water mains.

Inside the City Limits:

<u>Meter Size</u>	<u>Monthly Flow Minimum Fee</u>	<u>Customer Type</u>	<u>Rate/1,000gal</u>
3/4" meter	\$ 11.00	Residential	\$ 4.05
1" meter	15.50	Commercial	4.96
1 1/2" meter	23.00	Sprinkler	4.15
2" meter	34.00	Bulk Water	7.26
3" meter	90.00	Contractor	6.05
4" meter	141.00		
6" meter	239.00		
Contractor	11.00		
Bulk	11.00		

Outside the City Limits:

<u>Meter Size</u>	<u>Monthly Flow Minimum Fee</u>	<u>Customer Type</u>	<u>Rate/1,000gal</u>
3/4" meter	\$ 16.00	Residential	\$ 5.26
1" meter	22.00	Commercial	6.17
1 1/2" meter	34.00	Sprinkler	5.36
2" meter	50.00	Bulk Water	8.47
3" meter	120.00	Contractor	7.26
4" meter	200.00		
6" meter	350.00		

Source: Finance Department, City of Copperas Cove

City of Copperas Cove, Texas

Top Ten Water Customers

Current Year and Nine Years Ago

Table 13

<u>2016</u>	
<u>Customer</u>	<u>Gallons Billed</u>
Central Texas College	79,413,000
Topsey Water District	19,333,000
Cedar Grove Mobile Home Park	4,974,000
Cedar Grove Mobile Home Park	4,751,400
Stoney Brook Living Center	4,151,800
Wells Laundry	3,609,100
Willow Creek Apartments	3,402,100
Hill Country Rehab & Nursing	3,226,800
HEB	2,726,300
Willow Creek Apartments	2,668,200
Total	<u><u>128,255,700</u></u>
 <u>2007</u>	
<u>Customer</u>	<u>Gallons Billed</u>
Central Texas College	41,722,000
Topsey Water District	10,956,500
Cedar Grove Mobile Home Park	8,877,000
Topsey Water District	8,097,200
Cedar Grove Mobile Home Park	7,983,000
Wells Laundry	4,113,300
Five Hills Apartments	3,983,800
Hill Country Rehab & Nursing	3,572,900
Willow Creek Apartments	3,339,800
Wal Mart Stores Inc.	3,054,300
Total	<u><u>95,699,800</u></u>

Source: Finance Department, City of Copperas Cove

Sewer Rates

Effective October 1, 2015

Wastewater System

The City currently owns and operates three wastewater treatment facilities with a present combined permitted capacity of 9.0 MGD. The system consists of approximately 375 miles of collection lines with 14 lift stations.

Storm water is collected in an entirely separate gravity fed storm sewer system and is completely segregated from the wastewater system. The storm sewer system is operated and maintained by the City's Department of Public Works.

Maintenance and inspection of the City's wastewater system is accomplished by maintenance personnel employed by the City's Wastewater Treatment Department.

<u>Sewer Calculations</u>	<u>Rate</u>
Sewer minimum rate (all customers)	\$ 11.00
Rate per 1,000 Gallons of Water	5.67
6" Sewer Tap	750.00
Sewer Tap larger than 6"	6" tap fee + additional time and materials

City of Copperas Cove, Texas

Top Ten Sewer Customers

Current Year and Nine Years Ago

Table 15

<u>2016</u>	
<u>Customer</u>	<u>Gallons Billed</u>
Cedar Grove Mobile Home Park	4,974,000
Cedar Grove Mobile Home Park	4,751,400
Stoney Brook Living Center	4,195,100
Wells Laundry	3,609,100
Willow Creek Apartments	3,402,100
Hill Country Rehab & Nursing	3,226,800
HEB	2,726,300
Willow Creek Apartments	2,668,200
Copperas Cove LTC Partners Inc.	2,619,200
Five Hills Apartments	2,309,500
Total	<u><u>34,481,700</u></u>
 <u>2007</u> 	
<u>Customer</u>	<u>Gallons Billed</u>
Cedar Grove Mobile Home Park	7,599,000
Cedar Grove Mobile Home Park	7,533,000
Wells Laundry	4,113,300
Five Hills Apartments	3,983,800
Hill Country Rehab & Nursing	3,572,900
Willow Creek Apartments	3,339,800
Wal Mart Stores Inc.	3,054,300
Mickey's Grocery #16	2,623,800
Willow Creek Apartments	2,499,000
CCISD / Copperas Cove Jr. High	2,497,000
Total	<u><u>40,815,900</u></u>

