

**Frank Seffrood,
Mayor**

**George D. Duncan,
Mayor Pro Tem**

City Council

Kirby Lack

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, 2017**



City of Copperas Cove, Texas

Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2017

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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City of Copperas Cove, Texas
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended September 30, 2017
 Table of Contents

Page

Introductory Section

| | |
|--|------|
| Letter of Transmittal | vi |
| Organizational Chart | xiii |
| List of Principal Officials..... | xiv |
| Certificate of Achievement for Excellence in Financial Reporting | xv |

Financial Section

| | |
|---|---|
| Independent Auditor's Report | 3 |
| Management's Discussion and Analysis..... | 9 |

Basic Financial Statements

| | |
|--------------------------------------|----|
| Government-Wide Financial Statements | |
| Statement of Net Position..... | 20 |
| Statement of Activities..... | 22 |

Fund Financial Statements

| | |
|--|----|
| Balance Sheet – Governmental Funds | 26 |
| Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position | 27 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 28 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities..... | 29 |
| Statement of Net Position – Proprietary Funds | 32 |
| Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds..... | 34 |
| Statement of Cash Flows – Proprietary Funds | 35 |
| Notes to the Basic Financial Statements..... | 39 |

Required Supplementary Information

| | |
|---|----|
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund | 70 |
| Schedule of Changes in Net Pension Liability and Related Ratios..... | 71 |
| Schedule of Contributions..... | 72 |
| Schedule of Fund Progress for Post-Retirement Health Care Benefit Plan | 73 |
| Notes to Required Supplementary Information..... | 75 |

City of Copperas Cove, Texas
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended September 30, 2017
 Table of Contents – Continued

Page

Combining Financial Statements and Budget Comparisons as Supplementary Information

| | | |
|--|----|-----|
| Nonmajor Governmental Funds | | |
| Combining Balance Sheet by Fund Type | 78 | |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances by Fund Type | 79 | |
| Nonmajor Special Revenue Funds | | |
| Combining Balance Sheet..... | 82 | |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 84 | |
| Nonmajor Capital Projects Funds | | |
| Combining Balance Sheet..... | 88 | |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 92 | |
| Governmental Funds – Budget and Actual | | |
| Schedule of Revenues – Budget and Actual | | |
| (Budgetary Basis) – General Fund..... | 95 | |
| Schedule of Expenditures – Budget and Actual | | |
| (Budgetary Basis) – General Fund..... | 98 | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – Hotel/Motel Fund..... | | 99 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – Drainage Utility Fund..... | | 100 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – Municipal Court Fund | | 101 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – Tobacco Grant Fund | | 102 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – Homeland Security Grants..... | | 103 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – Debt Service Fund | | 104 |

City of Copperas Cove, Texas
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended September 30, 2017
 Table of Contents – Continued

| | Table | Page |
|--|-------|------|
| Statistical Section (Unaudited) | | |
| Financial Trends Information | | |
| Net Position by Component..... | 1 | 108 |
| Changes in Net Position..... | 2 | 110 |
| Governmental Activities Tax Revenues by Source..... | 3 | 114 |
| Fund Balances of Governmental Funds..... | 4 | 116 |
| Changes in Fund Balances of Governmental Funds..... | 5 | 118 |
| Revenue Capacity Information | | |
| Assessed and Estimated Actual Value of Taxable Property..... | 6 | 124 |
| Direct and Overlapping Property Tax Rates..... | 7 | 125 |
| Principal Property Taxpayers..... | 8 | 126 |
| Property Tax Levies and Collections..... | 9 | 127 |
| Adopted Tax Rates..... | 10 | 128 |
| Property Value, Construction and Bank Deposits..... | 11 | 129 |
| Water Rates..... | 12 | 130 |
| Top Ten Water Customers..... | 13 | 131 |
| Sewer Rates..... | 14 | 132 |
| Top Ten Sewer Customers..... | 15 | 133 |
| Waterworks and Sewer System Condensed Statement of Operations..... | 16 | 134 |
| Debt Capacity Information | | |
| Direct and Overlapping Governmental Activities Debt..... | 17 | 137 |
| Computation of Legal Debt Margin..... | 18 | 138 |
| Ratios of Outstanding Debt by Type..... | 19 | 142 |
| Ratios of Net General Bonded Debt Outstanding..... | 20 | 143 |
| Revenue Bond Coverage – Water and Sewer Fund..... | 21 | 144 |
| Demographic and Economic Information | | |
| Demographic and Economic Statistics..... | 22 | 147 |
| Principal Employers..... | 23 | 148 |
| Operating Information | | |
| Full-time Equivalent City Government Employees by Function..... | 24 | 150 |
| Capital Asset Statistics and Operating Indicators by Function..... | 25 | 152 |

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Introductory Section

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“The City Built for Family Living”

March 26, 2018

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, 2017, 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 detail 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, 2017, 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, 2017, 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.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and the two should be read in conjunction with each other.

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 34,272 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 almost 37,000. 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 \$10.1 million for fiscal year 2017, an increase of 2.3% 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 increased by approximately 10.8 percent in comparison to fiscal year 2016.

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.

Annually a multi-year budget is presented to City Council as part of the budget process. This document forecasts the operating and debt service for the upcoming two years. In addition, a multi-year Capital Outlay (COP), Capital Improvement Plan (CIP), Personnel Improvement Plan (PIP), and Debt Service requirement is prepared and presented to City Council as part of the annual budget process.

Major Initiatives

At the end of the 2017 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 consist 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 currently completed Phase I. Phase II and III projects are longer term and total \$27.6 million to address population growth.

Information System Building was completed.
Southwest Water Improvement Phase II & III are currently ongoing.
Mountaintop Water Phase II is currently ongoing.
Advance Meter Infrastructure was implemented.
Business US 190 redesign was presented to City Council.
Avenue D sidewalk improvement project is currently ongoing.

ACCOMPLISHMENTS

During fiscal year 2017, 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 738 participants.
- ◆ Conducted Youth Baseball / Softball program with 752 participants.
- ◆ Conducted Youth Flag Football and Youth Tackle Football with 265 participants.
- ◆ Conducted Youth Basketball with 470 participants.
- ◆ Conducted swimming lesson for five levels of ability with 288 participants.
- ◆ 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

- ◆ 13,838 households are currently participating in the single Stream Recycling Program (SSR).
- ◆ 1,427 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.
- ◆ Completion of Single Stream Recycling Program City -Wide.
- ◆ KCCB was awarded the Governors Community Achievement Award (GCAA) in 2017 in the amount of \$210,000.

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, 2016. This was the 25th 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.

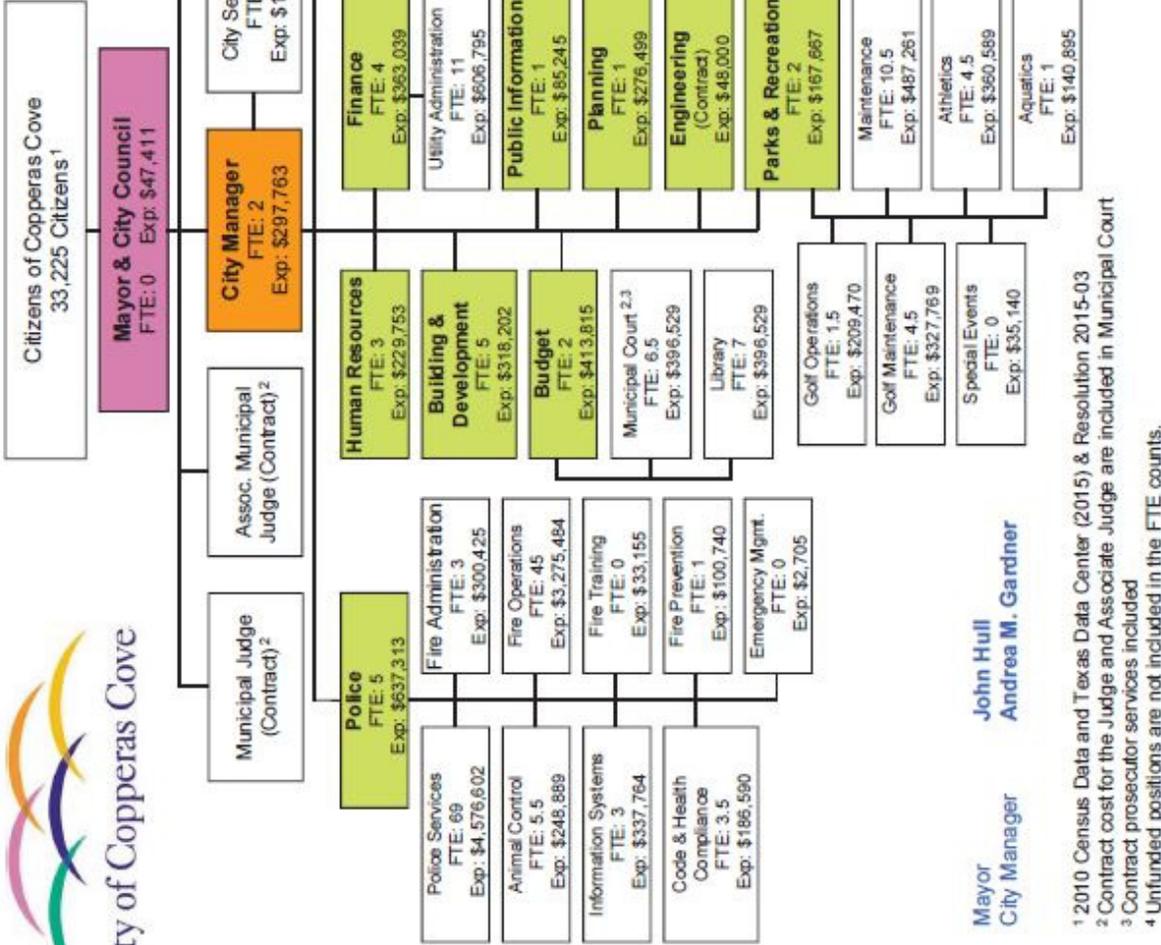
Furthermore, the work of the independent auditors from Weaver and Tidwell L.L.P. is greatly appreciated.

Respectfully submitted,

Ryan Haverlah
Interim City Manager

Velia Key
Director of Financial Services

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¹ 2010 Census Data and Texas Data Center (2015) & Resolution 2015-03
² Contract cost for the Judge and Associate Judge are included in Municipal Court
³ Contract prosecutor services included
⁴ Unfunded positions are not included in the FTE counts.

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, 2016

Christopher P. Morill

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, 2017, 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary information and pension schedules on pages 9 through 18, and 70 through 73, 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.

City of Copperas Cove, Texas

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 26, 2018 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 26, 2018

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Management's Discussion and Analysis

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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, 2017. 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 vi-xi of this report, as well as the City's financial statements beginning on page 20 and the accompanying notes to the financial statements.

Financial Highlights

- The total net position of the City increased to \$51.8 million from the prior year's \$48.1 million.
- As of September 30, 2017, the City's governmental funds reported combined ending fund balances of \$17.4 million, an increase of \$4.8 million in comparison with prior year.
- As of September 30, 2017, unassigned fund balance for the General Fund was \$7.2 million, or 46.4% of total General Fund expenditures. Unassigned fund balance, when compared to prior year, increased 14.3%.

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 20 - 23 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 70 and 95 – 104.

The basic governmental fund financial statements can be found on pages 26 and 28 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 32 – 36 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 39 - 67 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 82 - 94 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, 2017.

Net Position

The following table reflects the Condensed Statement of Net Position as of September 30, 2017 and the previous year.

| | Condensed Statement of Net Position | | | | | |
|----------------------------------|-------------------------------------|---------------|--------------------------|---------------|---------------|---------------|
| | Governmental Activities | | Business-type Activities | | Totals | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Current and other assets | \$ 19,212,714 | \$ 14,294,060 | \$ 23,109,355 | \$ 26,059,384 | \$ 42,322,069 | \$ 40,353,444 |
| Capital assets | 40,212,778 | 40,197,470 | 57,693,223 | 53,142,651 | 97,906,001 | 93,340,121 |
| Total assets | 59,425,492 | 54,491,530 | 80,802,578 | 79,202,035 | 140,228,070 | 133,693,565 |
| Deferred outflows of resources | 2,725,431 | 3,318,896 | 1,097,050 | 1,333,629 | 3,822,481 | 4,652,525 |
| Other liabilities | 1,530,401 | 1,460,336 | 2,994,922 | 4,300,071 | 4,525,323 | 5,760,407 |
| Long-term liabilities | 42,715,426 | 40,517,262 | 44,414,593 | 43,410,134 | 87,130,019 | 83,927,396 |
| Total liabilities | 44,245,827 | 41,977,598 | 47,409,515 | 47,710,205 | 91,655,342 | 89,687,803 |
| Deferred inflows of resources | 449,574 | 464,274 | 130,472 | 134,864 | 580,046 | 599,138 |
| Net position | | | | | | |
| Net investment in capital assets | 12,730,095 | 11,295,015 | 20,954,140 | 23,926,500 | 33,684,235 | 35,221,515 |
| Restricted | 2,563,303 | 2,918,469 | 641,398 | 641,398 | 3,204,701 | 3,559,867 |
| Unrestricted | 2,162,124 | 1,155,070 | 12,764,103 | 8,122,697 | 14,926,227 | 9,277,767 |
| Total net position | \$ 17,455,522 | \$ 15,368,554 | \$ 34,359,641 | \$ 32,690,595 | \$ 51,815,163 | \$ 48,059,149 |

The City's combined net position was \$51.8 million as of September 30, 2017. Of the \$51.8 million, \$17.5 million was in the governmental activities and \$34.4 million was in the business-type activities. The City's total net position increased when compared to the prior year by \$3.8 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 (\$33.7 million or 65%) 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 \$1.5 million or 4%. 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 \$3.2 million at September 30, 2017, or 6% of overall total net position. Restricted net position represents resources that are subject to external restrictions on how they may be used. Restricted net position decreased \$3.6 million or 10% compared to September 30, 2016.

The third portion consists of unrestricted net position totaling \$15.0 million or 29% 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 \$5.7 million or 62% compared to September 30, 2016.

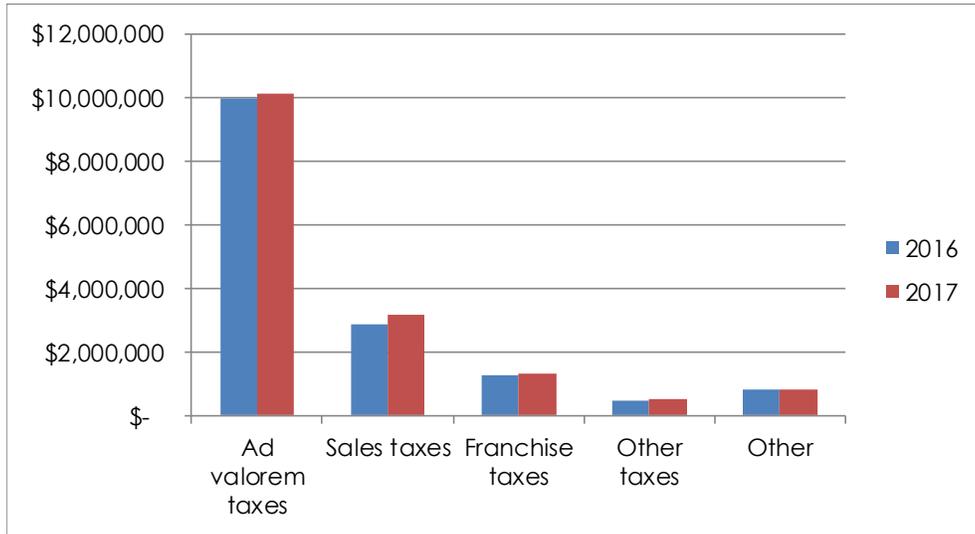
Changes in Net Position. The City's total revenues for the fiscal year ended September 30, 2017, were \$36.7 million. Total revenues increased when compared to the prior year by \$2.8 million or 8%. The City's total costs of all programs and services increased to \$40.0 million, an increase of 4% from the previous year.

| | Changes in Net Position | | | | | |
|--|--------------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Totals | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Revenues | | | | | | |
| Charges for services | \$ 3,742,339 | \$ 3,022,516 | \$ 15,776,344 | \$ 15,113,036 | \$ 19,518,683 | \$ 18,135,552 |
| Operating grants and contributions | 1,094,061 | 289,597 | - | - | 1,094,061 | 289,597 |
| Capital grants and contributions | - | - | - | - | - | - |
| General revenues | | | | | | |
| Ad valorem taxes | 10,117,814 | 9,967,981 | - | - | 10,117,814 | 9,967,981 |
| Sales taxes | 3,150,848 | 2,842,678 | - | - | 3,150,848 | 2,842,678 |
| Franchise taxes | 1,292,338 | 1,258,920 | - | - | 1,292,338 | 1,258,920 |
| Other taxes | 511,161 | 443,966 | - | - | 511,161 | 443,966 |
| Interest and investment earnings | 36,107 | 37,671 | 79,591 | 57,383 | 115,698 | 95,054 |
| Miscellaneous | 794,219 | 792,655 | 118,377 | 65,543 | 912,596 | 858,198 |
| Total revenues | <u>20,738,887</u> | <u>18,655,984</u> | <u>15,974,312</u> | <u>15,235,962</u> | <u>36,713,199</u> | <u>33,891,946</u> |
| Expenses | | | | | | |
| General government | 3,433,034 | 3,140,253 | - | - | 3,433,034 | 3,140,253 |
| Community services | 2,275,747 | 2,154,671 | - | - | 2,275,747 | 2,154,671 |
| Fleet and facility maintenance | 312,799 | 295,982 | - | - | 312,799 | 295,982 |
| Highways and streets | 1,671,135 | 1,669,455 | - | - | 1,671,135 | 1,669,455 |
| Public safety | 11,662,529 | 11,075,796 | - | - | 11,662,529 | 11,075,796 |
| Interest on long-term debt | 620,377 | 628,810 | - | - | 620,377 | 628,810 |
| Water and sewer | - | - | 9,468,937 | 8,811,109 | 9,468,937 | 8,811,109 |
| Solid waste | - | - | 3,151,170 | 3,470,827 | 3,151,170 | 3,470,827 |
| Golf course | - | - | 363,301 | 611,534 | 363,301 | 611,534 |
| Total expenses | <u>19,975,621</u> | <u>18,964,967</u> | <u>12,983,408</u> | <u>12,893,470</u> | <u>32,959,029</u> | <u>31,858,437</u> |
| Increase (decrease) in net position before transfers | 763,266 | (308,983) | 2,990,904 | 2,342,492 | 3,754,170 | 2,033,509 |
| Transfers | 1,323,702 | 1,272,446 | (1,321,858) | (1,272,446) | 1,844 | - |
| Change in net position | 2,086,968 | 963,463 | 1,669,046 | 1,070,046 | 3,756,014 | 2,033,509 |
| Net position, beginning | 15,368,554 | 14,405,091 | 32,690,595 | 31,620,549 | 48,059,149 | 46,025,640 |
| Change in accounting principle | - | - | - | - | - | - |
| Net position, ending | <u>\$ 17,455,522</u> | <u>\$ 15,368,554</u> | <u>\$ 34,359,641</u> | <u>\$ 32,690,595</u> | <u>\$ 51,815,163</u> | <u>\$ 48,059,149</u> |

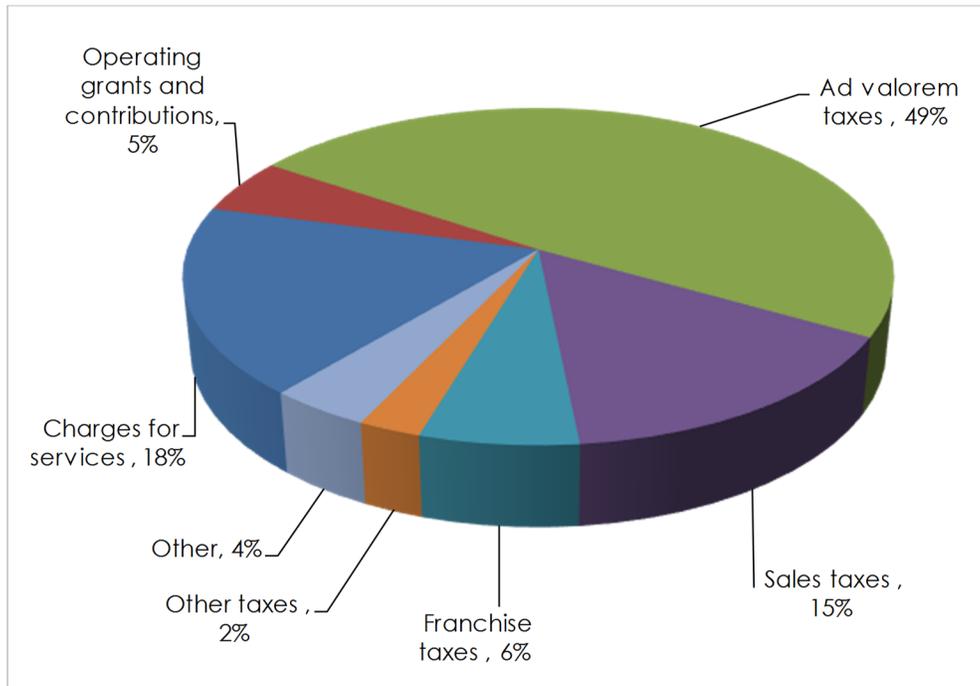
General Revenues – Governmental Activities

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 to \$0.1 million, which is an increase of 1.5% compared to the previous year. Sales tax increased to \$3.2 million, which is an increase of 10.8% compared to the previous year.

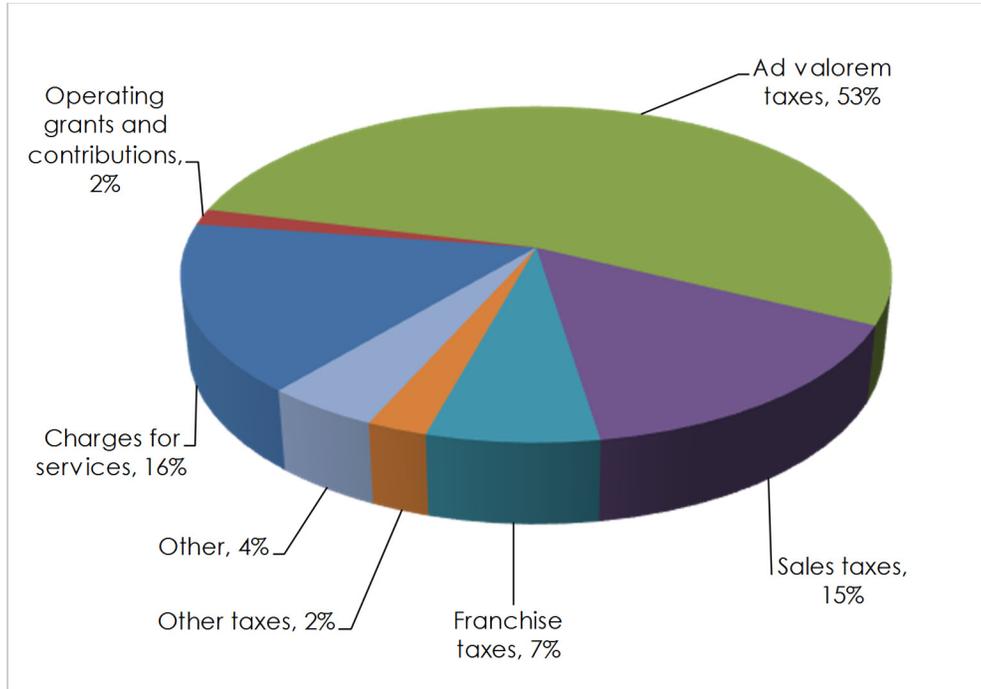
General Revenues – Governmental Activities



Revenues by Source – Governmental Activities – FY 2017



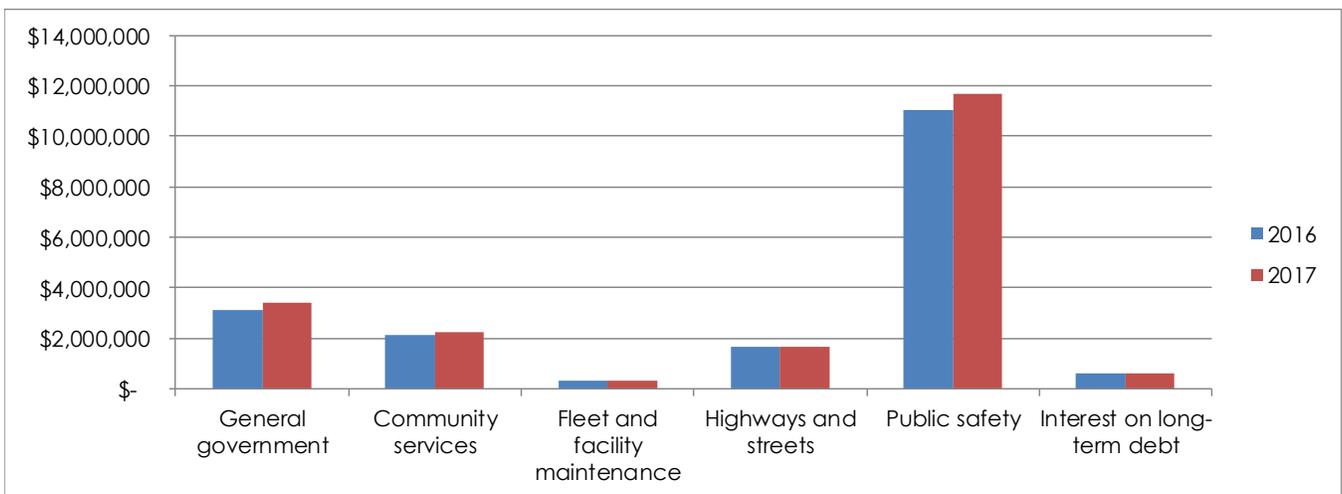
Revenues by Source – Governmental Activities – FY 2016



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 \$11.7 million, or 58% of total expenses compared to the prior year's \$11.1 million, or 58%, followed by General Government at \$3.4 million, or 17% compared to prior year's \$3.1 million, or 17%. Community Services recorded \$2.3 million, or 11% compared to prior year's \$2.2 million, or 11%. Highways and Streets recorded \$1.7 million, or 8% compared to prior year's \$1.7 million, or 9%. Interest on long-term debt recorded \$0.8 million, or 4% compared to prior year's \$0.8 million, or 4%.

Expenses – Governmental Activities

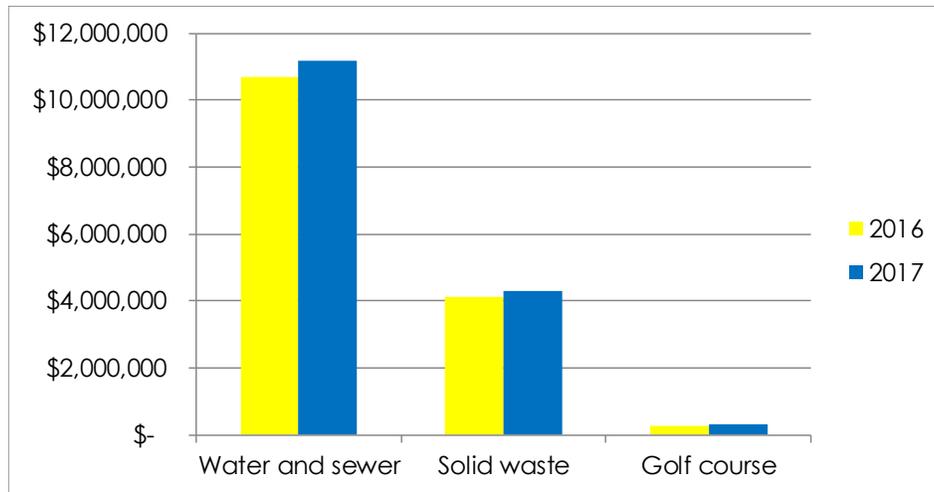


Business-type Activities – Revenues

Business-type activities increased the City's net position by \$1.8 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 \$11.2 million in revenue. Compared to the prior year, water and sewer revenues increased by \$0.5 million or 4.4%. Solid Waste revenues increased \$184 thousand or 4.5% from the previous year, and the Golf Course Fund revenues increased from \$285 thousand in 2016 to \$295 thousand in 2017, an increase of \$10 thousand or 3.5%.

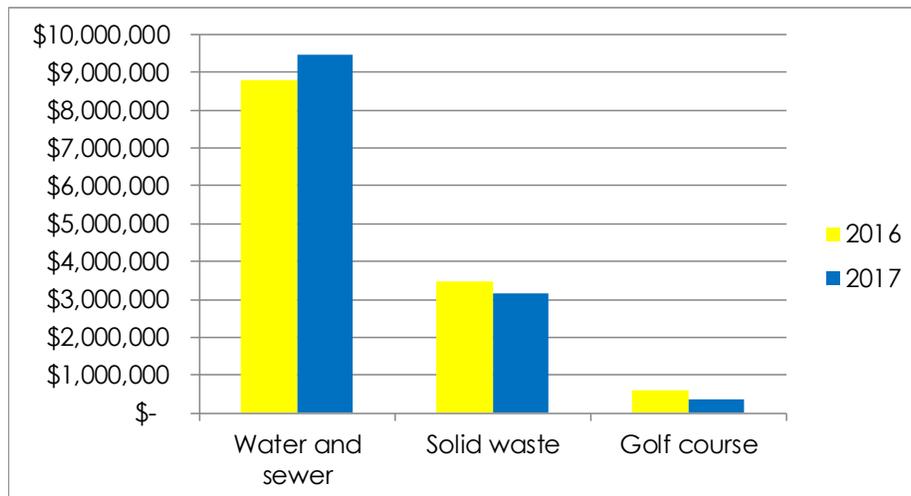
Program Revenues – Business-type Activities



Business-type Activities – Expenses

Total expenses for business-type activities were \$13.0 million, an increase of \$90 thousand or <1% compared to the prior year. Water and Sewer recorded \$9.5 million in expenses, an increase of \$0.7 million or 7.5% compared to the prior year. Solid Waste expenses decreased \$320 thousand or 9.2%. Golf Course expenses decreased from \$612 thousand in 2016 to \$363 thousand in 2017, a decrease of \$248 thousand or 40.6%.

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 \$17.4 million, an increase of \$4.8 million in comparison with the prior year.

The General Fund is the chief operating fund of the City. At September 30, 2017, unassigned fund balance of the General Fund was \$7.2 million, while total fund balance was \$7.4 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 46.4% of total General Fund expenditures.

The Debt Service Fund has a total fund balance of \$258 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 \$10.7 million, an increase of \$3.9 million or 57%. The Solid Waste Fund unrestricted net position was \$3.7 million, an increase of \$0.7 million or 24%. Unrestricted net position for the Golf Course Fund increased by \$37 thousand in 2017.

The total increase in net position for the three funds was \$905 thousand, \$728 thousand, and \$37 thousand, respectively. Total operating revenues in the 2017 fiscal year were \$15.9 million, an increase of 4% from the 2016 fiscal year. Total operating expenses totaled \$11.6 million, a decrease of <1%. Total operating income was \$4.2 million, an increase of \$0.7 million or 21%.

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.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2017, the City has \$97.9 million invested in various capital assets, net of accumulated depreciation. Of the \$97.9 million, \$40.2 million is invested in governmental activities and \$57.7 million is invested in business-type activities. Compared to last year, total capital assets increased \$4.6 million. Capital assets in governmental activities increased \$15 thousand from the prior year. Capital assets in business-type activities increased \$4.6 million or 9% from the prior year.

The following table provides a breakdown of the capital asset balances net of accumulated depreciation at September 30, 2017. Additional information on the City's capital assets may be found in Note 2-E to the financial statements.

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

| | Capital Assets | | | | | |
|----------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Totals | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Land | \$ 1,278,035 | \$ 1,278,035 | \$ 917,921 | \$ 917,921 | \$ 2,195,956 | \$ 2,195,956 |
| Buildings and improvements | 7,686,127 | 6,767,082 | 17,877 | 18,551 | 7,704,004 | 6,785,633 |
| Furniture and fixtures | 2,329 | 4,917 | - | - | 2,329 | 4,917 |
| Vehicles | 1,386,518 | 1,861,961 | 928,929 | 794,291 | 2,315,447 | 2,656,252 |
| Equipment | 1,069,126 | 1,164,234 | 226,556 | 314,185 | 1,295,682 | 1,478,419 |
| Facilities/infrastructure | 27,213,770 | 27,059,564 | 49,008,860 | 37,099,779 | 76,222,630 | 64,159,343 |
| Construction in progress | 1,576,873 | 2,061,677 | 6,593,080 | 13,997,924 | 8,169,953 | 16,059,601 |
| Total capital assets | <u>\$ 40,212,778</u> | <u>\$ 40,197,470</u> | <u>\$ 57,693,223</u> | <u>\$ 53,142,651</u> | <u>\$ 97,906,001</u> | <u>\$ 93,340,121</u> |

Long-term Debt

The City's total debt increased by \$3.8 million during the current fiscal year. During the 2017 fiscal year, the City had the following debt issuances:

- General Obligation Refunding Bonds, Series 2017, in the amount of \$9.6 million.

The following schedule shows the outstanding bonds and notes of the City (both current and long-term) as of September 30, 2017 and 2016.

| | Outstanding Debt | | | | | |
|--|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Totals | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| General obligations | \$ 18,275,340 | \$ 19,410,540 | \$ 14,854,660 | \$ 16,889,460 | \$ 33,130,000 | \$ 36,300,000 |
| Tax/revenue certificates of obligation | 14,995,000 | 10,665,000 | 24,750,000 | 21,195,000 | 39,745,000 | 31,860,000 |
| Tax notes | 735,000 | 1,305,065 | 520,000 | 844,935 | 1,255,000 | 2,150,000 |
| Total debt | <u>\$ 34,005,340</u> | <u>\$ 31,380,605</u> | <u>\$ 40,124,660</u> | <u>\$ 38,929,395</u> | <u>\$ 74,130,000</u> | <u>\$ 70,310,000</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, 2017 | | |
| 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 2-G of the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In the fiscal year 2018 Budget, Ad Valorem Taxes in the General Fund and Debt Service Fund are budgeted to reflect an increase of 2.3 % in comparison to amounts collected in prior fiscal year. The tax rate of 79.7908 cents per \$100 of assessed valuation remained unchanged since FY 2016, the allocation between Maintenance and Operation and Interest & Sinking depends on the requirements of the debt service for the current fiscal year. The General Fund budget also includes \$410,000 in revenue from the State as previously authorized by House Bill (HB7) in 2015 and funding included in the State budget in 2017, for future years for cities disproportionately affected by the 100% disabled veterans' property tax exemptions.

Sales tax is budgeted to increase by 5% from the fiscal year 2017 final budget, and actual receipts through February 2018 are 9.8% ahead of the same period in fiscal year 2017. The City's expectations are that Phase II of the 5 Hills Shopping Center will increase the sales tax revenue and meet the original projections.

The Water and Sewer Fund is budgeted in fiscal year at a deficit. The decrease in revenues is attributed to the increase in senior discount and the loss of over \$300,000 in late charges due to the transition to the third-party administrator. The increase in expenses is due to the debt service requirements for the year and the increase in professional services.

The Solid Waste Fund has implemented the Single Stream Recycling Program (SSR) City-Wide and it is highly supported by the community. The increase in the operating budget is due to the increase in debt service requirements for the year.

The Golf Course Fund has been operating at a deficit for several years. The increase in expenses is due to the debt service requirements.

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>

Basic Financial Statements

City of Copperas Cove, Texas

Statement of Net Position

September 30, 2017

| | Primary Government | | | Component Unit |
|--|-------------------------|--------------------------|--------------------|------------------|
| | Governmental Activities | Business-type Activities | Total | |
| ASSETS | | | | |
| Cash and investments | \$ 15,337,206 | \$ 8,920,224 | \$ 24,257,430 | \$ 4,790,721 |
| Restricted cash and investments | - | 7,326,784 | 7,326,784 | - |
| Receivables (net of allowance) | | | | |
| Taxes | 903,684 | - | 903,684 | 329,461 |
| Accounts | 485,640 | 5,392,636 | 5,878,276 | - |
| Fines | 77,370 | - | 77,370 | - |
| Ambulance fees | 104,679 | - | 104,679 | - |
| Grants | 568,415 | - | 568,415 | - |
| Internal balances | 1,566,039 | (1,566,039) | - | - |
| Inventories | 71,144 | 25,742 | 96,886 | - |
| Prepaid items | 15,548 | 10,008 | 25,556 | - |
| Notes receivable | 82,989 | 3,000,000 | 3,082,989 | - |
| Capital assets | | | | |
| Nondepreciable | 5,596,141 | 7,511,003 | 13,107,144 | 612,460 |
| Depreciable (net) | 34,616,637 | 50,182,220 | 84,798,857 | 420,707 |
| Total assets | 59,425,492 | 80,802,578 | 140,228,070 | 6,153,349 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflows related to pensions | 2,364,618 | 745,287 | 3,109,905 | 70,672 |
| Deferred charge on refunding | 360,813 | 351,763 | 712,576 | - |
| Total deferred outflows of resources | 2,725,431 | 1,097,050 | 3,822,481 | 70,672 |
| Total assets and deferred outflows of resources | 62,150,923 | 81,899,628 | 144,050,551 | 6,224,021 |

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

City of Copperas Cove, Texas

Statement of Net Position – Continued

September 30, 2017

| | Primary Government | | | Component Unit |
|--|----------------------------|-----------------------------|----------------------|---------------------|
| | Governmental Activities | Business-type Activities | Total | |
| LIABILITIES | | | | |
| Accounts payable | \$ 514,825 | \$ 976,771 | \$ 1,491,596 | \$ 48,444 |
| Retainage payable | 192,341 | 43 | 192,384 | - |
| Accrued liabilities | 331,145 | 377,808 | 708,953 | 5,858 |
| Due to other governments | 139,510 | - | 139,510 | - |
| Unearned revenue | 119,929 | 1,001 | 120,930 | - |
| Other liabilities | 106,111 | - | 106,111 | - |
| Accrued interest payable | 126,540 | 171,610 | 298,150 | 854 |
| Customer deposits | - | 1,467,689 | 1,467,689 | - |
| Noncurrent liabilities | | | | |
| Due within one year | 3,295,132 | 3,649,501 | 6,944,633 | 90,000 |
| Due in more than one year | 39,420,294 | 40,765,092 | 80,185,386 | 1,751,954 |
| Total liabilities | 44,245,827 | 47,409,515 | 91,655,342 | 1,897,110 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows related to pensions | 449,574 | 130,472 | 580,046 | 12,319 |
| Total deferred inflows of resources | 449,574 | 130,472 | 580,046 | 12,319 |
| NET POSITION | | | | |
| Net investment in capital assets | 12,730,095 | 20,954,140 | 33,684,235 | 1,033,167 |
| Restricted for | | | | |
| Debt service | 337,912 | 641,398 | 979,310 | - |
| 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 | 3,281,425 |
| Unrestricted | 2,162,124 | 12,764,103 | 14,926,227 | - |
| Total net position | \$ 17,455,522 | \$ 34,359,641 | \$ 51,815,163 | \$ 4,314,592 |