Source: Finance Department, City of Copperas Cove

City of Copperas Cove, Texas

Table 16

Waterworks and Sewer System Condensed Statement
Of Operations
Last Five 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		
2016	\$ 10,756,034	\$ 5,944,786	\$ 4,811,248	\$ 2,693,256	\$ 1,104,934	\$ 3,798,190	1.27
2015	11,095,431	6,343,966	4,751,465	2,809,153	786,922	3,596,075	1.32
2014	10,421,191	5,977,076	4,444,115	2,222,888	1,096,455	3,319,343	1.34
2013	10,708,566	6,157,552	4,551,014	2,702,176	893,614	3,595,790	1.27
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

* Total operating expense less depreciation.

Source: Finance Department, City of Copperas Cove

Note: Data prior to 2004 not available.



Debt Capacity Information

"The City Built for Family Living"

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City of Copperas Cove, Texas

Table 17

Direct Overlapping and Governmental Activities Debt (Continued)

As of September 30, 2016

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	\$ 19,119,995 *	83.61%	\$ 15,986,228
Lampasas County	3,495,000 *	2.44%	85,278
Lampasas Independent School District	36,969,982 *	2.59%	957,523
Subtotal overlapping debt			17,029,028
City direct debt			70,310,000
Total direct and overlapping debt			<u>\$ 87,339,028</u>
Total direct and overlapping debt % of A.V.			7.56%
Total direct and overlapping debt per capita			\$ 2,651
* 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				
	2016	2015	2014	2013	2012
Assessed value, tax roll	\$ 1,155,050,460	\$ 1,154,743,980	\$ 1,130,792,202	\$ 1,100,135,239	\$ 1,084,647,856
\$2.50 tax rate levy ⁽¹⁾	28,876,262	28,868,600	28,269,805	27,503,381	27,116,196
Actual City debt tax rate	0.319	0.286	0.255	0.191	0.219
Actual City debt tax levy	3,684,611	3,300,247	2,877,866	2,103,459	2,376,463
Legal annual debt service margin	<u>\$ 25,191,651</u>	<u>\$ 25,568,353</u>	<u>\$ 25,391,939</u>	<u>\$ 25,399,922</u>	<u>\$ 24,739,733</u>
Legal debt capacity ⁽²⁾	<u>\$ 313,943,648</u>	<u>\$ 318,638,190</u>	<u>\$ 316,439,684</u>	<u>\$ 316,539,176</u>	<u>\$ 308,311,756</u>

(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%.

Table 18

Fiscal Year				
2011	2010	2009	2008	2007
\$ 1,067,456,541	\$ 1,136,914,737	\$ 1,138,536,871	\$ 1,035,057,214	\$ 919,785,031
26,686,414	28,422,868	28,463,422	25,876,430	22,994,626
0.177	0.147	0.141	0.142	0.133
1,884,061	1,672,947	1,601,921	1,469,481	1,222,532
<u>\$ 24,802,353</u>	<u>\$ 26,749,921</u>	<u>\$ 26,861,500</u>	<u>\$ 24,406,949</u>	<u>\$ 21,772,094</u>
<u>\$ 309,092,137</u>	<u>\$ 333,363,144</u>	<u>\$ 334,753,668</u>	<u>\$ 304,164,536</u>	<u>\$ 271,328,409</u>

City of Copperas Cove, Texas
Legal Debt Margin Information (Continued)
Last Ten Fiscal Years