City of Copperas Cove, Texas
Statement of Activities
For the Fiscal Year Ended September 30, 2017

| Functions/Programs | Expenses | Program Revenue | | |
|--------------------------------|----------------------|--------------------------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| PRIMARY GOVERNMENT | | | | |
| Governmental activities | | | | |
| General government | \$ 3,433,034 | \$ 1,628,374 | \$ - | \$ - |
| Community services | 2,275,747 | 44,458 | 131,000 | - |
| Fleet and facility services | 312,799 | - | - | - |
| Highways and streets | 1,671,135 | 1,040,597 | - | - |
| Public safety | 11,662,529 | 1,028,910 | 963,061 | - |
| Interest and fiscal charges | 620,097 | - | - | - |
| Total governmental activities | 19,975,341 | 3,742,339 | 1,094,061 | - |
| Business-type activities | | | | |
| Water and sewer | 9,468,937 | 11,170,415 | - | - |
| Solid waste | 3,151,170 | 4,311,325 | - | - |
| Golf course | 363,301 | 294,604 | - | - |
| Total business-type activities | 12,983,408 | 15,776,344 | - | - |
| Total primary government | <u>\$ 32,958,749</u> | <u>\$ 19,518,683</u> | <u>\$ 1,094,061</u> | <u>\$ -</u> |
| COMPONENT UNIT | | | | |
| Economic development | \$ 623,957 | \$ 5,025 | \$ - | \$ - |
| Total component unit | <u>\$ 623,957</u> | <u>\$ 5,025</u> | <u>\$ -</u> | <u>\$ -</u> |
| | | 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 | | |

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

Net (Expense) Revenue and Changes in Net Position

| Primary Government | | | |
|------------------------------------|-------------------------------------|----------------------|---------------------------|
| Governmental Activities | Business-type Activities | Total | Component Unit |
| \$ (1,804,660) | \$ - | \$ (1,804,660) | |
| (2,100,286) | - | (2,100,286) | |
| (312,799) | - | (312,799) | |
| (630,538) | - | (630,538) | |
| (9,670,558) | - | (9,670,558) | |
| (620,097) | - | (620,097) | |
| <u>(15,138,938)</u> | <u>-</u> | <u>(15,138,938)</u> | |
| - | 1,701,478 | 1,701,478 | |
| - | 1,160,155 | 1,160,155 | |
| - | (68,697) | (68,697) | |
| <u>-</u> | <u>2,792,936</u> | <u>2,792,936</u> | |
| (15,138,938) | 2,792,936 | (12,346,002) | |
| | | | \$ (618,932) |
| | | | (618,932) |
| 10,117,814 | - | 10,117,814 | - |
| 3,150,848 | - | 3,150,848 | 1,428,485 |
| 1,292,338 | - | 1,292,338 | - |
| 511,161 | - | 511,161 | - |
| 794,216 | 118,377 | 912,593 | 527,364 |
| 37,671 | 79,591 | 117,262 | 21,090 |
| 1,321,858 | (1,321,858) | - | - |
| <u>17,225,906</u> | <u>(1,123,890)</u> | <u>16,102,016</u> | <u>1,976,939</u> |
| 2,086,968 | 1,669,046 | 3,756,014 | 1,358,007 |
| <u>15,368,554</u> | <u>32,690,595</u> | <u>48,059,149</u> | <u>2,956,585</u> |
| <u>\$ 17,455,522</u> | <u>\$ 34,359,641</u> | <u>\$ 51,815,163</u> | <u>\$ 4,314,592</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, 2017

| | <u>General</u> | <u>Debt Service</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|---------------------|-------------------------|--|---|
| ASSETS | | | | |
| Cash and investments | \$ 6,044,700 | \$ 262,377 | \$ 9,030,129 | \$ 15,337,206 |
| Receivables (net of allowance) | | | | |
| Taxes | 711,549 | 79,952 | 112,183 | 903,684 |
| Ambulance fees | 104,679 | - | - | 104,679 |
| Accounts | 96,313 | - | 389,327 | 485,640 |
| Fines | 72,095 | - | 5,275 | 77,370 |
| Grants | - | - | 568,415 | 568,415 |
| Due from other funds | 1,562,142 | - | 419,401 | 1,981,543 |
| Inventory | 71,144 | - | - | 71,144 |
| Prepaid items | 12,799 | 183 | 2,566 | 15,548 |
| Notes receivable | - | - | 82,989 | 82,989 |
| | <u>\$ 8,675,421</u> | <u>\$ 342,512</u> | <u>\$ 10,610,285</u> | <u>\$ 19,628,218</u> |
| Total assets | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ 318,828 | \$ 4,600 | \$ 191,397 | \$ 514,825 |
| Retainage payable | - | - | 192,341 | 192,341 |
| Due to other funds | 40 | - | 415,464 | 415,504 |
| Due to other governments | 139,510 | - | - | 139,510 |
| Unearned revenue | 55,022 | - | 64,907 | 119,929 |
| Accrued liabilities | 322,121 | - | 9,024 | 331,145 |
| Other liabilities | 106,111 | - | - | 106,111 |
| | <u>941,632</u> | <u>4,600</u> | <u>873,133</u> | <u>1,819,365</u> |
| Total liabilities | | | | |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable | | | | |
| Property taxes | 175,630 | 79,527 | - | 255,157 |
| Municipal court fines | 72,097 | - | 5,275 | 77,372 |
| Ambulance fees | 101,926 | - | - | 101,926 |
| | <u>349,653</u> | <u>79,527</u> | <u>5,275</u> | <u>434,455</u> |
| Total deferred inflows of resources | | | | |
| FUND BALANCES | | | | |
| Nonspendable | 83,943 | 183 | 2,566 | 86,692 |
| Restricted | 26,094 | 258,202 | 9,729,311 | 10,013,607 |
| Assigned | 50,393 | - | - | 50,393 |
| Unassigned | 7,223,706 | - | - | 7,223,706 |
| | <u>7,384,136</u> | <u>258,385</u> | <u>9,731,877</u> | <u>17,374,398</u> |
| Total fund balances | | | | |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| | <u>\$ 8,675,421</u> | <u>\$ 342,512</u> | <u>\$ 10,610,285</u> | <u>\$ 19,628,218</u> |

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

City of Copperas Cove, Texas

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position September 30, 2017

Total fund balances - governmental funds balance sheet \$ 17,374,398

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

Capital assets, including accumulated depreciation, used in governmental activities are not financial resources and, therefore are not reported in the funds. Detail to these items include:

| | |
|--------------------------|--------------|
| Capital assets | 66,972,249 |
| Accumulated depreciation | (26,759,471) |

Long-term debt is not due and payable in the current period, and therefore are not reported in the funds. These amounts, and related accounts include:

| | |
|--------------------------------|--------------|
| Long-term debt | (34,003,304) |
| Unamortized (premium) discount | (819,095) |
| Deferred charges on refunding | 360,813 |
| Accrued interest | (126,540) |

Long-term employee benefit related liabilities are not due and payable in the current period, and therefore are not reported in the funds. These amounts, and related accounts include:

| | |
|--|-------------|
| Net pension liability | (6,906,479) |
| Deferred inflows of resources - pension | (449,574) |
| Deferred outflows of resources - pension | 2,364,618 |
| Net other post-employment benefit obligation | (224,965) |
| Compensated absences | (761,583) |

Revenues earned but not available at year end are not recognized on the fund statements. These items include:

| | |
|-----------------------|---------|
| Property taxes | 255,157 |
| Ambulance service | 101,926 |
| Municipal court fines | 77,372 |

Net position of governmental activities - statement of net position \$ 17,455,522

City of Copperas Cove, Texas

Governmental Funds

Statement of Revenues, Expenditures, and Changes In Fund Balances

For the Fiscal Year Ended September 30, 2017

| | <u>General</u> | <u>Debt Service</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|---------------------|-------------------------|--|---|
| REVENUES | | | | |
| Taxes | \$ 11,582,401 | \$ 3,174,383 | \$ 315,378 | \$ 15,072,162 |
| Charges for services | 1,542,117 | - | 1,085,055 | 2,627,172 |
| Intergovernmental | 5,892 | 131,000 | 957,169 | 1,094,061 |
| Fines | 587,386 | - | 30,479 | 617,865 |
| Licenses | 57,584 | - | - | 57,584 |
| Permits | 314,747 | - | - | 314,747 |
| Investment income | 19,905 | 1,674 | 30,701 | 52,280 |
| Miscellaneous | 741,380 | 14,247 | 3,386 | 759,013 |
| Total revenues | <u>14,851,412</u> | <u>3,321,304</u> | <u>2,422,168</u> | <u>20,594,884</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 2,883,816 | - | - | 2,883,816 |
| Community services | 1,969,305 | - | 74,553 | 2,043,858 |
| Fleet and facility services | 291,882 | - | - | 291,882 |
| Highways and streets | 652,305 | - | 405,230 | 1,057,535 |
| Public safety | 9,730,408 | - | 218,525 | 9,948,933 |
| Capital outlay | 42,737 | - | 2,575,739 | 2,618,476 |
| Debt service | | | | |
| Principal retirement | - | 2,480,465 | 106,836 | 2,587,301 |
| Interest and fiscal charges | - | 1,090,655 | 59,447 | 1,150,102 |
| Total expenditures | <u>15,570,453</u> | <u>3,571,120</u> | <u>3,440,330</u> | <u>22,581,903</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (719,041) | (249,816) | (1,018,162) | (1,987,019) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Issuance of bonds | - | - | 5,210,000 | 5,210,000 |
| Premium on bonds | - | 3,500 | 146,152 | 149,652 |
| Sale of capital assets | 17,654 | - | - | 17,654 |
| Insurance recoveries | 68,488 | - | - | 68,488 |
| Transfers in | 1,531,820 | - | - | 1,531,820 |
| Transfers out | - | (94,602) | (115,360) | (209,962) |
| Total other financing sources (uses) | <u>1,617,962</u> | <u>(91,102)</u> | <u>5,240,792</u> | <u>6,767,652</u> |
| NET CHANGE IN FUND BALANCES | 898,921 | (340,918) | 4,222,630 | 4,780,633 |
| FUND BALANCES, beginning of year | <u>6,485,215</u> | <u>599,303</u> | <u>5,509,247</u> | <u>12,593,765</u> |
| FUND BALANCES, end of year | <u>\$ 7,384,136</u> | <u>\$ 258,385</u> | <u>\$ 9,731,877</u> | <u>\$ 17,374,398</u> |

The Notes to the 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 Fiscal Year Ended September 30, 2017

Net change in fund balances - total governmental funds \$ 4,780,634

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. These items include:

| | |
|-----------------------------|-------------|
| Current year capital outlay | 2,520,122 |
| Depreciation expense | (2,504,814) |

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has an effect on net position. The impact of recording these items, and related activity includes:

| | |
|---------------------------------------|-------------|
| Current year issuance of debt | (5,210,000) |
| Current year payments on debt | 2,587,301 |
| New premiums on current year issuance | (149,652) |
| Amortization of existing premiums | 598,147 |
| Amortization of deferred charges | (76,676) |
| Change in accrued interest | 8,534 |

Compensated absences, pension liability, and other post-employment benefit obligations are not recognized in the governmental fund financial statements as they will not be settled with current financial resources; however these obligations are recognized in the governmental activities statement of net position. The change in these items includes:

| | |
|--|-----------|
| Net pension liability | 99,665 |
| Deferred inflows of resources - pension | 14,700 |
| Deferred outflows of resources - pension | (516,789) |
| Net OPEB liability | (16,756) |
| Compensated absences | (106,869) |

Revenues earned but not available at year end are not recognized on the fund statements. The change in these items include:

| | |
|-----------------------|--------|
| Property taxes | 20,708 |
| Ambulance service | 38,598 |
| Municipal court fines | 116 |

Change in net position of governmental activities - statement of activities \$ 2,086,969

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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, 2017

| | Business-type Activities | | | |
|---------------------------------------|---------------------------------|------------------------|---------------------------------|--------------|
| | Water and Sewer | Solid Waste | Nonmajor Golf Course | Total |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and investments | \$ 5,586,611 | \$ 3,333,613 | \$ - | \$ 8,920,224 |
| Restricted cash and investments | 6,400,918 | 610,175 | 315,691 | 7,326,784 |
| Accounts receivable, net | 2,462,406 | 2,928,400 | 1,830 | 5,392,636 |
| Inventory | - | - | 25,742 | 25,742 |
| Prepaid expenses | 9,108 | 661 | 239 | 10,008 |
| Notes receivable | 3,000,000 | - | - | 3,000,000 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total current assets | 17,459,043 | 6,872,849 | 343,502 | 24,675,394 |
| Noncurrent assets | | | | |
| Property and equipment | | | | |
| Land | 413,469 | 204,452 | 300,000 | 917,921 |
| Buildings | 189,590 | - | 132,722 | 322,312 |
| Vehicles | 1,406,999 | 2,758,414 | 61,267 | 4,226,680 |
| Equipment | 1,521,455 | 634,109 | 435,678 | 2,591,242 |
| Facilities | 28,318,491 | 3,784,765 | 1,600,245 | 33,703,501 |
| Infrastructure | 56,182,665 | - | - | 56,182,665 |
| Construction in progress | 6,570,193 | - | 22,889 | 6,593,082 |
| Less accumulated depreciation | (40,949,941) | (4,747,761) | (1,146,478) | (46,844,180) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net property and equipment | 53,652,921 | 2,633,979 | 1,406,323 | 57,693,223 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total noncurrent assets | 53,652,921 | 2,633,979 | 1,406,323 | 57,693,223 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total assets | 71,111,964 | 9,506,828 | 1,749,825 | 82,368,617 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflows related to pensions | 426,453 | 257,636 | 61,198 | 745,287 |
| Deferred charge on refunding | 327,245 | 21,737 | 2,781 | 351,763 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total deferred outflows of resources | 753,698 | 279,373 | 63,979 | 1,097,050 |

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

City of Copperas Cove, Texas

Proprietary Funds

Statement of Net Position – Continued

September 30, 2017

| | Business-type Activities | | | Total |
|---|--------------------------|---------------------|----------------------|----------------------|
| | Water and Sewer | Solid Waste | Nonmajor Golf Course | |
| LIABILITIES AND NET POSITION | | | | |
| Current liabilities | | | | |
| Accounts payable | \$ 639,153 | \$ 315,038 | \$ 22,580 | \$ 976,771 |
| Accrued liabilities | 56,691 | 318,894 | 2,223 | 377,808 |
| Due to other funds | - | - | 1,566,039 | 1,566,039 |
| Unearned revenue | - | 236 | 765 | 1,001 |
| Customer deposits | 1,467,689 | - | - | 1,467,689 |
| Retainage payable | 43 | - | - | 43 |
| Accrued interest | 162,957 | 7,638 | 1,015 | 171,610 |
| Noncurrent liabilities, current portion | 3,233,580 | 375,000 | 40,921 | 3,649,501 |
| Total current liabilities | 5,560,113 | 1,016,806 | 1,633,543 | 8,210,462 |
| Noncurrent liabilities | | | | |
| Compensated absences | 132,495 | 33,665 | 3,275 | 169,435 |
| Bonds payable | 35,621,900 | 1,945,332 | 432,717 | 37,999,949 |
| Net pension liability | 1,178,878 | 667,176 | 146,471 | 1,992,525 |
| Net OPEB obligation | 46,867 | 24,213 | 7,813 | 78,893 |
| Estimated landfill postclosure care costs | - | 524,290 | - | 524,290 |
| Total noncurrent liabilities | 36,980,140 | 3,194,676 | 590,276 | 40,765,092 |
| Total liabilities | 42,540,253 | 4,211,482 | 2,223,819 | 48,975,554 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows related to pensions | 77,043 | 43,730 | 9,699 | 130,472 |
| Total deferred inflows of resources | 77,043 | 43,730 | 9,699 | 130,472 |
| NET POSITION | | | | |
| Net investment in capital assets | 18,031,021 | 1,723,672 | 1,199,447 | 20,954,140 |
| Restricted for | | | | |
| Debt service | 536,537 | 104,861 | - | 641,398 |
| Unrestricted | 10,680,808 | 3,702,456 | (1,619,161) | 12,764,103 |
| Total net position | \$ 29,248,366 | \$ 5,530,989 | \$ (419,714) | \$ 34,359,641 |

The Notes to the 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 Fiscal Year Ended September 30, 2017

| | Business-type Activities | | | Total |
|---|---------------------------------|------------------------|---------------------------------|---------------|
| | Water and Sewer | Solid Waste | Nonmajor Golf Course | |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 11,170,415 | \$ 4,311,325 | \$ 294,604 | \$ 15,776,344 |
| Miscellaneous | 56,938 | 14,099 | 5,258 | 76,295 |
| Total operating revenues | 11,227,353 | 4,325,424 | 299,862 | 15,852,639 |
| OPERATING EXPENSES | | | | |
| Personnel services | 1,857,602 | 986,264 | 59,712 | 2,903,578 |
| Supplies and materials | 2,353,723 | 171,289 | 57,156 | 2,582,168 |
| Services and charges | 2,046,021 | 1,433,046 | 108,281 | 3,587,348 |
| Maintenance and repairs | 407,130 | 146,797 | 57,634 | 611,561 |
| Depreciation | 1,580,915 | 370,223 | 67,335 | 2,018,473 |
| Total operating expenses | 8,245,391 | 3,107,619 | 350,118 | 11,703,128 |
| OPERATING INCOME (LOSS) | 2,981,962 | 1,217,805 | (50,256) | 4,149,511 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment income | 68,507 | 9,833 | 1,251 | 79,591 |
| Interest and fiscal charges | (1,223,546) | (43,551) | (13,183) | (1,280,280) |
| Gain on sale of capital assets | - | 40,872 | 1,210 | 42,082 |
| Total nonoperating revenues (expenses) | (1,155,039) | 7,154 | (10,722) | (1,158,607) |
| NET INCOME (LOSS) BEFORE TRANSFERS | 1,826,923 | 1,224,959 | (60,978) | 2,990,904 |
| TRANSFERS | | | | |
| Transfers in | 20,500 | - | 97,602 | 118,102 |
| Transfers out | (942,750) | (497,210) | - | (1,439,960) |
| CHANGE IN NET POSITION | 904,673 | 727,749 | 36,624 | 1,669,046 |
| NET POSITION, beginning of year | 28,343,693 | 4,803,240 | (456,338) | 32,690,595 |
| NET POSITION, end of year | \$ 29,248,366 | \$ 5,530,989 | \$ (419,714) | \$ 34,359,641 |

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

City of Copperas Cove, Texas

Proprietary Funds

Statement of Cash Flows

For the Fiscal Year Ended September 30, 2017

| | Business-type Activities | | | |
|---|---------------------------------|------------------------|---------------------------------|----------------------|
| | Water and Sewer | Solid Waste | Nonmajor Golf Course | Total |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers | \$ 11,259,165 | \$ 4,008,492 | \$ 309,421 | \$ 15,577,078 |
| Payments to suppliers | (6,764,026) | (1,620,719) | (201,158) | (8,585,903) |
| Payments to employees | (1,945,912) | (929,036) | (85,065) | (2,960,013) |
| Net cash flows provided by operating activities | <u>2,549,227</u> | <u>1,458,737</u> | <u>23,198</u> | <u>4,031,162</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Issuance of public note | (3,000,000) | - | - | (3,000,000) |
| Investment income | 68,507 | 9,833 | 1,251 | 79,591 |
| Payments on notes receivable | - | - | - | - |
| Net cash flows provided by (used in) investing activities | <u>(2,931,493)</u> | <u>9,833</u> | <u>1,251</u> | <u>(2,920,409)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Proceeds from issuance of long-term debt | 3,480,000 | 710,000 | 230,000 | 4,420,000 |
| Principal paid on long-term debt | (2,890,478) | (224,935) | (105,649) | (3,221,062) |
| Interest and fiscal charges paid | (1,329,147) | (22,293) | (8,236) | (1,359,676) |
| Proceeds from sale on capital assets | - | 40,872 | 1,210 | 42,082 |
| Acquisition of property and equipment | (6,658,818) | (24,876) | (50,771) | (6,734,465) |
| Net cash flows used by (used in) noncapital financing activities | <u>(7,398,443)</u> | <u>478,768</u> | <u>66,554</u> | <u>(6,853,121)</u> |
| FINANCING ACTIVITIES | | | | |
| Cash received from other funds | 20,500 | - | 104,957 | 125,457 |
| Cash paid to other funds | (942,750) | (497,210) | - | (1,439,960) |
| Net cash flows provided (used) by noncapital financing activities | <u>(922,250)</u> | <u>(497,210)</u> | <u>104,957</u> | <u>(1,314,503)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | <u>(8,702,959)</u> | <u>1,450,128</u> | <u>195,960</u> | <u>(7,056,871)</u> |
| CASH AND CASH EQUIVALENTS, beginning of year | <u>20,690,488</u> | <u>2,493,660</u> | <u>119,731</u> | <u>23,303,879</u> |
| CASH AND CASH EQUIVALENTS, end of year | <u>\$ 11,987,529</u> | <u>\$ 3,943,788</u> | <u>\$ 315,691</u> | <u>\$ 16,247,008</u> |
| RECONCILIATION TO THE STATEMENT OF NET POSITION | | | | |
| Unrestricted cash and investments | \$ 5,586,611 | \$ 3,333,613 | \$ - | \$ 8,920,224 |
| Restricted cash and investments | <u>6,400,918</u> | <u>610,175</u> | <u>315,691</u> | <u>7,326,784</u> |
| Total cash and investments | <u>\$ 11,987,529</u> | <u>\$ 3,943,788</u> | <u>\$ 315,691</u> | <u>\$ 16,247,008</u> |

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

City of Copperas Cove, Texas

Proprietary Funds

Statement of Cash Flows – Continued

For the Fiscal Year Ended September 30, 2017

| | Business-type Activities | | | Total |
|--|---------------------------------|----------------------------|---------------------------------|----------------------------|
| | Water and Sewer | Solid Waste | Nonmajor Golf Course | |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | |
| Operating income (loss) | \$ 2,981,962 | \$ 1,217,805 | \$ (50,256) | \$ 4,149,511 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities | | | | |
| Depreciation | 1,580,915 | 370,223 | 67,335 | 2,018,473 |
| Decrease (increase) in assets | | | | |
| Accounts receivable | (681,140) | (447,136) | 163 | (1,128,113) |
| Inventory | - | - | 12,114 | 12,114 |
| Prepaid expenses | 1,802 | - | - | 1,802 |
| Increase (Decrease) in liabilities | | | | |
| Accounts payable | (1,958,954) | 173,573 | 9,799 | (1,775,582) |
| Accrued liabilities | (18,471) | 120,261 | (13,030) | 88,760 |
| Due to other funds | - | (43,160) | - | (43,160) |
| Landfill closure costs | 30,699 | 14,365 | - | 45,064 |
| Accrued compensated absences | (103,280) | (79,509) | (6,737) | (189,526) |
| Net pension liability | 2,742 | 2,111 | (5,738) | (885) |
| Net OPEB obligation | 543,822 | - | 152 | 543,974 |
| Total adjustments | <u>(601,865)</u> | <u>110,728</u> | <u>64,058</u> | <u>(427,079)</u> |
| Net cash provided (used) by operating activities | <u><u>\$ 2,380,097</u></u> | <u><u>\$ 1,328,533</u></u> | <u><u>\$ 13,802</u></u> | <u><u>\$ 3,722,432</u></u> |

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

City of Copperas Cove, Texas
Notes to the Basic Financial Statements

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City of Copperas Cove, Texas

Notes to the 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.

City of Copperas Cove, Texas

Notes to the Basic Financial Statements

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities, business-type activities, and activities of its discretely presented component unit. Amounts reported as program revenues include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The fund financial statements use the modified accrual basis of accounting and the current financial resources measurement focus. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, claims, and judgments are recorded only when payment is due.

The City reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – 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.

City of Copperas Cove, Texas

Notes to the Basic Financial Statements

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.

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.

City of Copperas Cove, Texas
Notes to the Basic Financial Statements

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.

Major outlays for capital assets and improvements are capitalized as projects are completed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized cost of the assets constructed. Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest expense incurred from the date of the borrowing until completion of the project is offset by interest earned on invested proceeds over the same period.

Capital assets of the primary government, as well as the component unit, are depreciated using the straight-line method over the following useful lives:

| <u>Assets</u> | <u>Years</u> |
|---------------------------|--------------|
| Buildings | 25 |
| Facilities/Infrastructure | 25 - 40 |
| Vehicles | 7 |
| Equipment | 7 |
| Furniture and fixtures | 7 |

City of Copperas Cove, Texas

Notes to the Basic Financial Statements

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.
- 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.

City of Copperas Cove, Texas

Notes to the Basic Financial Statements

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 the 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. 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.

City of Copperas Cove, Texas

Notes to the Basic Financial Statements

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, 2017, the City's entire deposit balance was collateralized with securities held by the pledging financial institution or covered by FDIC insurance.

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 or a savings and loan association domiciled in the State of Texas.
- 4) Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed with, the full faith and credit of the State of Texas, or the United States, or their respective agencies and instrumentalities.
- 5) Obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and have received a rating of not less than "A" or its equivalent.
- 6) Eligible fully collateralized repurchase agreements, as defined by the Public Fund Investment Act.
- 7) Eligible investment pools in accordance with the Public Funds Investment Act, Sec. 2256.016-2256.019.

City of Copperas Cove, Texas
Notes to the Basic Financial Statements

The City's investments at September 30, 2017 are shown below:

| | Cost | Weighted Average Maturity (Days) |
|--------------------------|------------------------------------|-------------------------------------|
| | <u> </u> | <u> </u> |
| TexPool - amortized cost | \$ 22,214,678 | 45 |
| TexStar - amortized cost | 2,864,116 | 32 |
| CDs - cost | <u>7,900,470</u> | 272 |
| Total | <u><u>\$ 32,979,264</u></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, 2017, 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.

TexStar

TexStar is managed by JPMorgan Fleming Asset Management, Inc and First Southwest Asset Management, Inc. under the TexStar board of directors, and provide investment and participant services.

TexPool and TexStar are 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. The pools use amortized cost rather than fair value to report net position to compute share prices. Accordingly, the fair value of the position in the pools is the same as the value of shares.

Certificates of Deposits

Certificates of deposit are reported at cost, and are not rated.

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.

City of Copperas Cove, Texas
Notes to the Basic Financial Statements

C. Receivables

Receivables at September 30, 2017 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 | \$ 711,549 | \$ 79,952 | \$ - | \$ - | \$ 112,183 | \$ 903,684 |
| Ambulance | 104,679 | - | - | - | - | 104,679 |
| Fines | 1,444,423 | - | - | - | 105,505 | 1,549,928 |
| Utilities | - | - | 2,462,406 | 2,928,400 | 389,327 | 5,780,133 |
| Accounts | 96,313 | - | - | - | 1,830 | 98,143 |
| Grants | - | - | - | - | 568,415 | 568,415 |
| Notes | - | - | 3,000,000 | - | 82,989 | 3,082,989 |
| Gross receivables | 2,356,964 | 79,952 | 5,462,406 | 2,928,400 | 1,260,249 | 12,087,971 |
| Less allowance for uncollectible | 1,372,328 | - | - | - | 100,230 | 1,472,558 |
| Net total receivables | \$ 984,636 | \$ 79,952 | \$ 5,462,406 | \$ 2,928,400 | \$ 1,160,019 | \$ 10,615,413 |

D. Fund Balance

| Fund Balance Classification | General | Debt Service | Nonmajor |
|-----------------------------|---------------------|-------------------|---------------------|
| Nonspendable | | | |
| Inventories | \$ 71,144 | \$ - | \$ - |
| Prepaid items | 12,799 | - | 2,566 |
| Restricted | | | |
| Tourism | - | - | 138,628 |
| Drainage | - | - | 2,253,654 |
| Municipal Court | - | - | 21,647 |
| Economic development | - | - | 202,309 |
| Homeland security | - | - | 1,563 |
| Emergency management | - | - | 3,906 |
| Grants | 26,094 | - | 40 |
| City Services | - | - | 128,662 |
| Debt service | - | 258,385 | - |
| Capital projects | - | - | 6,978,903 |
| Assigned | | | |
| Capital projects | 50,393 | - | - |
| Unassigned | 7,223,706 | - | - |
| Total | \$ 7,384,136 | \$ 258,385 | \$ 9,731,878 |

City of Copperas Cove, Texas
Notes to the Basic Financial Statements

E. Capital Assets

Capital asset activity for the year ended September 30, 2017, was as follows:

| | Balance 9/30/16 | Additions | Deletions | Balance 9/30/17 |
|--|-----------------------------|----------------------------|----------------------------|-----------------------------|
| Governmental activities | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 1,278,035 | \$ - | \$ - | \$ 1,278,035 |
| Construction in progress | 2,061,677 | 2,004,687 | 2,489,491 | 1,576,873 |
| Total capital assets not being depreciated | <u>3,339,712</u> | <u>2,004,687</u> | <u>2,489,491</u> | <u>2,854,908</u> |
| Capital assets, being depreciated | | | | |
| Buildings | 12,986,927 | 1,274,429 | - | 14,261,356 |
| Furniture and fixtures | 307,297 | - | - | 307,297 |
| Vehicles | 5,959,474 | 253,782 | 32,859 | 6,180,397 |
| Equipment | 5,072,066 | 251,754 | 51,239 | 5,272,581 |
| Infrastructure | 17,479,112 | 1,195,947 | - | 18,675,059 |
| Facilities | 19,391,637 | 29,014 | - | 19,420,651 |
| Total capital assets being depreciated | <u>61,196,513</u> | <u>3,004,926</u> | <u>84,098</u> | <u>64,117,341</u> |
| Less accumulated depreciation | | | | |
| Buildings | 6,219,845 | 355,384 | - | 6,575,229 |
| Furniture and fixtures | 302,380 | 2,588 | - | 304,968 |
| Vehicles | 4,097,513 | 729,225 | 32,859 | 4,793,879 |
| Equipment | 3,907,832 | 346,862 | 51,239 | 4,203,455 |
| Infrastructure | 4,300,939 | 440,782 | - | 4,741,721 |
| Facilities | 5,510,246 | 629,973 | - | 6,140,219 |
| Total accumulated depreciation | <u>24,338,755</u> | <u>2,504,814</u> | <u>84,098</u> | <u>26,759,471</u> |
| Total capital assets being depreciated, net | <u>36,857,758</u> | <u>500,112</u> | <u>-</u> | <u>37,357,870</u> |
| Governmental activities capital assets, net | <u><u>\$ 40,197,470</u></u> | <u><u>\$ 2,504,799</u></u> | <u><u>\$ 2,489,491</u></u> | <u><u>\$ 40,212,778</u></u> |

City of Copperas Cove, Texas
Notes to the Basic Financial Statements

| | Balance 9/30/16 | Additions | Deletions | Balance 9/30/17 |
|---|----------------------|----------------------|----------------------|----------------------|
| Business-type activities | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 917,921 | \$ - | \$ - | \$ 917,921 |
| Construction in progress | 13,997,924 | 6,177,813 | 13,582,657 | 6,593,080 |
| Total capital assets not being depreciated | 14,915,845 | 6,177,813 | 13,582,657 | 7,511,001 |
| Capital assets, being depreciated | | | | |
| Buildings | 322,312 | - | - | 322,312 |
| Vehicles | 4,263,743 | 363,350 | 400,410 | 4,226,683 |
| Equipment | 2,589,916 | 27,882 | 26,556 | 2,591,242 |
| Infrastructure | 42,600,008 | 13,582,657 | - | 56,182,665 |
| Facilities | 33,703,500 | - | - | 33,703,500 |
| Total capital assets being depreciated | 83,479,479 | 13,973,889 | 426,966 | 97,026,402 |
| Less accumulated depreciation | | | | |
| Buildings | 303,761 | 674 | - | 304,435 |
| Vehicles | 3,469,452 | 228,712 | 400,410 | 3,297,754 |
| Equipment | 2,264,778 | 126,464 | 26,556 | 2,364,686 |
| Infrastructure | 25,570,472 | 792,178 | - | 26,362,650 |
| Facilities | 13,644,210 | 870,445 | - | 14,514,655 |
| Total accumulated depreciation | 45,252,673 | 2,018,473 | 426,966 | 46,844,180 |
| Total capital assets being depreciated, net | 38,226,806 | 11,955,416 | - | 50,182,222 |
| Business-type activities capital assets, net | \$ 53,142,651 | \$ 18,133,229 | \$ 13,582,657 | \$ 57,693,223 |

City of Copperas Cove, Texas
Notes to the Basic Financial Statements

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

| | |
|--|---------------------|
| Government activities | |
| General government | \$ 273,769 |
| Public safety | 1,451,201 |
| Community service | 169,281 |
| Highways and streets | 601,623 |
| Fleet maintenance | <u>8,940</u> |
| Total depreciation expense - government activities | \$ 2,504,814 |
| Business-type activities | |
| Water and sewer | \$ 1,580,915 |
| Solid waste | 370,223 |
| Golf course | <u>67,335</u> |
| Total depreciation expense - business-type activities | \$ 2,018,473 |

Discretely Presented Component Unit

Activity for the Copperas Cove Economic Development Corporation (CCEDC) for the year ended September 30, 2017 was as follows:

| | Balance 9/30/16 | Additions | Deletions | Balance 9/30/17 |
|--|----------------------------|---------------------------|--------------------------|----------------------------|
| Capital assets, not being depreciated | | | | |
| Land | \$ 1,119,902 | \$ - | \$ 507,442 | \$ 612,460 |
| Total assets not being depreciated | <u>1,119,902</u> | <u>-</u> | <u>507,442</u> | <u>612,460</u> |
| Capital assets, being depreciated | | | | |
| Buildings | 508,189 | - | - | 508,189 |
| Equipment | 159,406 | - | - | 159,406 |
| Improvements other than buildings | <u>246,600</u> | <u>-</u> | <u>-</u> | <u>246,600</u> |
| Total capital assets being depreciated | <u>914,195</u> | <u>-</u> | <u>-</u> | <u>914,195</u> |
| Less accumulated depreciation | | | | |
| Buildings | 157,925 | 20,328 | - | 178,253 |
| Equipment | 130,166 | 12,449 | - | 142,615 |
| Improvements other than buildings | <u>147,960</u> | <u>24,660</u> | <u>-</u> | <u>172,620</u> |
| Total accumulated depreciation | <u>436,051</u> | <u>57,437</u> | <u>-</u> | <u>493,488</u> |
| Total capital assets being depreciation, net | <u>478,144</u> | <u>(57,437)</u> | <u>-</u> | <u>420,707</u> |
| Governmental activities capital assets, net | <u>\$ 1,598,046</u> | <u>\$ (57,437)</u> | <u>\$ 507,442</u> | <u>\$ 1,033,167</u> |

City of Copperas Cove, Texas
Notes to the Basic Financial Statements

F. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables at September 30, 2017 is as follows:

| | Interfund Receivables | Interfund Payables |
|-----------------------------------|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| General fund | | |
| Nonmajor enterprise funds | \$ 1,562,142 | \$ - |
| Nonmajor governmental funds | - | 40 |
| Total general fund | <u>1,562,142</u> | <u>40</u> |
| Nonmajor governmental funds | | |
| Nonmajor enterprise funds | <u>419,401</u> | <u>415,464</u> |
| Total nonmajor governmental funds | 419,401 | 415,464 |
| Nonmajor enterprise funds | | |
| General fund | - | 1,562,142 |
| Nonmajor governmental funds | <u>-</u> | <u>3,897</u> |
| Total nonmajor enterprise funds | <u>-</u> | <u>1,566,039</u> |
| Total | <u><u>\$ 1,981,543</u></u> | <u><u>\$ 1,981,543</u></u> |

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.

City of Copperas Cove, Texas
Notes to the Basic Financial Statements

Transfers during the year ended September 30, 2017 were:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|----------------------------------|----------------------------|----------------------------|
| General fund | | |
| Water and sewer | \$ 939,750 | \$ - |
| Solid waste | 497,210 | - |
| Nonmajor governmental funds | 94,860 | - |
| | <hr/> | <hr/> |
| Total general fund | 1,531,820 | - |
| Debt service | | |
| Nonmajor enterprise fund | - | 94,602 |
| Water and sewer | | |
| General fund | - | 939,750 |
| Nonmajor governmental funds | 20,500 | - |
| Nonmajor enterprise fund | - | 3,000 |
| | <hr/> | <hr/> |
| Total water and sewer | 20,500 | 942,750 |
| Solid waste | | |
| General fund | - | 497,210 |
| Nonmajor governmental funds | | |
| General fund | - | 94,860 |
| Water and sewer | - | 20,500 |
| | <hr/> | <hr/> |
| Total nonmajor governmental fund | - | 115,360 |
| Nonmajor enterprise fund | | |
| Debt service | 97,602 | - |
| | <hr/> | <hr/> |
| Total transfers | <u><u>\$ 1,649,922</u></u> | <u><u>\$ 1,649,922</u></u> |

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.