Attorney General Basis	Fiscal Year				
	2016	2015	2014	2013	2012
Assessed value, tax roll	\$ 1,155,050,460	\$ 1,154,743,980	\$ 1,130,792,202	\$ 1,100,135,239	\$ 1,084,647,856
\$1.50 tax rate levy ⁽¹⁾	17,325,757	17,321,160	16,961,883	16,502,029	16,269,718
Actual City debt tax rate	0.319	0.286	0.255	0.191	0.219
Actual City debt tax levy	3,684,611	3,300,247	2,877,866	2,103,459	2,376,463
Legal annual debt service margin	<u>\$ 13,641,146</u>	<u>\$ 14,020,913</u>	<u>\$ 14,084,017</u>	<u>\$ 14,398,570</u>	<u>\$ 13,893,254</u>
Legal debt capacity ⁽²⁾	<u>\$ 169,998,830</u>	<u>\$ 174,731,566</u>	<u>\$ 175,517,981</u>	<u>\$ 179,438,008</u>	<u>\$ 173,140,659</u>

(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 18

Fiscal Year				
2011	2010	2009	2008	2007
\$ 1,067,456,541	\$ 1,136,914,737	\$ 1,138,536,871	\$ 1,035,057,214	\$ 919,785,031
16,011,848	17,053,721	17,078,053	15,525,858	13,796,775
0.177	0.147	0.141	0.142	0.133
1,884,061	1,672,947	1,601,921	1,469,481	1,222,532
<u>\$ 14,127,787</u>	<u>\$ 15,380,774</u>	<u>\$ 15,476,132</u>	<u>\$ 14,056,377</u>	<u>\$ 12,574,243</u>
<u>\$ 176,063,457</u>	<u>\$ 191,678,438</u>	<u>\$ 192,866,808</u>	<u>\$ 175,173,528</u>	<u>\$ 156,702,864</u>

City of Copperas Cove, Texas

Table 19

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(Amounts Expressed in Thousands, Except Per Capita Amount)

Fiscal Year	Governmental Activities					Business-type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Obligation	Tax Notes	Capital Leases	Note Payable	General Obligation Bonds	Certificates of Obligation	Revenue Bonds	Tax Notes	Capital Leases			
2016	\$ 19,411	\$ 10,840	\$ 1,305	\$ -	\$ -	\$ 16,889	\$ 21,020	\$ -	\$ 845	\$ -	\$ 70,310	2.88%	\$ 2,195
2015	20,088	10,670	2,975	-	-	15,717	13,725	-	4,940	-	68,115	2.76%	2,126
2014	21,195	20,356	4,111	-	-	17,535	9,600	-	5,704	-	78,501	2.79%	2,370
2013	22,000	33,200	5,574	-	-	19,000	2,200	-	5,900	-	87,874	3.15%	2,743
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	3.45%	3,046
2010	16,246	11,116	4,383	88	-	21,326	10,959	-	8,077	331	72,524	2.74%	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

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**Table 20**

Ratios of Net General Bonded Debt Outstanding

Last Ten Fiscal Years

(Amounts Expressed in Thousands, Except Per 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
2016	\$ 68,160	\$ 599	\$ 67,561	5.80%	\$ 2,042
2015	60,200	301	59,899	5.18%	1,818
2014	78,501	590	77,911	6.74%	2,352
2013	76,400	456	75,944	6.86%	2,276
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	59,222	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

Source: Finance Department, City of Copperas Cove

City of Copperas Cove, Texas

Table 21

Revenue Bond Coverage – Water and Sewer Fund
Last Ten Fiscal Years

Fiscal Year	Waterworks and Sewer Revenue Bonds						Coverage
	Gross Revenue	Less: Operating Expenses*	Net Revenue Available for Debt Service	Debt Service		Total	
				Principal	Interest		
2016	\$ 10,756,034	\$ 5,944,786	\$ 4,811,248	\$ 2,693,256	\$ 1,104,934	\$ 3,798,190	1.27
2015	11,095,431	6,343,966	4,751,465	2,809,153	786,922	3,596,075	1.32
2014	10,421,191	5,977,076	4,444,115	2,222,888	1,096,455	3,319,343	1.34
2013	10,708,566	6,157,552	4,551,014	2,702,176	893,614	3,595,790	1.27
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

* Total operating expense less depreciation.