City of Copperas Cove, Texas
Notes to the Basic Financial Statements

G. Long-term Debt

A summary of long-term debt transactions for the year ended September 30, 2017 is as follows:

| | Balance 9/30/16 | Additions | Deletions | Balance 9/30/17 | Due Within One Year |
|--|----------------------|----------------------|---------------------|----------------------|------------------------|
| Governmental activities | | | | | |
| General obligation bonds | \$ 19,410,540 | \$ - | \$ 1,135,200 | \$ 18,275,340 | \$ 1,511,420 |
| Certificates of obligation | 10,665,000 | 5,210,000 | 880,000 | 14,995,000 | 979,079 |
| Limited tax notes | 1,305,065 | - | 570,065 | 735,000 | 500,000 |
| Unamortized bond premium | 1,267,590 | 149,652 | 598,147 | 819,095 | - |
| Total bonds payable | 32,648,195 | 5,359,652 | 3,183,412 | 34,824,435 | 2,990,499 |
| Compensated absences | 654,714 | 830,101 | 723,232 | 761,583 | 304,633 |
| Net pension liability | 7,006,144 | 4,118,586 | 4,218,251 | 6,906,479 | - |
| Net OPEB obligation | 208,209 | 47,618 | 30,862 | 224,965 | - |
| Governmental activities long-term debt | \$ 40,517,262 | \$ 10,355,957 | \$ 8,155,757 | \$ 42,717,462 | \$ 3,295,132 |
| Business-type activities | | | | | |
| General obligation bonds | \$ 16,889,460 | \$ - | \$ 2,034,800 | \$ 14,854,660 | \$ 2,093,580 |
| Certificates of obligation | 21,195,000 | 4,420,000 | 865,000 | 24,750,000 | 1,285,921 |
| Limited tax notes | 844,935 | - | 324,935 | 520,000 | 270,000 |
| Unamortized bond premium | 1,634,487 | 123,458 | 122,065 | 1,635,880 | - |
| Unamortized bond discount | (29,220) | - | (2,086) | (27,134) | - |
| Total bonds payable | 40,534,662 | 4,543,458 | 3,344,714 | 41,733,406 | 3,649,501 |
| Estimated landfill postclosure care costs | 567,450 | - | 43,160 | \$ 524,290 | - |
| Compensated absences | 211,839 | 84,968 | 127,904 | 168,903 | - |
| Net pension liability | 2,022,295 | 1,230,227 | 1,259,997 | 1,992,525 | - |
| Net OPEB liability | 73,888 | 14,223 | 9,218 | 78,893 | - |
| Business-type activities long-term debt | \$ 43,410,134 | \$ 5,872,876 | \$ 4,784,993 | \$ 44,498,017 | \$ 3,649,501 |
| Discretely presented component unit | | | | | |
| Revenue bonds | \$ 1,735,000 | \$ - | \$ 85,000 | \$ 1,650,000 | \$ 90,000 |
| Compensated absences | 3,296 | 8,733 | 9,870 | 2,159 | - |
| Net pension liability | 187,067 | - | - | 187,067 | - |
| Net OPEB obligation | 2,728 | - | - | 2,728 | - |
| Discretely presented component unit | \$ 1,928,091 | \$ 8,733 | \$ 94,870 | \$ 1,841,954 | \$ 90,000 |

City of Copperas Cove, Texas
Notes to the 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, 2017 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 | \$ 471,000 |
| 2007 refunding | 3.94 | 05/31/07 | 09/30/23 | 1,408,500 | 1,327,500 |
| 2009 various purpose | 3.00-4.875 | 09/10/09 | 08/15/34 | 4,770,000 | 200,000 |
| 2010 various purpose | 4.00-4.50 | 05/25/10 | 08/15/35 | 1,425,000 | 1,200,000 |
| 2010 refunding | 1.00-2.75 | 11/15/10 | 08/15/19 | 2,490,540 | 440,840 |
| 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 | 516,000 |
| 2013 various purpose | .35-2.625 | 01/15/13 | 08/15/33 | 4,685,000 | 4,045,000 |
| 2013 refunding | 2.00 | 04/15/13 | 08/15/17 | 860,000 | 155,000 |
| 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 | | | | | |
| 2012 | 1.96 | 02/11/12 | 09/30/18 | 990,000 | 275,000 |
| 2013 | .35-1.25 | 01/15/13 | 09/30/19 | 2,000,000 | 460,000 |
| Tax/revenue certificates of obligation | | | | | |
| 2007 various purpose | 3.94 | 05/31/07 | 09/30/27 | 5,300,000 | 3,945,000 |
| 2013 PPFCO | 2.00 | 12/12/13 | 09/30/25 | 630,000 | 435,000 |
| 2014 various purpose | 2.00 | 02/15/14 | 09/30/39 | 2,321,036 | 1,840,000 |
| 2015 various purpose | 3.00 | 08/01/15 | 08/15/40 | 3,055,000 | 2,965,000 |
| 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 |
| 2017 various purpose | 3.00 | 07/17/17 | 08/15/37 | 5,210,000 | 5,210,000 |
| Total | | | | <u>\$ 47,633,076</u> | <u>\$ 34,005,340</u> |

City of Copperas Cove, Texas
Notes to the 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 | \$ 725,000 |
| 2006 refunding | 3.78 | 03/09/06 | 08/15/21 | 3,984,000 | 1,884,000 |
| 2007 refunding | 3.94 | 05/31/07 | 09/30/23 | 3,286,500 | 3,097,500 |
| 2010 various purpose | 2.375-3.00 | 05/25/10 | 08/30/35 | 3,260,000 | 2,785,000 |
| 2010 refunding | 1.00-2.75 | 11/15/10 | 08/15/19 | 3,554,460 | 629,160 |
| 2012 refunding | 0.25-3.00 | 04/15/12 | 08/15/23 | 4,973,000 | 2,804,000 |
| 2013 refunding | 2.00 | 04/15/13 | 08/15/17 | 490,000 | 80,000 |
| 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 | 2,450,000 |
| Limited tax notes | | | | | |
| 2012 | 1.96 | 12/02/11 | 09/30/18 | 335,000 | 20,000 |
| 2013 | 0.35-1.25 | 01/15/13 | 09/30/19 | 630,000 | 500,000 |
| Tax/revenue certificates of obligation | | | | | |
| 2005 various purpose | 3.63 | 11/10/05 | 08/15/25 | 3,050,000 | 1,540,000 |
| 2014 various purpose | 2.0-3.5 | 02/15/14 | 09/30/39 | 7,590,000 | 6,395,000 |
| 2015 various purpose | 3.00 | 08/01/15 | 08/15/40 | 5,045,000 | 4,880,000 |
| 2016 various purpose | 3.00-4.00 | 08/15/16 | 08/15/36 | 7,825,000 | 7,515,000 |
| 2017 various purpose | 3.00 | 07/17/17 | 08/15/37 | 4,420,000 | 4,420,000 |
| Total | | | | <u>\$ 55,545,160</u> | <u>\$ 40,124,660</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 |
| 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 | 1,243,000 | 487,342 | 1,377,000 | 276,198 |
| 2023-2027 | 6,371,000 | 1,766,007 | 3,274,000 | 800,644 |
| 2028-2032 | 3,865,000 | 579,182 | 1,310,000 | 410,961 |
| 2033-2037 | 1,170,000 | 68,149 | 1,155,000 | 121,550 |
| 2038-2042 | - | - | - | - |
| Total | <u>\$ 18,275,340</u> | <u>\$ 5,274,157</u> | <u>\$ 14,854,660</u> | <u>\$ 3,337,202</u> |

City of Copperas Cove, Texas
Notes to the Basic Financial Statements

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 |
| 2018 | \$ 979,079 | \$ 504,690 | \$ 1,285,921 | \$ 845,168 |
| 2019 | 1,024,071 | 458,212 | 1,335,929 | 794,479 |
| 2020 | 1,057,584 | 426,143 | 1,397,416 | 755,618 |
| 2021 | 1,096,836 | 392,179 | 1,433,164 | 710,334 |
| 2022 | 996,836 | 356,880 | 1,418,164 | 663,921 |
| 2023-2027 | 4,579,027 | 1,298,060 | 6,290,973 | 2,678,966 |
| 2028-2032 | 2,185,315 | 715,143 | 5,734,685 | 1,638,263 |
| 2033-2037 | 2,391,252 | 371,640 | 4,258,748 | 778,048 |
| 2038-2042 | 685,000 | 52,400 | 1,595,000 | 112,400 |
| Total | \$ 14,995,000 | \$ 4,575,347 | \$ 24,750,000 | \$ 8,977,197 |

During the year ended September 30, 2017, the City issued Combination Tax and Revenue Certificates of Obligation, Series 2017, in the amount of \$9,630,000 maturing in 2037 with an interest of 3%. 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.

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 |
| 2018 | \$ 500,000 | \$ 10,859 | \$ 270,000 | \$ 6,330 |
| 2019 | 235,000 | 2,938 | 250,000 | 3,126 |
| Total | \$ 735,000 | \$ 13,797 | \$ 520,000 | \$ 9,456 |

Note 3. 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.

City of Copperas Cove, Texas
 Notes to the Basic Financial Statements

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, 2017. Remaining commitments with contractors at September 30, 2017 totaled \$448,422 and \$693,470 for governmental and water and sewer funds, respectively.

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 | \$ 163,666 |
| Debt service | 5,400 |
| Nonmajor governmental funds | 353,620 |
| | \$ 522,686 |

C. Defined Benefit Pension Policies

Plan Descriptions. The City participates as one of 872 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.tmr.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.

City of Copperas Cove, Texas

Notes to the Basic Financial Statements

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 |

Employees Covered by Benefit Terms

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|---|-------------------|
| Inactive employees or beneficiaries currently receiving benefits | 207 |
| Inactive employees entitled to but not yet receiving benefits | 215 |
| Active employees | <u>253</u> |
| | <u><u>675</u></u> |

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 200%, 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 12.52% and 12.31% in calendar years 2017 and 2016, respectively. The City's contributions to TMRS for the year ended September 30, 2017 were \$1,413,827 and equal to the required contributions.

City of Copperas Cove, Texas

Notes to the Basic Financial Statements

Net Pension Liability. The City's Net Pension Liability (NPL) was measured as of December 31, 2016, 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, 2016 actuarial valuation was determined using the following actuarial assumptions:

- Inflation rate: 2.5% per annum
- Payroll growth rate: 3.00% per annum
- Investment rate of return: 6.75% net of expenses

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.

Actuarial assumptions used in the December 31, 2016 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.

City of Copperas Cove, Texas

Notes to the Basic Financial Statements

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). The target allocation and best estimates of real rates of return for each major assets class are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-term Expected Real Rate of Return (Arithmetic)</u> |
|-----------------------|--------------------------|--|
| Domestic Equity | 17.5% | 4.55% |
| International Equity | 17.5% | 6.35% |
| Core Fixed Income | 10.0% | 1.00% |
| Non-Core Fixed Income | 20.0% | 4.15% |
| Real Return | 10.0% | 4.15% |
| Real Estate | 10.0% | 4.75% |
| Absolute Return | 10.0% | 4.00% |
| Private Equity | 5.0% | 7.75% |
| 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 the 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 12/31/2015 | \$54,894,256 | \$45,678,750 | \$9,215,506 |
| Charges for the year | | | |
| Service cost | 1,622,451 | - | 1,622,451 |
| Interest | 3,689,620 | - | 3,689,620 |
| Difference between expected and actual experience | (298,002) | - | (298,002) |
| Changes in assumptions | - | - | - |
| Contributions, employer | - | 1,407,493 | (1,407,493) |
| Contributions, employee | - | 686,026 | (686,026) |
| Net investment income | - | 3,086,727 | (3,086,727) |
| Benefit payments, including refunds of employee contributions | (2,088,899) | (2,088,899) | - |
| Administrative expense | - | (34,864) | 34,864 |
| Other changes | - | (1,878) | 1,878 |
| Balance at December 31, 2016 | \$ 57,819,426 | \$ 48,733,355 | \$ 9,086,071 |

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 | \$ 17,877,422 | \$ 9,086,071 | \$ 1,974,245 |

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.tmrs.org.

City of Copperas Cove, Texas
Notes to the Basic Financial Statements

Pension Expense and Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. For the year ended September 30, 2017, the City recognized pension expense of \$1,936,543.

At September 30, 2017, 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 | \$ - | \$ (592,365) |
| Difference between projected and actual investment earnings | 2,091,360 | - |
| Differences in assumptions | 52,104 | - |
| Contributions subsequent to the measurement date | 1,037,113 | - |
| | <u> </u> | <u> </u> |
| Total | <u><u>\$ 3,180,577</u></u> | <u><u>\$ (592,365)</u></u> |

For the year ending September 30, 2017, \$1,037,113 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> |
| 2018 | \$ 397,002 |
| 2019 | 579,308 |
| 2020 | 575,472 |
| 2021 | (683) |
| | <u> </u> |
| Total | <u><u>\$ 1,551,099</u></u> |

City of Copperas Cove, Texas
Notes to the Basic Financial Statements

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 253 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.

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, 2017 is as follows:

| | | |
|--|-----------|-----------------------|
| Annual Required Contribution (ARC) | \$ | 50,448 |
| Interest on net OPEB obligation | | 11,393 |
| Adjustment to the ARC | | <u>(11,099)</u> |
| Annual OPEB cost | | 50,742 |
| Employer contributions | | <u>(28,981)</u> |
| Increase (Decrease) in net OPEB obligation | | 21,761 |
| Net OPEB obligation, beginning of year | | <u>284,825</u> |
| Net OPEB obligation, end of year | \$ | <u>306,586</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, 2017 and the preceding two fiscal years were as follows:

| Fiscal Year Ended | Annual Required Contribution | Employer Contribution | Percentage Contributed | Net OPEB Obligation |
|--------------------|------------------------------|-----------------------|------------------------|---------------------|
| September 30, 2015 | \$ 74,957 | \$ 37,681 | 50.3% | \$ 255,735 |
| September 30, 2016 | 76,461 | 48,296 | 63.2% | 284,825 |
| September 30, 2017 | 50,448 | 28,981 | 57.4% | 306,586 |

City of Copperas Cove, Texas
Notes to the Basic Financial Statements

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, 2017 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 |
|--------------------------|---------------------------|-----------------------------------|-----------------------|--------------|-----------------|---|
| 12/31/16 | \$ - | \$ 691,561 | \$ 691,561 | 0.00% | \$ 11,433,764 | 6.05% |

Under the reporting parameters, the City's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$691,561 at December 31, 2016. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 6.05%.

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 | 2.5% per annum |
| Investment rate of return | 4.00%, 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 4.25% 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.

City of Copperas Cove, Texas
Notes to the Basic Financial Statements

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 2017, 2016, and 2015 were \$24,392, \$24,392, and \$19,729, respectively, which equaled the required contributions each year.

| Fiscal Year Ended | Annual Required Contribution | Employer Contribution | Percentage Contributed | Net TMRS Obligation |
|--------------------|------------------------------------|--------------------------|---------------------------|------------------------|
| September 30, 2015 | \$ 19,729 | \$ 19,729 | 100% | \$ - |
| September 30, 2016 | 24,392 | 24,392 | 100% | - |
| September 30, 2017 | 24,392 | 24,392 | 100% | - |

E. Municipal Solid Waste Landfill

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

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

The total current cost of postclosure care is the amount that would be paid if all equipment, facilities, and services included in the estimates were acquired during the current period. The cost estimates used were obtained by the City's environmental consultants who maintain the landfills. Each year, the City evaluates estimated remaining postclosure care costs for changes due to inflation or deflation, technology, or applicable laws or regulations.

Estimated postclosure care costs as of September 30, 2017 are \$524,290. It is estimated that the landfill requires 12 years of postclosure care as of September 30, 2017.

City of Copperas Cove, Texas
Notes to the Basic Financial Statements

F. Grant and Public Loans

The City enters into economic development agreements designed to promote development and redevelopment within the City, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic strength of the City. This program rebate property and sales taxes and are authorized under Chapter 380 of the Texas Local Government Code.

The City has entered into an agreement that shall refund 25% of the Ad Valorem Tax Revenues increase on the Project Assessed Taxable Value over the 2011 Ad Valorem Tax Base Line Year calculated annually until a total of \$25,000,000 in money is paid from a combination of Sales Tax Revenues and Ad Valorem Tax Revenues.

| <u>Year of Term</u> | <u>City's Performance Requirements</u> |
|---------------------|--|
| 1-25 | 25% of Ad Valorem Tax |
| 1-5 | 35% of one cent Sales Tax Revenues |
| 6-10 | 40% of one cent Sales Tax Revenues |
| 11-25 | 60% of one cent Sales Tax Revenues |

In addition, the City entered into a Public Loan in fiscal year 2016, in the amount of \$3,000,000. The public loan balance shall be fully repaid on the ninth anniversary.

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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 Fiscal Year Ended September 30, 2017

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|--|------------------------|---------------------|---------------------|-------------------------------------|
| REVENUES | | | | |
| Taxes | \$ 11,349,261 | \$ 11,349,261 | \$ 11,582,401 | \$ 233,140 |
| Charges for services | 1,418,358 | 1,418,358 | 1,542,117 | 123,759 |
| Intergovernmental | - | - | 5,892 | 5,892 |
| Fines | 563,051 | 563,051 | 587,386 | 24,335 |
| Licenses | 50,705 | 50,705 | 57,584 | 6,879 |
| Permits | 202,205 | 202,205 | 314,747 | 112,542 |
| Investment income | 17,115 | 17,115 | 19,905 | 2,790 |
| Miscellaneous | 685,760 | 685,760 | 741,380 | 55,620 |
| Total revenues | <u>14,286,455</u> | <u>14,286,455</u> | <u>14,851,412</u> | <u>564,957</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 3,158,654 | 3,158,654 | 2,904,814 | 253,840 |
| Community services | 2,012,250 | 2,012,250 | 1,953,371 | 58,879 |
| Fleet and facility services | 285,849 | 285,849 | 273,654 | 12,195 |
| Highways and streets | 597,508 | 597,508 | 656,219 | (58,711) |
| Public safety | 10,588,999 | 10,588,999 | 9,695,115 | 893,884 |
| Total expenditures | <u>16,643,260</u> | <u>16,643,260</u> | <u>15,483,173</u> | <u>1,160,087</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (2,356,805) | (2,356,805) | (631,761) | 1,725,044 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,531,820 | 1,523,091 | 1,531,820 | 8,729 |
| Sale of capital assets | 10,000 | 20,000 | 17,654 | (2,346) |
| Insurance recoveries | 17,000 | 17,000 | 68,488 | 51,488 |
| Total other financing sources (uses) | <u>1,558,820</u> | <u>1,560,091</u> | <u>1,617,962</u> | <u>57,871</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (797,985)</u> | <u>\$ (796,714)</u> | 986,201 | <u>\$ 1,782,915</u> |
| FUND BALANCE, beginning of year | | | 6,372,941 | |
| CURRENT YEAR ENCUMBRANCES | | | 163,666 | |
| PRIOR YEAR ENCUMBRANCES | | | <u>(138,672)</u> | |
| FUND BALANCE, end of year | | | <u>\$ 7,384,136</u> | |

City of Copperas Cove, Texas
 Required Supplementary Information
 Texas Municipal Retirement System
 Schedule of Changes in Net Pension Liability
 and Related Ratios*

| | Measurement Year 2016 | Measurement Year 2015 | Measurement Year 2014 |
|---|--------------------------------------|--------------------------------------|--------------------------------------|
| Total pension liability | | | |
| Service cost | \$ 1,622,451 | \$ 1,495,238 | \$ 1,410,662 |
| Interest (on the total pension liability) | 3,689,620 | 3,637,340 | 3,470,336 |
| Difference between expected and actual experience | (298,002) | (622,765) | (578,465) |
| Changes of assumptions | - | 121,574 | - |
| Benefit payments, including refunds of employee contributions | (2,088,899) | (1,903,036) | (2,015,046) |
| Net change in total pension liability | 2,925,170 | 2,728,351 | 2,287,487 |
| Total pension liability, beginning of year | 54,894,256 | 52,165,905 | 49,878,418 |
| Total pension liability, end of year (a) | \$ 57,819,426 | \$ 54,894,256 | \$ 52,165,905 |
| Plan fiduciary net position | | | |
| Contributions, employer | \$ 1,407,493 | \$ 1,351,607 | \$ 1,352,470 |
| Contributions, employee | 686,026 | 643,113 | 640,477 |
| Net investment income | 3,086,727 | 67,231 | 2,468,151 |
| Benefit payments, including refunds of employee contributions | (2,088,899) | (1,903,036) | (2,015,046) |
| Administrative expense | (34,864) | (40,950) | (25,768) |
| Other | (1,878) | (2,023) | (2,119) |
| Net change in plan fiduciary net position | 3,054,605 | 115,942 | 2,418,165 |
| Plan fiduciary net position, beginning of year | 45,678,750 | 45,562,808 | 43,144,643 |
| Plan fiduciary net position, end of year (b) | \$ 48,733,355 | \$ 45,678,750 | \$ 45,562,808 |
| Net pension liability, end of year (a) - (b) | \$ 9,086,071 | \$ 9,215,506 | \$ 6,603,097 |
| Plan fiduciary net position as a percentage of total pension liability | 84.29% | 83.21% | 87.34% |
| Covered employee payroll | \$ 11,433,764 | \$ 10,718,552 | \$ 10,674,610 |
| Net pension liability as a percentage of covered employee payroll | 79.47% | 85.98% | 61.86% |

*This schedule will present information for ten years as that information becomes available.

City of Copperas Cove, Texas
 Required Supplementary Information
 Texas Municipal Retirement System
 Schedule of Contributions*

| | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|--------------------|--------------------|--------------------|
| Fiscal year | | | |
| Actuarial determined contribution | \$ 1,413,827 | \$ 1,360,243 | \$ 1,306,426 |
| Contributions in relation to the actuarially determined contribution | <u>1,413,827</u> | <u>1,360,243</u> | <u>1,306,426</u> |
| Contribution deficiency (excess) | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |
| Covered employee payroll | \$ 11,433,764 | \$ 10,718,552 | \$ 10,456,668 |
| Contributions as a percentage of covered employee payroll | 12.37% | 12.69% | 12.49% |

Notes to the Schedule of Contributions

Valuation Date:
 Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

Methods and Assumptions used to Determine Contribution Rates:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 29 |
| Asset valuation method | 10-Year smoothed market; 15% soft corridor |
| Inflation | 2.50% |
| Salary increases | 3.50% to 10.5% including inflation |
| Investment rate of return | 6.75% |
| Retirement age | Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014. |

Mortality RP2000 Combining Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with BB.

Other information:
 Notes There were no benefit changes during the year.

*This schedule will present information for ten years as that information becomes available.

City of Copperas Cove, Texas
 Required Supplementary Information
 Schedule of Funding Progress for
 Post-Retirement Health Care Benefit Plan

| 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) |
|--------------------------|-------------------------------|---------------------------------------|--------------------|---------------------------|---------------------|---|
| 12/31/12 | - | 616,076 | 0% | 616,076 | 10,636,449 | 5.79% |
| 12/31/14 | - | 660,367 | 0% | 660,367 | 11,032,423 | 5.99% |
| 12/31/16 | - | 691,561 | 0% | 691,561 | 11,433,764 | 6.05% |

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City of Copperas Cove, Texas

Notes to Required Supplementary Information

September 30, 2017

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.

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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, 2017

| | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Total Nonmajor Governmental Funds</u> |
|--|----------------------------|-----------------------------|--|
| ASSETS | | | |
| Cash and investments | \$ 1,816,049 | \$ 7,214,080 | \$ 9,030,129 |
| Receivables (net of allowance) | | | |
| Taxes | 112,183 | - | 112,183 |
| Accounts | 389,327 | - | 389,327 |
| Fines | 5,275 | - | 5,275 |
| Grants | 568,415 | - | 568,415 |
| Due from other funds | 419,401 | - | 419,401 |
| Prepaid items | 2,824 | - | 2,824 |
| Notes receivable | 82,989 | - | 82,989 |
| TOTAL ASSETS | <u>\$ 3,396,463</u> | <u>\$ 7,214,080</u> | <u>\$ 10,610,543</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 154,079 | \$ 37,318 | \$ 191,397 |
| Retainage payable | - | 192,341 | 192,341 |
| Due to other funds | 409,946 | 5,518 | 415,464 |
| Accrued liabilities | 9,282 | - | 9,282 |
| Unearned revenue | 64,907 | - | 64,907 |
| Total liabilities | <u>638,214</u> | <u>235,177</u> | <u>873,391</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Municipal court fines | 5,275 | - | 5,275 |
| Total deferred inflows of resources | 5,275 | - | 5,275 |
| FUND BALANCES | | | |
| Nonspendable | 2,824 | - | 2,824 |
| Restricted | 2,750,150 | 6,978,903 | 9,729,053 |
| Total fund balances | <u>2,752,974</u> | <u>6,978,903</u> | <u>9,731,877</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | <u>\$ 3,396,463</u> | <u>\$ 7,214,080</u> | <u>\$ 10,610,543</u> |

City of Copperas Cove, Texas

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances by Fund Type
For the Fiscal Year Ended September 30, 2017

| | Special Revenue | Capital Projects | Total Nonmajor Governmental Funds |
|--|----------------------------|-----------------------------|--|
| REVENUES | | | |
| Taxes | \$ 315,378 | \$ - | \$ 315,378 |
| Charges for services | 1,085,055 | - | 1,085,055 |
| Intergovernmental | 953,625 | - | 953,625 |
| Fines | 30,479 | - | 30,479 |
| Investment income | 6,738 | 23,960 | 30,698 |
| Miscellaneous income | 6,933 | - | 6,933 |
| | <hr/> | <hr/> | <hr/> |
| Total revenues | 2,398,208 | 23,960 | 2,422,168 |
| EXPENDITURES | | | |
| Current | | | |
| Community services | 74,556 | - | 74,556 |
| Highways and streets | 405,228 | - | 405,228 |
| Public safety | 218,525 | - | 218,525 |
| Capital outlay | 920,853 | 1,654,885 | 2,575,738 |
| Debt service | | | |
| Principal retirement | 106,836 | - | 106,836 |
| Interest and fiscal charges | 4,872 | 54,575 | 59,447 |
| | <hr/> | <hr/> | <hr/> |
| Total expenditures | 1,730,870 | 1,709,460 | 3,440,330 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 667,338 | (1,685,500) | (1,018,162) |
| OTHER FINANCING SOURCES (USES) | | | |
| Issuance of bonds | - | 5,210,000 | 5,210,000 |
| Premium on bonds | - | 146,152 | 146,152 |
| Transfers out | (115,360) | - | (115,360) |
| | <hr/> | <hr/> | <hr/> |
| Total other financing sources (uses) | (115,360) | 5,356,152 | 5,240,792 |
| NET CHANGE IN FUND BALANCES | 551,978 | 3,670,652 | 4,222,630 |
| FUND BALANCES, beginning of year | 2,200,996 | 3,308,251 | 5,509,247 |
| | <hr/> | <hr/> | <hr/> |
| FUND BALANCES, end of year | <u>\$ 2,752,974</u> | <u>\$ 6,978,903</u> | <u>\$ 9,731,877</u> |

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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.

Park Improvements Fund – To account for activity related to city park repairs, maintenance and improvements.

Street Maintenance Fund – To account for activity related to street maintenance.

Employee Benefits Trust Fund – To account for activity related to administration of employee benefits.

City of Copperas Cove, Texas
 Nonmajor Special Revenue Funds
 Combining Balance Sheet
 September 30, 2017

| | <u>Hotel/Motel Tax</u> | <u>Drainage Utility</u> | <u>Municipal Court</u> | <u>Texas Community Development Loan</u> |
|--|----------------------------|-------------------------|----------------------------|---|
| ASSETS | | | | |
| Cash and investments | \$ 92,166 | \$ 1,503,936 | \$ 22,968 | 119,061 |
| Receivables (net of allowance) | | | | |
| Taxes | 46,655 | - | - | - |
| Accounts | - | 389,327 | - | - |
| Fines | - | - | 5,275 | - |
| Grants | - | - | - | - |
| Due from other funds | - | 415,464 | - | - |
| Prepaid items | 2,106 | 718 | - | - |
| Notes receivable | - | - | - | 82,989 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>\$ 140,927</u> | <u>\$ 2,309,445</u> | <u>\$ 28,243</u> | <u>\$ 202,050</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 193 | \$ 46,826 | \$ 286 | \$ - |
| Due to other funds | - | - | - | - |
| Accrued liabilities | - | 8,247 | 1,035 | - |
| Unearned revenue | - | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | 193 | 55,073 | 1,321 | - |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable | | | | |
| Municipal Court fines | - | - | 5,275 | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total deferred inflows of resources | - | - | 5,275 | - |
| FUND BALANCES | | | | |
| Nonspendable | 2,106 | 718 | - | - |
| Restricted | 138,628 | 2,253,654 | 21,647 | 202,050 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total fund balances | 140,734 | 2,254,372 | 21,647 | 202,050 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | <u>\$ 140,927</u> | <u>\$ 2,309,445</u> | <u>\$ 28,243</u> | <u>\$ 202,050</u> |

| Tobacco Grant | Homeland Security Grants | FEMA Grant | City-Wide Grants | Parks Improvements | Street Maintenance | Employee Benefits Trust | Total Nonmajor Special Revenue Funds |
|----------------------|---------------------------------|-------------------|-------------------------|---------------------------|---------------------------|--------------------------------|---|
| \$ 10,450 | \$ - | \$ 9 | \$ - | \$ 30,934 | \$ 32,520 | \$ 4,005 | \$ 1,816,049 |
| - | - | - | - | - | 65,528 | - | 112,183 |
| - | - | - | - | - | - | - | 389,327 |
| - | - | - | - | - | - | - | 5,275 |
| - | 568,415 | - | - | - | - | - | 568,415 |
| - | - | 3,897 | 40 | - | - | - | 419,401 |
| - | - | - | - | - | - | - | 2,824 |
| - | - | - | - | - | - | - | 82,989 |
| <u>\$ 10,450</u> | <u>\$ 568,415</u> | <u>\$ 3,906</u> | <u>\$ 40</u> | <u>\$ 30,934</u> | <u>\$ 98,048</u> | <u>\$ 4,005</u> | <u>\$ 3,396,463</u> |
| \$ - | \$ 102,449 | \$ - | \$ - | \$ 4,325 | \$ - | \$ - | \$ 154,079 |
| - | 409,946 | - | - | - | - | - | 409,946 |
| - | - | - | - | - | - | - | 9,282 |
| 10,450 | 54,457 | - | - | - | - | - | 64,907 |
| 10,450 | 566,852 | - | - | 4,325 | - | - | 638,214 |
| - | - | - | - | - | - | - | 5,275 |
| - | - | - | - | - | - | - | 5,275 |
| - | - | - | - | - | - | - | 2,824 |
| - | 1,563 | 3,906 | 40 | 26,609 | 98,048 | 4,005 | 2,750,150 |
| - | 1,563 | 3,906 | 40 | 26,609 | 98,048 | 4,005 | 2,752,974 |
| <u>\$ 10,450</u> | <u>\$ 568,415</u> | <u>\$ 3,906</u> | <u>\$ 40</u> | <u>\$ 30,934</u> | <u>\$ 98,048</u> | <u>\$ 4,005</u> | <u>\$ 3,396,463</u> |

City of Copperas Cove, Texas

Nonmajor Special Revenue Funds
 Combining Statement of Revenues, Expenditures,
 and Changes in fund Balances
 For the Fiscal Year Ended September 30, 2017

| | <u>Hotel/Motel Tax</u> | <u>Drainage Utility</u> | <u>Municipal Court</u> | <u>Texas Community Development Loan</u> |
|--|----------------------------|-------------------------|----------------------------|---|
| REVENUES | | | | |
| Taxes | \$ 217,330 | \$ - | \$ - | \$ - |
| Charges for services | - | 1,040,597 | - | - |
| Intergovernmental | - | - | - | - |
| Fines | - | - | 30,479 | - |
| Investment income | 33 | 5,257 | 129 | 694 |
| Miscellaneous | - | 3,543 | - | - |
| Total revenues | <u>217,363</u> | <u>1,049,397</u> | <u>30,608</u> | <u>694</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Community services | 56,697 | - | - | - |
| Highways and streets | - | 405,228 | - | - |
| Public safety | 103,280 | - | 27,819 | - |
| Capital outlay | 948 | 53,292 | - | - |
| Debt service | | | | |
| Principal retirement | - | 96,836 | 10,000 | - |
| Interest and fiscal charges | - | 4,872 | - | - |
| Total expenditures | <u>160,925</u> | <u>560,228</u> | <u>37,819</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 56,438 | 489,169 | (7,211) | 694 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | (115,360) | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>(115,360)</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | 56,438 | 373,809 | (7,211) | 694 |
| FUND BALANCES, beginning of year | <u>84,296</u> | <u>1,880,563</u> | <u>28,858</u> | <u>201,356</u> |
| FUND BALANCES, end of year | <u>\$ 140,734</u> | <u>\$ 2,254,372</u> | <u>\$ 21,647</u> | <u>\$ 202,050</u> |

| <u>Tobacco Grant</u> | <u>Homeland Security Grants</u> | <u>FEMA Grant</u> | <u>City-Wide Grants</u> | <u>Parks Improvements</u> | <u>Street Maintenance</u> | <u>Employee Benefits Trust</u> | <u>Total Nonmajor Special Revenue Funds</u> |
|----------------------|---------------------------------|-------------------|-------------------------|---------------------------|---------------------------|--------------------------------|---|
| \$ - | \$ - | \$ - | \$ - | \$ - | 98,048 | \$ - | \$ 315,378 |
| - | - | - | - | 44,458 | - | - | 1,085,055 |
| 2,053 | 951,572 | - | - | - | - | - | 953,625 |
| - | - | - | - | - | - | - | 30,479 |
| - | - | - | - | 10 | - | 615 | 6,738 |
| - | - | - | - | - | - | 3,390 | 6,933 |
| <u>2,053</u> | <u>951,572</u> | <u>-</u> | <u>-</u> | <u>44,468</u> | <u>98,048</u> | <u>4,005</u> | <u>2,398,208</u> |
| - | - | - | - | 17,859 | - | - | 74,556 |
| - | - | - | - | - | - | - | 405,228 |
| 2,053 | 85,373 | - | - | - | - | - | 218,525 |
| - | 866,613 | - | - | - | - | - | 920,853 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | 106,836 |
| - | - | - | - | - | - | - | 4,872 |
| <u>2,053</u> | <u>951,986</u> | <u>-</u> | <u>-</u> | <u>17,859</u> | <u>-</u> | <u>-</u> | <u>1,730,870</u> |
| - | (414) | - | - | 26,609 | 98,048 | 4,005 | 667,338 |
| - | - | - | - | - | - | - | (115,360) |
| - | - | - | - | - | - | - | (115,360) |
| - | (414) | - | - | 26,609 | 98,048 | 4,005 | 551,978 |
| - | 1,977 | 3,906 | 40 | - | - | - | 2,200,996 |
| <u>\$ -</u> | <u>\$ 1,563</u> | <u>\$ 3,906</u> | <u>\$ 40</u> | <u>\$ 26,609</u> | <u>\$ 98,048</u> | <u>\$ 4,005</u> | <u>\$ 2,752,974</u> |

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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.

2017 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.

2018 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, 2017

| | 2006 | 2010A | 2011 | 2011 |
|--|--------------------------|--------------------------|--|--------------------------------|
| | Limited Tax Notes | Limited Tax Notes | Revenue and Limited Tax Bonds | Capital Improvement |
| ASSETS | | | | |
| Cash and investments | \$ 45 | \$ 6,646 | \$ 43,305 | \$ 5,477 |
| Total assets | <u>\$ 45</u> | <u>\$ 6,646</u> | <u>\$ 43,305</u> | <u>\$ 5,477</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts payable | \$ - | 1,722 | \$ - | \$ - |
| Due to other funds | - | - | - | - |
| Retainage payable | - | - | - | - |
| Total liabilities | - | 1,722 | - | - |
| Fund balances | | | | |
| Restricted | 45 | 4,924 | 43,305 | 5,477 |
| Total fund balances | <u>45</u> | <u>4,924</u> | <u>43,305</u> | <u>5,477</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 45</u> | <u>\$ 6,646</u> | <u>\$ 43,305</u> | <u>\$ 5,477</u> |

| 2012 Tax Supported Tax Notes | 2012 Municipal Court Limited Tax Note | 2013 Capital Improvement | 2013 Tax Supported Tax Notes |
|---|--|---|---|
| \$ 62,832 | \$ 471 | \$ 197,763 | \$ 13,438 |
| <u>\$ 62,832</u> | <u>\$ 471</u> | <u>\$ 197,763</u> | <u>\$ 13,438</u> |
| \$ - | \$ - | \$ - | \$ - |
| - | - | - | - |
| - | - | 192,341 | - |
| - | - | 192,341 | - |
| 62,832 | 471 | 5,422 | 13,438 |
| <u>62,832</u> | <u>471</u> | <u>5,422</u> | <u>13,438</u> |
| <u>\$ 62,832</u> | <u>\$ 471</u> | <u>\$ 197,763</u> | <u>\$ 13,438</u> |

City of Copperas Cove, Texas
 Nonmajor Capital Projects Funds
 Combining Balance Sheet – Continued
 September 30, 2017

| | 2013 Public Property Finance | 2014 Tax Supported Certificates of Obligation | 2015 Tax Supported Certificates of Obligation | 2016 Tax Supported Certificates of Obligation | 2017 Tax Supported Certificates of Obligation | 2018 Tax Supported Certificates of Obligation | Total Nonmajor Capital Projects Funds |
|--|---------------------------------------|---|--|---|---|---|--|
| ASSETS | | | | | | | |
| Cash and investments | \$ 11,941 | \$ 662,840 | \$ 1,023,740 | \$ 142,146 | \$ 5,043,436 | \$ - | \$ 7,214,080 |
| Total assets | <u>\$ 11,941</u> | <u>\$ 662,840</u> | <u>\$ 1,023,740</u> | <u>\$ 142,146</u> | <u>\$ 5,043,436</u> | <u>\$ -</u> | <u>\$ 7,214,080</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ - | \$ 11,411 | \$ 16,600 | \$ 2,320 | \$ 515 | \$ 4,750 | \$ 37,318 |
| Due to other funds | - | - | - | - | - | 5,518 | 5,518 |
| Retainage payable | - | - | - | - | - | - | 192,341 |
| Total liabilities | - | 11,411 | 16,600 | 2,320 | 515 | 10,268 | 235,177 |
| Fund balances | | | | | | | |
| Restricted | 11,941 | 651,429 | 1,007,140 | 139,826 | 5,042,921 | (10,268) | 6,978,903 |
| Total fund balances | <u>11,941</u> | <u>651,429</u> | <u>1,007,140</u> | <u>139,826</u> | <u>5,042,921</u> | <u>(10,268)</u> | <u>6,978,903</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 11,941</u> | <u>\$ 662,840</u> | <u>\$ 1,023,740</u> | <u>\$ 142,146</u> | <u>\$ 5,043,436</u> | <u>\$ -</u> | <u>\$ 7,214,080</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 Fiscal Year Ended September 30, 2017

| | 2006 Limited Tax Notes | 2010A Limited Tax Notes | 2011 Revenue and Limited Tax Bonds | 2011 Capital Improvement |
|--|------------------------------|-------------------------------|---|--------------------------------|
| REVENUES | | | | |
| Investment income | \$ - | \$ 55 | \$ 299 | \$ 38 |
| Miscellaneous income | - | - | - | - |
| Total revenues | - | 55 | 299 | 38 |
| EXPENDITURES | | | | |
| Capital outlay | - | 5,289 | - | - |
| Debt service | | | | |
| Bond issuance costs | - | - | - | - |
| Total expenditures | - | 5,289 | - | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | - | (5,234) | 299 | 38 |
| OTHER FINANCING SOURCES | | | | |
| Issuance of bonds | - | - | - | - |
| Premium on bonds | - | - | - | - |
| Total other financing sources | - | - | - | - |
| NET CHANGE IN FUND BALANCES | - | (5,234) | 299 | 38 |
| FUND BALANCES, beginning of year | 45 | 10,158 | 43,006 | 5,439 |
| FUND BALANCES, end of year | <u>\$ 45</u> | <u>\$ 4,924</u> | <u>\$ 43,305</u> | <u>\$ 5,477</u> |

| 2012 Tax Supported Tax Notes | 2012 Municipal Court Limited Tax Note | 2013 Capital Improvement | 2013 Tax Supported Tax Notes |
|---|--|---|---|
| \$ 422 | \$ - | \$ 1,367 | \$ 135 |
| - | - | - | - |
| 422 | - | 1,367 | 135 |
| - | - | - | 20,072 |
| - | 392 | - | - |
| - | 392 | - | 20,072 |
| 422 | (392) | 1,367 | (19,937) |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| 422 | (392) | 1,367 | (19,937) |
| 62,410 | 863 | 4,055 | 33,375 |
| <u>\$ 62,832</u> | <u>\$ 471</u> | <u>\$ 5,422</u> | <u>\$ 13,438</u> |