Source: Finance Department, City of Copperas Cove



Demographic and Economic Information

"The City Built for Family Living"

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City of Copperas Cove, Texas
 Demographic and Economic Statistics
 Last Ten Fiscal Years

Table 22

Fiscal Year	Population ¹	Personal Income (millions of dollars) ²	Per Capita Personal Income ²	Median Age ³	School Enrollment ⁴	Unemployment Rate ⁵
2016	33,081	\$ 2,441	\$ 32,334	31.5	8,200	4.2%
2015	32,943	2,469	32,678	31.3	8,355	4.3%
2014	33,122	2,812	36,900	31.2	8,266	5.5%
2013	33,374	2,790	36,129	29.0	8,370	6.5%
2012	32,300	3,018	36,932	29.1	8,324	6.8%
2011	32,032	2,826	49,013	29.7	8,324	6.9%
2010	29,988	2,646	43,501	29.4	8,234	6.7%
2009	29,988	2,651	38,609	30.5	7,932	6.5%
2008	29,988	2,633	34,267	27.3	7,871	5.1%
2007	29,988	2,389	32,613	26.9	7,788	4.7%

Source:

- 1 <http://quickfacts.census.gov/qfd/states/48/4816624.html>
 Data is estimate from US Census Bureau
- 2 <http://www.bea.gov>
 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 2015-2016 reflect county population estimates available as of March 2016.
- 3 <http://factfinder.census.gov/servlet/DatasetMainPageServlet>
- 4 <http://www.tea.state.tx.us/per report/aegis>
 Updated data 2015-2016 Student Enrollment
- 5 <http://www.tracer2.com/cgi/dataanalysis/>

City of Copperas Cove, Texas

Principal Employers

Current Year and Nine Years Ago

Table 23

2016			
Employer	Employees	Percentage of Total City Taxable Assessed Value	Rank
Fort Hood - Military	39,181	63.2%	1
Fort Hood - Civilian	19,079	30.8%	2
Copperas Cove ISD	1,300	2.1%	3
GC Services	1,248	2.0%	4
Wal-Mart Supercenter	445	0.7%	5
City of Copperas Cove	278	0.4%	6
H.E.B. Grocery Store	170	0.3%	7
WindCrest Nursing Center	100	0.2%	8
McDonald's	95	0.2%	9
Hill Country Rehab. & Nursing Ctr.	90	0.1%	10
Total	<u>61,986</u>	<u>100.0%</u>	

2007			
Taxpayer	Employees	Percentage of Total City Taxable Assessed Value	Rank
Fort Hood - Military	39,262	62.8%	1
Fort Hood - Civilian	14,939	23.9%	2
Central Texas College	3,874	6.2%	3
Copperas Cove ISD	1,218	1.9%	4
GC Services	1,059	1.7%	5
Metroplex Hospital	1,000	1.6%	6
Wal-Mart	580	0.9%	7
City of Copperas Cove	291	0.5%	8
HEB Grocery Store	149	0.2%	9
WindCrest Nursing Center	105	0.2%	10
Total	<u>62,477</u>	<u>100.0%</u>	

Source: 14-15 Budget Book
2006-2007 Budget Book



Operating Information

"The City Built for Family Living"

City of Copperas Cove, Texas

Table 24

Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund										
City Manager	2.0	2.0	2.0	2.0	2.0	2.0	3.0	4.0	2.0	2.0
City Secretary	2.0	2.0	2.0	1.5	1.5	1.5	2.0	2.0	2.0	2.0
City Attorney (Contract)	0.5	0.5	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Budget	2.0	1.0	2.0	2.0	4.0	4.0	-	-	-	-
Finance	4.0	4.0	5.0	5.0	7.0	7.0	7.0	7.0	6.0	5.0
Grants Administration	-	-	-	-	-	-	-	-	-	1.0
Human Resources	3.0	2.0	2.5	3.0	3.0	3.0	4.5	3.5	2.0	2.0
Information Systems	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0
Municipal Court	6.0	6.0	6.5	6.5	6.5	6.5	7.0	7.0	8.0	8.0
City Judge (Contract)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Associate Judge (Contract)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Police	74.0	74.0	74.0	73.0	73.0	73.0	73.5	73.5	71.0	71.0
Public Information Office	1.0	-	-	-	-	-	1.0	1.0	1.0	-
Animal Control	5.5	5.5	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0
Fire/EMS	49.0	49.0	51.5	51.0	51.0	51.0	53.0	53.0	52.5	52.0
Emergency Management	-	-	-	-	-	-	-	-	1.0	1.0
Engineering	-	-	-	-	-	-	2.0	2.0	2.0	1.0
Building & Development	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	5.5	5.5
Street	5.5	5.5	5.5	5.5	5.5	5.5	7.5	7.5	7.5	7.0
Public Works	-	-	-	4.0	-	-	-	-	0.5	0.5
Parks & Recreation	18.0	17.5	17.5	18.0	18.0	18.0	18.0	18.0	16.0	18.0
Fleet Services	5.5	5.5	5.5	5.5	5.5	4.5	5.0	5.0	5.0	5.0
Facility Maintenance	-	-	-	-	-	-	2.0	2.0	5.0	5.0
Planning	2.0	1.0	1.0	-	-	-	1.0	2.0	3.0	3.0
Library	7.0	7.0	7.0	6.5	6.5	8.5	10.0	10.0	10.0	10.0
Code & Health	3.5	3.5	3.5	3.0	3.0	3.0	4.0	4.0	3.5	3.5
Total General Fund	200.5	195.0	200.0	201.5	201.5	202.5	215.5	216.5	213.5	211.5
Water & Sewer Fund										
Water & Sewer Admin	3.0	3.0	3.0	4.0	4.0	3.0	2.3	2.3	2.0	2.0
Utility Administration	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	10.0	10.0
Water Distribution	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	9.0	9.0
Sewer Collection	8.0	8.0	8.0	8.0	8.0	8.0	9.0	9.0	7.0	7.0
Wastewater Treatment	10.0	10.0	10.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Composting	-	-	-	-	-	-	3.0	3.0	3.0	3.0
Total Water & Sewer Fund	43.0	43.0	43.0	45.0	45.0	44.0	47.3	47.3	42.0	42.0
Solid Waste Fund										
Administration	5.0	5.0	5.0	4.7	4.7	4.7	4.3	4.3	4.0	4.0
Residential	6.0	6.0	6.0	5.0	5.0	4.0	4.0	4.0	4.0	4.0
Recycling	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Brush	3.0	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0
Commercial	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0
Composting	-	-	-	3.0	3.0	3.0	-	-	-	-
Disposal	5.5	5.5	5.5	5.5	5.5	5.0	5.0	5.0	4.5	4.0
Total Solid Waste Fund	25.5	25.5	24.5	26.2	26.2	23.7	21.3	21.3	20.5	20.0