City of Copperas Cove, Texas

Nonmajor Capital Projects Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Continued

For the Fiscal Year Ended September 30, 2017

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | Total Nonmajor Capital Projects Funds |
|--|-------------------------------|--|--|--|--|--|---|
| | Public Property Finance | Tax Supported Certificates of Obligation | |
| REVENUES | | | | | | | |
| Investment income | \$ 82 | \$ 1,556 | \$ 11,047 | \$ 1,607 | \$ 7,352 | \$ - | \$ 23,960 |
| Miscellaneous income | - | - | - | - | - | - | - |
| Total revenues | 82 | 1,556 | 11,047 | 1,607 | 7,352 | - | 23,960 |
| EXPENDITURES | | | | | | | |
| Capital outlay | - | 48,878 | 917,769 | 386,209 | 266,400 | 10,268 | 1,654,885 |
| Debt service | | | | | | | |
| Bond issuance costs | - | - | - | - | 54,183 | - | 54,575 |
| Total expenditures | - | 48,878 | 917,769 | 386,209 | 320,583 | 10,268 | 1,709,460 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 82 | (47,322) | (906,722) | (384,602) | (313,231) | (10,268) | (1,685,500) |
| OTHER FINANCING SOURCES | | | | | | | |
| Issuance of bonds | - | - | - | - | 5,210,000 | - | 5,210,000 |
| Premium on bonds | - | - | - | - | 146,152 | - | 146,152 |
| Total other financing sources | - | - | - | - | 5,356,152 | - | 5,356,152 |
| NET CHANGE IN FUND BALANCES | 82 | (47,322) | (906,722) | (384,602) | 5,042,921 | (10,268) | 3,670,652 |
| FUND BALANCES, beginning of year | 11,859 | 698,751 | 1,913,862 | 524,428 | - | - | 3,308,251 |
| FUND BALANCES, end of year | <u>\$ 11,941</u> | <u>\$ 651,429</u> | <u>\$ 1,007,140</u> | <u>\$ 139,826</u> | <u>\$ 5,042,921</u> | <u>\$ (10,268)</u> | <u>\$ 6,978,903</u> |

City of Copperas Cove, Texas
 General Fund
 Schedule of Revenues
 Budget and Actual (Budgetary Basis)
 For the Fiscal Year Ended September 30, 2017

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|--------------------------|--------------------|-----------------|--------------|---------------------------------|
| TAXES | | | | |
| Current ad valorem | \$ 6,563,821 | \$ 6,563,821 | \$ 6,932,286 | \$ 368,465 |
| Delinquent ad valorem | 31,500 | 31,500 | 29,618 | (1,882) |
| Penalty and interest | 34,250 | 34,250 | 36,973 | 2,723 |
| Franchise | 1,390,598 | 1,390,598 | 1,364,476 | (26,122) |
| Sales | 3,093,092 | 3,093,092 | 3,052,800 | (40,292) |
| Mixed drink | 18,000 | 18,000 | 18,472 | 472 |
| Bingo | 218,000 | 218,000 | 147,776 | (70,224) |
| Total taxes | 11,349,261 | 11,349,261 | 11,582,401 | 233,140 |
| LICENSES | | | | |
| Bicycle | 10 | 10 | 4 | (6) |
| Contractors | 31,000 | 31,000 | 36,515 | 5,515 |
| Animal | 6,000 | 6,000 | 6,687 | 687 |
| Taxi cab | 300 | 300 | - | (300) |
| Vicious/dangerous animal | 300 | 300 | 300 | - |
| Wrecker | 595 | 595 | 680 | 85 |
| Food establishment | 12,500 | 12,500 | 13,398 | 898 |
| Total licenses | 50,705 | 50,705 | 57,584 | 6,879 |
| PERMITS | | | | |
| Building | 85,000 | 85,000 | 135,269 | 50,269 |
| Street cuts | 8,000 | 8,000 | 4,341 | (3,659) |
| Electrical | 22,400 | 22,400 | 41,018 | 18,618 |
| Solicitors | 2,000 | 2,000 | 2,185 | 185 |
| Natural gas lines | 2,000 | 2,000 | 14,338 | 12,338 |
| Garage sale | 8,000 | 8,000 | 6,090 | (1,910) |
| Plumbing | 35,000 | 35,000 | 60,326 | 25,326 |
| Mechanical | 18,000 | 18,000 | 27,181 | 9,181 |
| Car wash | 500 | 500 | 270 | (230) |
| Signs | 1,500 | 1,500 | 3,450 | 1,950 |
| Swimming pools | 400 | 400 | 580 | 180 |
| Ambulance license | 5,400 | 5,400 | 6,840 | 1,440 |
| Certificate of occupancy | 4,500 | 4,500 | 2,280 | (2,220) |
| Alarms | 3,500 | 3,500 | 3,023 | (477) |
| Alcohol license | 1,500 | 1,500 | - | (1,500) |
| Food workers | 200 | 200 | 120 | (80) |
| Land disturbance | 105 | 105 | 70 | (35) |
| Other permit fees | 4,200 | 4,200 | 7,366 | 3,166 |
| Total permits | 202,205 | 202,205 | 314,747 | 112,542 |

City of Copperas Cove, Texas

General Fund

Schedule of Revenues

Budget and Actual (Budgetary Basis) – Continued

For the Fiscal Year Ended September 30, 2017

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|-------------------------------|--------------------|-----------------|-----------|---------------------------------|
| CHARGES FOR SERVICES | | | | |
| Cemetery plot sales | \$ 15,000 | \$ 15,000 | \$ 24,448 | \$ 9,448 |
| Football fees | 18,752 | 18,752 | 19,112 | 360 |
| Basketball fees | 27,410 | 27,410 | 26,792 | (618) |
| Volleyball entry fees | 7,006 | 7,006 | 4,757 | (2,249) |
| Youth baseball fees | 32,867 | 32,867 | 44,190 | 11,323 |
| Youth softball fees | 13,617 | 13,617 | 13,449 | (168) |
| Adult softball fees | 44,176 | 44,176 | 44,237 | 61 |
| Soccer registration fees | 40,849 | 40,849 | 23,335 | (17,514) |
| Special events | 9,457 | 9,457 | 1,186 | (8,271) |
| Concession sales | 10,161 | 10,161 | 7,560 | (2,601) |
| Adult dodgeball fees | 900 | 900 | 450 | (450) |
| Flag football fees | 2,500 | 2,500 | 3,914 | 1,414 |
| Recreational classes | 1,500 | 1,500 | 1,265 | (235) |
| Swimming lessons | 9,869 | 9,869 | 16,074 | 6,205 |
| Swimming pool | 45,255 | 45,255 | 54,300 | 9,045 |
| Community building rental | 28,090 | 28,090 | 19,186 | (8,904) |
| Library meeting room rental | 5,500 | 5,500 | 4,985 | (515) |
| Library miscellaneous | 14,000 | 14,000 | 13,397 | (603) |
| Animal shelter fees | 25,000 | 25,000 | 29,080 | 4,080 |
| Ambulance fees | 1,000,000 | 1,000,000 | 1,105,989 | 105,989 |
| Notary fees | 350 | 350 | 255 | (95) |
| Print/copy fees | 350 | 350 | 226 | (124) |
| Mowing/mowing liens revenue | 15,000 | 15,000 | 12,071 | (2,929) |
| Sale of city maps | - | - | - | - |
| NSF charge fees | - | - | 90 | 90 |
| Plat filing fees | 5,000 | 5,000 | 4,950 | (50) |
| RV park fees | - | - | - | - |
| Police overtime reimbursement | 1,500 | 1,500 | 4,606 | 3,106 |
| Police restitution | 500 | 500 | 1,026 | 526 |
| Festival reimbursements | 10,000 | 10,000 | 25,449 | 15,449 |
| Senior program fees | 4,000 | 4,000 | 2,164 | (1,836) |
| Open records | 400 | 400 | 129 | (271) |
| Pool rental | 5,999 | 5,999 | 3,380 | (2,619) |
| Animal identification | 6,000 | 6,000 | 6,760 | 760 |
| Re-inspection fees | 8,000 | 8,000 | 12,300 | 4,300 |
| Animal tranquilization fees | 50 | 50 | 90 | 40 |
| Street sign | 700 | 700 | - | (700) |
| Fire inspection fees | 4,800 | 4,800 | 4,345 | (455) |
| Fire testing fees | - | - | 2,570 | 2,570 |
| Rezoning request fees | 1,800 | 1,800 | 1,400 | (400) |
| Variance request fees | 2,000 | 2,000 | 2,200 | 200 |
| Other charges for services | - | - | 400 | 400 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total charges for services | 1,418,358 | 1,418,358 | 1,542,117 | 123,759 |

City of Copperas Cove, Texas

General Fund

Schedule of Revenues

Budget and Actual (Budgetary Basis) – Continued

For the Fiscal Year Ended September 30, 2017

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|-------------------------------|----------------------|----------------------|----------------------|---------------------------------|
| FINES | | | | |
| Municipal court fines | \$ 221,100 | \$ 221,100 | \$ 227,873 | \$ 6,773 |
| Traffic violations | 91,000 | 91,000 | 107,575 | 16,575 |
| Library fines | 10,000 | 10,000 | 9,605 | (395) |
| Arrest warrants | 31,000 | 31,000 | 26,426 | (4,574) |
| Child safety fund | 6,000 | 6,000 | 8,831 | 2,831 |
| State court fees | 30,500 | 30,500 | 27,518 | (2,982) |
| HB 70 fees | 7,000 | 7,000 | 8,795 | 1,795 |
| Arresting officer fees | 17,626 | 17,626 | 19,903 | 2,277 |
| Civil justice fee | 22 | 22 | 28 | 6 |
| Juvenile | 140,559 | 140,559 | 138,898 | (1,661) |
| Admin fee - defensive driving | 7,744 | 7,744 | 11,359 | 3,615 |
| Penalties - false alarm | 500 | 500 | 575 | 75 |
| Total fines | 563,051 | 563,051 | 587,386 | 24,335 |
| INVESTMENT INCOME | | | | |
| Investment income | 17,115 | 17,115 | 19,905 | 2,790 |
| Total investment income | 17,115 | 17,115 | 19,905 | 2,790 |
| MISCELLANEOUS | | | | |
| Rental | 26,700 | 26,700 | 27,135 | 435 |
| Miscellaneous | 659,060 | 659,060 | 714,245 | 55,185 |
| Total miscellaneous | 685,760 | 685,760 | 741,380 | 55,620 |
| INTERGOVERNMENTAL | | | | |
| Grants | - | - | 5,892 | 5,892 |
| Total intergovernmental | - | - | 5,892 | 5,892 |
| Totals | <u>\$ 14,286,455</u> | <u>\$ 14,286,455</u> | <u>\$ 14,851,412</u> | <u>\$ 564,957</u> |

City of Copperas Cove, Texas
 General Fund
 Schedule of Expenditures
 Budget and Actual (Budgetary Basis)
 For the Fiscal Year Ended September 30, 2017

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|------------------------------------|----------------------|----------------------|----------------------|---------------------------------|
| GENERAL GOVERNMENT | | | | |
| City council | \$ 44,951 | \$ 44,951 | \$ 19,316 | \$ 25,635 |
| City manager | 246,842 | 246,842 | 249,614 | (2,772) |
| Financial services and accounting | 788,117 | 788,117 | 694,572 | 93,545 |
| Information systems | 328,510 | 328,510 | 328,389 | 121 |
| City secretary | 136,393 | 136,393 | 122,849 | 13,544 |
| City attorney | 122,615 | 122,615 | 110,196 | 12,419 |
| Public Information | 89,935 | 89,935 | 109,317 | (19,382) |
| Personnel | 261,523 | 261,523 | 250,717 | 10,806 |
| Planning | 235,374 | 235,374 | 344,310 | (108,936) |
| Nondepartmental | 840,394 | 840,394 | 609,387 | 231,007 |
| Engineering | 64,000 | 64,000 | 66,147 | (2,147) |
| Total general government | 3,158,654 | 3,158,654 | 2,904,814 | 253,840 |
| COMMUNITY SERVICES | | | | |
| Parks and recreation | 1,384,005 | 1,384,005 | 1,380,626 | 3,379 |
| Library | 460,040 | 460,040 | 418,007 | 42,033 |
| Code and health | 168,205 | 168,205 | 154,738 | 13,467 |
| Total community services | 2,012,250 | 2,012,250 | 1,953,371 | 58,879 |
| FLEET AND FACILITY SERVICES | | | | |
| Fleet maintenance | 285,849 | 285,849 | 273,654 | 12,195 |
| Total fleet and facility services | 285,849 | 285,849 | 273,654 | 12,195 |
| HIGHWAYS AND STREETS | | | | |
| Highways and streets | 597,508 | 597,508 | 656,219 | (58,711) |
| Total highways and streets | 597,508 | 597,508 | 656,219 | (58,711) |
| PUBLIC SAFETY | | | | |
| Building inspections | 342,258 | 342,258 | 321,673 | 20,585 |
| Municipal court | 391,498 | 391,498 | 332,261 | 59,237 |
| Animal control | 244,892 | 244,892 | 217,995 | 26,897 |
| Police department | 5,522,742 | 5,522,742 | 4,973,205 | 549,537 |
| Fire/EMS department | 4,078,816 | 4,078,816 | 3,848,339 | 230,477 |
| Emergency management | 8,793 | 8,793 | 1,642 | 7,151 |
| Total public safety | 10,588,999 | 10,588,999 | 9,695,115 | 893,884 |
| Total expenditures | <u>\$ 16,643,260</u> | <u>\$ 16,643,260</u> | <u>\$ 15,483,173</u> | <u>\$ 1,160,087</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 Fiscal Year Ended September 30, 2017

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|--|----------------------------|-------------------------|-------------------|---|
| REVENUES | | | | |
| Taxes | \$ 163,331 | \$ 163,331 | \$ 217,330 | \$ 53,999 |
| Investment income | (40) | (40) | 33 | 73 |
| Total revenues | <u>163,291</u> | <u>163,291</u> | <u>217,363</u> | <u>54,072</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Community services | | | | |
| Services and charges | 65,615 | 65,615 | 51,515 | 14,100 |
| Public Safety | 127,230 | 127,230 | 103,280 | 23,950 |
| Capital outlay | | | | |
| Community services | - | - | 948 | (948) |
| Debt service | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total expenditures | <u>192,845</u> | <u>192,845</u> | <u>155,743</u> | <u>37,102</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (29,554)</u> | <u>\$ (29,554)</u> | 61,620 | <u>\$ 91,174</u> |
| FUND BALANCE, beginning of year | | | 84,296 | |
| CURRENT YEAR ENCUMBRANCES | | | - | |
| PRIOR YEAR ENCUMBRANCES | | | <u>(5,182)</u> | |
| FUND BALANCE, end of year | | | <u>\$ 140,734</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 Fiscal Year Ended September 30, 2017

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|--|----------------------------|-------------------------|---------------------|---|
| REVENUES | | | | |
| Charges for services | \$ 939,552 | \$ 948,000 | \$ 1,040,597 | \$ 92,597 |
| Investment income | 2,500 | 3,800 | 5,257 | 1,457 |
| Miscellaneous | - | - | 3,543 | 3,543 |
| Total revenues | <u>942,052</u> | <u>951,800</u> | <u>1,049,397</u> | <u>97,597</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Highways and streets | | | | |
| Personnel services | 303,026 | 299,570 | 249,920 | 49,650 |
| Supplies and materials | 30,622 | 33,627 | 16,013 | 17,614 |
| Maintenance and repairs | 23,072 | 22,459 | 16,399 | 6,060 |
| Services and charges | 54,163 | 69,645 | 80,114 | (10,469) |
| Capital outlay | | | | |
| Capital drainage projects | - | 40,000 | 37,277 | 2,724 |
| Debt service | | | | |
| Principal | 94,800 | 100,080 | 96,836 | 3,244 |
| Interest and fiscal charges | 4,872 | 2,789 | 4,872 | (2,083) |
| Total expenditures | <u>510,555</u> | <u>568,170</u> | <u>501,431</u> | <u>66,739</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 431,497 | 383,630 | 547,966 | 164,336 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sales of capital assets | 1,000 | 1,000 | - | 1,000 |
| Transfers out | (115,360) | (115,360) | (115,360) | - |
| Total other financing sources (uses) | <u>(114,360)</u> | <u>(114,360)</u> | <u>(115,360)</u> | <u>1,000</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ 317,137</u> | <u>\$ 269,270</u> | 432,606 | <u>\$ 165,336</u> |
| FUND BALANCE, beginning of year | | | 1,880,563 | |
| CURRENT YEAR ENCUMBRANCES | | | 7,307 | |
| PRIOR YEAR ENCUMBRANCES | | | <u>(66,104)</u> | |
| FUND BALANCE, end of year | | | <u>\$ 2,254,372</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 Fiscal Year Ended September 30, 2017

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|--|--------------------|-----------------|------------------|---------------------------------|
| REVENUES | | | | |
| Fines | \$ 22,758 | \$ 22,758 | \$ 30,479 | \$ 7,721 |
| Investment income | 42 | 42 | 129 | 87 |
| Total revenues | 22,800 | 22,800 | 30,608 | 7,808 |
| EXPENDITURES | | | | |
| Current | | | | |
| Public safety | | | | |
| Personnel | - | - | 23,547 | (23,547) |
| Supplies and materials | 4,490 | 4,490 | 3,139 | 1,351 |
| Maintenance and repairs | 2,860 | 2,860 | - | 2,860 |
| Services and charges | - | - | 1,133 | (1,133) |
| Debt service | | | | |
| Principal retirement | 10,000 | 10,000 | 10,000 | - |
| Total expenditures | 17,350 | 17,350 | 37,819 | (20,469) |
| NET CHANGE IN FUND BALANCE | \$ 5,450 | \$ 5,450 | (7,211) | \$ (12,661) |
| FUND BALANCE, beginning of year | | | 28,858 | |
| CURRENT YEAR ENCUMBRANCES | | | - | |
| FUND BALANCE, end of year | | | \$ 21,647 | |

City of Copperas Cove, Texas

Tobacco Grant Fund

Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2017

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|--|----------------------------|-------------------------|---------------|---|
| REVENUES | | | | |
| Intergovernmental | \$ - | \$ - | \$ 2,053 | \$ 2,053 |
| Total revenues | - | - | 2,053 | 2,053 |
| EXPENDITURES | | | | |
| Current | | | | |
| Public safety | | | | |
| Personnel services | - | - | 1,910 | (1,910) |
| Supplies and materials | - | - | 143 | (143) |
| Total expenditures | - | - | 2,053 | (2,053) |
| NET CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> |
| FUND BALANCE, beginning of year | | | - | |
| 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 Fiscal Year Ended September 30, 2017