City of Copperas Cove, Texas

Table 24

Full-time Equivalent City Government Employees by Function (Continued)
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Recreational Activities Fund										
Recreational Activities Fund	-	-	-	-	-	2.0	2.0	2.0	2.0	2.0
Total Recreational Activities Fund	-	-	-	-	-	2.0	2.0	2.0	2.0	2.0
Cemetery Fund										
Cemetery Fund	-	-	-	-	-	1.0	1.0	1.0	1.0	1.0
Total Cemetery Fund	-	-	-	-	-	1.0	1.0	1.0	1.0	1.0
Drainage Fund										
Drainage Utility	5.5	5.5	5.5	5.8	5.8	5.8	6.5	6.5	6.5	6.5
Total Drainage Fund	5.5	5.5	5.5	5.8	5.8	5.8	6.5	6.5	6.5	6.5
Golf Course Fund										
Golf Course	6.0	6.0	7.0	7.0	7.0	6.5	9.5	14.5	13.5	-
Total Golf Course Fund	6.0	6.0	7.0	7.0	7.0	6.5	9.5	14.5	13.5	-
Court Security Fund										
Municipal Court	0.5	0.5	-	-	-	-	-	-	-	-
Total Court Security Fund	0.5	0.5	-	-	-	-	-	-	-	-
Total All Funds	<u>281.0</u>	<u>275.5</u>	<u>280.0</u>	<u>285.5</u>	<u>285.5</u>	<u>285.5</u>	<u>303.0</u>	<u>309.0</u>	<u>299.0</u>	<u>283.0</u>

Source: Finance Department, City of Copperas Cove, TX
Personnel Improvement Plan 15-16 Budget Book

City of Copperas Cove, Texas

Table 25

**Capital Assets Statistics and Operating Indicators by Function
Last Ten Fiscal Years**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Government Facilities										
<u>Building and Development</u>										
<i>Use or Nature: Development Services</i>										
Building permits issued	4,327	3,444	3,000	3,000	3,100	3,237	3,092	2,455	2,178	2,229
Inspections performed	6,656	6,125	6,374	6,374	5,541	6,032	7,367	5,505	10,299	9,242
<u>Fire Protection</u>										
<i>Use or Nature: Public Safety</i>										
Number of stations	3	3	3	3	3	3	3	3	3	3
Number of hydrants (approx.)	1,072	1,072	1,072	1,043	1,049	1,042	1,042	1,105	1,050	1,014
Number of volunteer firemen	-	-	2	4	4	5	4	12	9	8
Number of paid firemen	48	48	50	50	46	46	51	51	52	52
Firemen per 1,000 population	1.44	1.55	2	2	1.44	1.44	1.70	1.70	1.73	1.73
Fire responses	924	689	1,436	1,436	1,268	1,302	1,694	1,842	2,177	2,356
Emergency medical services response	3,277	3,451	3,875	3,875	3,357	2,968	2,694	2,882	3,402	3,339
<u>Police Protection</u>										
<i>Use or Nature: Public Safety</i>										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of reserve police officers	-	-	-	-	-	-	-	-	-	-
Number of sworn officers	55	54	54	54	59	55	56	56	56	54
Officers per 1,000 population	1.66	1.67	1.67	1.67	1.84	1.72	1.87	1.87	1.87	1.80
Calls for service	18,211	19,123	21,000	21,000	19,000	17,731	19,000	19,000	17,808	21,000
Part I violent crimes reported*	1,941	1,042	1,300	1,300	1,200	1,048	1,300	1,100	1,161	1,211
* Part I Crimes: Murder, Rape, Aggravated Assaulted, Burglary, Larceny, and Motor Vehicle Theft.										
<u>Animal Control</u>										
<i>Use or Nature: Public Safety</i>										
Number of animals impounded	1323	2000	2256	2256	2,039	1,905	1,834	2,409	2,035	2,793
Number of euthanized	363	677	893	893	817	857	869	981	1,104	1,432
Number of animals adopted	410	574	421	421	459	660	595	663	638	648
Number of animals re-claimed	287	495	544	544	414	330	461	660	612	595
<u>Municipal Court</u>										
<i>Use or Nature: Public Safety</i>										
Number of warrants issued	1370	1871	1950	1950	1,345	2,750	3,243	3,258	3,266	3,129
Number of warrants cleared	3600	911	1948	1948	3,202	7,500	3,098	2,662	1,648	1,936
Number of violations processed	4900	5896	8331	8331	9,500	9,575	11,159	9,846	10,581	8,561
<u>Libraries</u>										
<i>Use or Nature: Community Services</i>										
Number of public libraries	1	1	1	1	1	1	1	1	1	1
Number of volumes	46110	55,309	58,300	70,566	70,566	69,000	66,357	68,972	66,606	64,180
Circulation of items	85000	92,000	82,000	95,000	71,621	87,000	98,893	120,224	113,457	95,826
Circulation per capita	2.07	2.8	2.54	2.94	2.24	2.72	3.30	4.01	3.78	3.19

City of Copperas Cove, Texas

Table 25

Capital Assets Statistics and Operating Indicators by Function (Continued) Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<u>Parks and Recreation</u>										
<i>Use or Nature: Community Services</i>										
Park acreage developed	380	380	380	380	380	380	380	380	380	214
Park acreage undeveloped	5	5	5	5	5	5	5	5	5	163
Playgrounds	7	7	7	8	8	7	7	7	7	6
Participants in sports activities	2,315	2,466	2,732	2,213	2,636	2,869	2,683	2,889	2,700	2,837
Coaches certified	430	196	168	427	570	596	625	644	602	638
<u>Street</u>										
<i>Use or Nature: Public Works</i>										
Paved streets	156.5 miles	135 miles	135 miles	133.3 miles	133.3 miles	133 miles	132.5 miles	132 miles	132 miles	129 miles
Unpaved streets	0 miles	0 miles	0 miles							
<u>Utilities</u>										
<u>Water System</u>										
<i>Use or Nature: Public Works</i>										
Miles of water mains	226	226	226	226	220	226	225	225	183	255
Daily average consumption	4.6 MGD	4.1 MGD	4.1 MGD	4.1 MGD	4.1 MGD	3.9 MGD	4.2 MGD	4.2 MGD	4 MGD	4 MGD
Maximum daily capacity	8.5 MGD	8.1 MGD	8.1 MGD	8.1 MGD	8.1 MGD	7.6 MGD	13.5 MGD	13.5 MGD	13.5 MGD	13.5 MGD
Number of service connections	13,550	13,474	13,261	13,216	12,387	13,099	12,072	11,936	11,966	12,472
Source of water	Belton Lake									
<u>Sewage System</u>										
<i>Use or Nature: Public Works</i>										
Miles of sanitary sewers	420	381	381	377	377	375	375	375	350	350
Number of lift stations	14	14	14	16	16	16	16	16	15	14
Daily average treatment	3.0 MGD	2.5 MGD	2.5 MGD	1.9 MGD	2.631 MGD	1.9 MGD	3.1 MGD	3.1 MGD	3.1 MGD	3.1 MGD
Maximum capacity of treatment plants	9.0 MGD	9.0 MGD	9.0 MGD							
Number of service connections (active)	11,091	10,941	10,740	10,715	11,149	11,400	11,171	10,947	11,025	10,512
<u>Golf Course</u>										
<i>Use or Nature: Community Services</i>										
Rounds of golf played (annually)	14,000	17,210	16,770	16,770	19,300	19,300	22,592	27,911	32,954	30,004
Tournament rounds (annually)	575	451	525	525	626	676	662	1,190	1,495	1,429
Annual dues (memberships)	225	220	220	220	226	264	229	240	240	232
<u>Community Statistics</u>										
<i>Use or Nature: Employee Information</i>										
Manufacturing Employees	-	-	-	-	-	-	-	-	-	-
School District Employees	1,300	1,300	1,300	1,275	1,275	1,324	1,300	1,300	1,300	1,218
City Employees	278	273	278	276	276	298	303	309	299	298
Fort Hood Servicemen	39,181	41,400	45,000	45,000	45,000	47,700	44,000	44,000	53,416	39,262
Fort Hood Employees (Civilians)	19,079	19,250	20,749	21,240	21,240	15,800	17,098	17,098	17,098	8,909

Source: Various Departments, Budget Book 15-16 City of Copperas Cove

** Data not available.