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|--|--------------------|-----------------|-----------------|---------------------------------|
| REVENUES | | | | |
| Intergovernmental | \$ 158,750 | \$ 158,750 | \$ 951,572 | \$ 792,822 |
| Investment income | - | - | - | - |
| Total revenues | 158,750 | 158,750 | 951,572 | 792,822 |
| EXPENDITURES | | | | |
| Current | | | | |
| Public safety | | | | |
| Personnel | 40,298 | 40,298 | 35,677 | 4,621 |
| Supplies and materials | 12,000 | 12,000 | 12,387 | (387) |
| Services and charges | - | - | 37,309 | (37,309) |
| Capital outlay | | | | |
| Public safety | 100,000 | 100,000 | 866,613 | (766,613) |
| Total expenditures | 152,298 | 152,298 | 951,986 | (799,688) |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>\$ 6,452</u> | <u>\$ 6,452</u> | (414) | <u>\$ (6,866)</u> |
| FUND BALANCE, beginning of year | | | 1,977 | |
| FUND BALANCE, end of year | | | <u>\$ 1,563</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 Fiscal Year Ended September 30, 2017

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|--|---------------------|-------------------|---------------------|---------------------------------|
| REVENUES | | | | |
| Taxes | \$ 3,165,974 | \$ 3,785,911 | \$ 3,174,383 | \$ (611,528) |
| Intergovernmental | 131,000 | 132,150 | 131,000 | (1,150) |
| Investment income | 1,200 | 1,200 | 1,674 | 474 |
| Miscellaneous | - | - | 14,247 | 14,247 |
| Total revenues | 3,298,174 | 3,919,261 | 3,321,304 | (597,957) |
| EXPENDITURES | | | | |
| Debt service | | | | |
| Principal retirement | 2,562,722 | 2,562,722 | 2,480,465 | 82,257 |
| Interest and fiscal charges | 1,097,252 | 1,097,252 | 1,090,655 | 6,597 |
| Total expenditures | 3,659,974 | 3,659,974 | 3,571,120 | 88,854 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | | | | |
| | (361,800) | 259,287 | (249,816) | (509,103) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Payment to refunding escrow agent | - | - | - | - |
| Refunding bonds issued | - | - | - | - |
| Premium on bonds | - | - | 3,500 | 3,500 |
| Transfers out | - | - | (94,602) | (94,602) |
| Total other financing sources (uses) | - | - | (91,102) | (91,102) |
| NET CHANGE IN FUND BALANCE | \$ (361,800) | \$ 259,287 | \$ (340,918) | \$ (600,205) |
| FUND BALANCE, beginning of year | | | 599,303 | |
| FUND BALANCE, end of year | | | \$ 258,385 | |

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

City of Copperas Cove, Texas

Net Position by Component

Last Ten Fiscal Years

| | Fiscal Year | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2017 | 2016 | 2015 | 2014 | 2013 |
| Governmental activities: | | | | | |
| Invested in capital assets, net of related debt | \$ 12,730,095 | \$ 11,295,015 | \$ 11,141,316 | \$ 10,205,332 | \$ 9,578,570 |
| Restricted | | | | | |
| Debt service | 337,912 | 693,078 | 301,339 | 590,327 | 370,920 |
| Community services | 310,804 | 310,804 | 354,908 | 336,826 | 352,417 |
| Highways and streets | 1,879,846 | 1,897,846 | 1,867,333 | 1,505,937 | 1,338,433 |
| Public safety | 34,741 | 34,741 | 71,530 | 100,402 | 96,842 |
| Unrestricted | 2,162,124 | 1,155,070 | 668,665 | 4,647,338 | 7,007,547 |
| Total governmental activities net assets | 17,455,522 | 15,386,554 | 14,405,091 | 17,386,162 | 18,744,729 |
| Business-type activities: | | | | | |
| Invested in capital assets, net of related debt | 20,954,140 | 23,926,500 | 25,997,032 | 20,327,650 | 22,994,554 |
| Restricted | | | | | |
| Debt service | 641,398 | 641,398 | 504,099 | 511,264 | 531,573 |
| Capital projects | - | - | - | - | - |
| Unrestricted | 12,846,151 | 8,122,697 | 5,119,417 | 10,171,273 | 6,415,903 |
| Total business-type activities net assets | \$ 34,441,689 | \$ 32,690,595 | \$ 31,620,548 | \$ 31,010,187 | \$ 29,942,030 |
| Primary government: | | | | | |
| Invested in capital assets, net of related debt | \$ 33,684,235 | \$ 35,221,515 | \$ 37,138,348 | \$ 30,532,982 | \$ 32,573,124 |
| Restricted | | | | | |
| Debt service | 979,310 | 1,334,476 | 805,438 | 1,101,591 | 902,493 |
| Community services | 310,804 | 310,804 | 354,908 | 336,826 | 352,417 |
| Highways and streets | 1,879,846 | 1,879,846 | 1,867,333 | 1,505,937 | 1,338,433 |
| Public safety | 34,741 | 34,741 | 71,530 | 100,402 | 96,842 |
| Unrestricted | 15,008,275 | 9,277,767 | 5,788,082 | 14,818,611 | 13,423,450 |
| Total primary government net assets | \$ 51,897,211 | \$ 48,059,149 | \$ 46,025,639 | \$ 48,396,349 | \$ 48,686,759 |

Table 1

| Fiscal Year | | | | |
|---------------------|---------------------|---------------------|---------------------|---------------------|
| 2012 | 2011 | 2010 | 2009 | 2008 |
| \$ 8,858,742 | \$ 8,931,762 | \$18,043,868 | \$11,374,872 | \$15,403,434 |
| 2,052,717 | 2,241,325 | 478,387 | 424,487 | 366,564 |
| 328,857 | 339,794 | 311,224 | 5,387,776 | 342,815 |
| 1,336,771 | 1,296,342 | 1,086,970 | - | - |
| 82,251 | 82,854 | 135,760 | - | - |
| 7,020,001 | 7,861,051 | 5,517,904 | 7,276,161 | 7,088,728 |
| <u>19,679,339</u> | <u>20,753,128</u> | <u>25,574,113</u> | <u>24,463,296</u> | <u>23,201,541</u> |
| 22,080,586 | 22,369,970 | 22,596,745 | 25,553,411 | 23,052,050 |
| 522,756 | 512,401 | 772,228 | 1,075,085 | 378,138 |
| - | - | - | - | 523,457 |
| 6,091,602 | 5,109,801 | 4,743,078 | 1,995,872 | 3,415,881 |
| <u>\$28,694,944</u> | <u>\$27,992,172</u> | <u>\$28,112,051</u> | <u>\$28,624,368</u> | <u>\$27,369,526</u> |
| \$30,939,328 | \$31,301,732 | \$40,640,613 | \$36,928,283 | \$38,455,484 |
| 2,575,473 | 2,753,726 | 1,250,615 | 1,499,572 | 744,702 |
| 328,857 | 339,794 | 311,224 | 5,387,776 | 866,272 |
| 1,336,771 | 1,296,342 | 1,086,970 | - | - |
| 82,251 | 82,854 | 135,760 | - | - |
| 13,111,603 | 12,970,852 | 10,260,982 | 9,272,033 | 10,504,609 |
| <u>\$48,374,283</u> | <u>\$48,745,300</u> | <u>\$53,686,164</u> | <u>\$53,087,664</u> | <u>\$50,571,067</u> |

City of Copperas Cove, Texas

Changes in Net Position

Last Ten Fiscal Years

| | Fiscal Year | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2017 | 2016 | 2015 | 2014 | 2013 |
| EXPENSES | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 3,433,034 | \$ 3,140,253 | \$ 3,535,829 | \$ 3,293,107 | \$ 2,763,344 |
| Community services | 2,275,747 | 2,154,671 | 3,214,351 | 2,074,947 | 1,991,851 |
| Fleet and facility maintenance | 312,799 | 295,982 | 456,308 | 266,975 | 260,234 |
| Highways and streets | 1,671,135 | 1,669,455 | 1,434,484 | 1,592,976 | 1,493,706 |
| Public safety | 11,662,529 | 11,075,796 | 9,162,709 | 10,177,406 | 10,215,865 |
| Interest on long-term debt | 620,377 | 628,810 | 1,054,111 | 1,972,914 | 2,345,029 |
| Total governmental activities expenses | <u>19,975,621</u> | <u>18,964,967</u> | <u>18,857,792</u> | <u>19,378,325</u> | <u>19,070,029</u> |
| Business-type activities: | | | | | |
| Water and sewer | 9,400,345 | 8,811,109 | 9,221,685 | 8,708,517 | 8,675,269 |
| Solid waste | 3,141,524 | 3,470,827 | 3,041,437 | 2,905,397 | 3,149,394 |
| Golf course | 359,491 | 611,534 | 565,774 | 546,309 | 609,842 |
| Total business-type activities expenses | <u>12,901,360</u> | <u>12,893,470</u> | <u>12,828,896</u> | <u>12,160,223</u> | <u>12,434,505</u> |
| Total primary government expenses | <u>32,876,981</u> | <u>31,858,437</u> | <u>31,686,688</u> | <u>31,538,548</u> | <u>31,504,534</u> |
| PROGRAM REVENUES | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| General government | 1,628,374 | 300,308 | 354,870 | 334,382 | 283,509 |
| Community services | 44,458 | 367,740 | 1,136,980 | 1,112,802 | 1,119,533 |
| Highways and streets | 1,040,597 | 886,844 | 930,020 | 931,748 | 900,308 |
| Public safety | 1,028,910 | 1,467,624 | 809,487 | 692,758 | 669,343 |
| Operating grants and contributions | 1,094,061 | 289,597 | 571,277 | 376,813 | 460,352 |
| Capital grants and contributions | - | - | 3,500 | 2,776 | 863 |
| Total governmental activities program revenues | <u>4,836,400</u> | <u>3,312,113</u> | <u>3,806,134</u> | <u>3,451,279</u> | <u>3,433,908</u> |
| Business-type activities: | | | | | |
| Charges for services: | | | | | |
| Water and sewer | 11,170,415 | 10,701,271 | 11,095,431 | 10,421,191 | 10,706,431 |
| Solid waste | 4,311,325 | 4,127,047 | 3,993,003 | 3,874,212 | 3,561,759 |
| Golf course | 294,604 | 284,718 | 323,330 | 331,204 | 370,934 |
| Capital grants and contributions | - | - | - | - | 19,145 |
| Total business-type activities program revenues | <u>15,776,344</u> | <u>15,113,036</u> | <u>15,411,764</u> | <u>14,626,607</u> | <u>14,658,269</u> |
| Total primary government program revenues | <u>\$ 20,612,744</u> | <u>\$ 18,425,149</u> | <u>\$ 19,217,898</u> | <u>\$ 18,077,886</u> | <u>\$ 18,092,177</u> |

Table 2

| | Fiscal Year | | | | |
|----|-------------------|----------------------|----------------------|----------------------|----------------------|
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| \$ | 2,546,927 | \$ 2,875,722 | \$ 2,623,640 | \$ 3,034,581 | \$ 2,175,856 |
| | 2,244,461 | 2,438,256 | 2,373,405 | 2,289,134 | 2,344,074 |
| | 221,682 | 279,016 | 364,763 | 354,495 | 414,669 |
| | 1,271,079 | 46,924,619 | 1,404,332 | 1,178,405 | 1,598,678 |
| | 10,124,360 | 10,026,320 | 9,586,380 | 9,165,778 | 8,893,527 |
| | 2,464,443 | 2,070,699 | 948,569 | 765,655 | 679,576 |
| | <u>18,872,952</u> | <u>64,614,632</u> | <u>17,301,089</u> | <u>16,788,048</u> | <u>16,106,380</u> |
| | 8,435,752 | 9,409,881 | 8,867,419 | 8,380,368 | 8,095,813 |
| | 2,776,066 | 2,608,915 | 2,397,273 | 2,329,168 | 2,435,324 |
| | 580,689 | 573,612 | 579,846 | 741,818 | 789,415 |
| | <u>11,792,507</u> | <u>12,592,408</u> | <u>11,844,538</u> | <u>11,451,354</u> | <u>11,320,552</u> |
| | <u>30,665,459</u> | <u>77,207,040</u> | <u>29,145,627</u> | <u>28,239,402</u> | <u>27,426,932</u> |
| | 327,064 | 352,865 | 254,356 | 318,728 | 253,864 |
| | 1,175,746 | 1,016,328 | 970,855 | 1,018,263 | 1,315,084 |
| | 891,366 | 832,234 | 865,236 | 865,821 | 861,909 |
| | 926,953 | 574,554 | 928,159 | 994,799 | 2,299,739 |
| | 289,311 | 42,807,297 | 314,701 | 299,511 | 821,392 |
| | 139,528 | 169,298 | 709,919 | 507,970 | 1,805,607 |
| | <u>3,749,968</u> | <u>45,752,576</u> | <u>4,043,226</u> | <u>4,005,092</u> | <u>7,357,595</u> |
| | 9,756,792 | 9,933,243 | 9,057,365 | 8,782,371 | 8,901,647 |
| | 2,983,601 | 3,099,602 | 3,094,402 | 2,991,428 | 3,023,495 |
| | 421,911 | 385,799 | 439,810 | 530,908 | 674,696 |
| | 3,422 | - | - | - | 1,345,220 |
| | <u>13,165,726</u> | <u>13,418,644</u> | <u>12,591,577</u> | <u>12,304,707</u> | <u>13,945,058</u> |
| \$ | <u>16,915,694</u> | <u>\$ 59,171,220</u> | <u>\$ 16,634,803</u> | <u>\$ 16,309,799</u> | <u>\$ 21,302,653</u> |

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

| | Fiscal Year | | | | |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2017 | 2016 | 2015 | 2014 | 2013 |
| NET (EXPENSE) REVENUES | | | | | |
| Governmental activities | \$ (15,139,221) | \$ (15,652,854) | \$ (15,927,046) | \$ (15,927,046) | \$ (15,636,121) |
| Business-type activities | 2,874,984 | 2,219,566 | 2,466,384 | 2,466,384 | 2,223,764 |
| Total primary government net expense | <u>(12,264,237)</u> | <u>(13,433,288)</u> | <u>(13,460,662)</u> | <u>(13,460,662)</u> | <u>(13,412,357)</u> |
| GENERAL REVENUES AND OTHER | | | | | |
| CHANGES IN NET POSITION | | | | | |
| Governmental activities: | | | | | |
| Ad valorem taxes | 10,117,814 | 9,967,981 | 9,742,586 | 9,430,398 | 8,994,705 |
| Sales taxes | 3,150,848 | 2,842,678 | 2,848,964 | 2,771,359 | 2,712,277 |
| Franchise taxes | 1,292,338 | 1,258,920 | 1,375,791 | 1,359,461 | 1,361,973 |
| Other taxes | 511,161 | 443,966 | 406,468 | 410,158 | 357,225 |
| Unrestricted investment earnings | 36,107 | 37,671 | 101,631 | 42,537 | 67,321 |
| Miscellaneous | 794,219 | 792,655 | 267,602 | 177,552 | 162,006 |
| Transfers | 1,323,702 | 1,272,446 | 1,157,733 | 1,137,835 | 1,046,004 |
| Total governmental activities | <u>17,226,189</u> | <u>16,616,317</u> | <u>15,900,775</u> | <u>15,329,300</u> | <u>14,701,511</u> |
| Business-type activities: | | | | | |
| Unrestricted investment earnings | 79,591 | 57,383 | 37,684 | 33,707 | 19,806 |
| Loss on sale of capital assets | - | - | - | - | - |
| Transfers | (1,321,858) | (1,272,446) | (1,157,733) | (1,137,835) | (1,046,004) |
| Miscellaneous | 118,377 | 65,543 | 128,586 | 22,764 | 49,520 |
| Total business-type activities | <u>(1,123,890)</u> | <u>(1,149,520)</u> | <u>(991,463)</u> | <u>(1,081,364)</u> | <u>(976,678)</u> |
| Total primary government | <u>16,102,299</u> | <u>15,466,797</u> | <u>14,909,312</u> | <u>14,247,936</u> | <u>13,724,833</u> |
| CHANGE IN NET POSITION | | | | | |
| Governmental activities | 2,086,968 | 963,463 | 849,117 | (597,746) | (934,610) |
| Business-type activities | 1,751,094 | 1,070,046 | 1,591,405 | 1,385,020 | 1,247,086 |
| Total primary government | <u>\$ 3,838,062</u> | <u>\$ 2,033,509</u> | <u>\$ 2,440,522</u> | <u>\$ 787,274</u> | <u>\$ 312,476</u> |

Table 2

| Fiscal Year | | | | |
|-----------------|-----------------|-----------------|-----------------|----------------|
| 2012 | 2011 | 2010 | 2009 | 2008 |
| \$ (15,122,984) | \$ (18,862,056) | \$ (13,257,863) | \$ (12,782,956) | \$ (8,748,785) |
| 1,373,219 | 826,236 | 747,039 | 853,353 | 2,624,506 |
| (13,749,765) | (18,035,820) | (12,510,824) | (11,929,603) | (6,124,279) |
| 8,873,472 | 8,590,003 | 8,570,742 | 8,468,730 | 7,717,778 |
| 2,585,231 | 2,427,417 | 2,479,925 | 2,309,693 | 2,582,748 |
| 1,361,161 | 1,315,430 | 1,318,570 | 1,321,777 | 1,246,655 |
| 352,523 | 410,235 | 428,840 | 362,779 | 103,775 |
| 17,072 | 16,923 | 48,967 | 143,829 | 489,974 |
| 176,736 | 319,754 | 245,860 | 344,326 | - |
| 683,000 | 961,309 | 1,275,776 | 1,049,271 | 1,065,087 |
| 14,049,195 | 14,041,071 | 14,368,680 | 14,000,405 | 13,206,017 |
| 12,553 | 15,194 | 16,420 | 60,154 | 260,206 |
| - | - | - | - | - |
| (683,000) | (961,309) | (1,275,776) | (1,049,271) | (1,065,087) |
| - | - | - | - | - |
| (670,447) | (946,115) | (1,259,356) | (989,117) | (804,881) |
| 13,378,748 | 13,094,956 | 13,109,324 | 13,011,288 | 12,401,136 |
| (1,073,789) | (4,820,985) | 1,110,817 | 1,217,449 | 4,457,232 |
| 702,772 | (119,879) | (512,317) | (135,764) | 1,819,625 |
| \$ (371,017) | \$ (4,940,864) | \$ 598,500 | \$ 1,081,685 | \$ 6,276,857 |

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

| Calendar Year | Property | Sales | Franchise | Bingo | Mixed Beverage | Totals |
|------------------|---------------|--------------|--------------|------------|-------------------|---------------|
| 2017 | \$ 10,173,259 | \$ 3,052,800 | \$ 1,364,477 | \$ 147,776 | \$ 18,472 | \$ 14,756,784 |
| 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 |

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 | | | | |
|---|---------------------|---------------------|---------------------|----------------------|----------------------|
| | 2017 | 2016 | 2015 | 2014 | 2013 |
| General fund | | | | | |
| Reserved | | | | | |
| Encumbrances | \$ - | \$ - | \$ - | \$ - | \$ - |
| Inventory and prepaid items | - | - | - | - | - |
| Unreserved | | | | | |
| Designated for contingencies | - | - | - | - | - |
| Unreserved, undesignated | - | - | - | - | - |
| Nonspendable | 83,943 | 90,108 | 160,707 | 198,696 | 80,932 |
| Restricted | 26,094 | 26,084 | 9,457 | 9,452 | 9,446 |
| Assigned | 50,393 | 50,362 | 50,326 | 50,293 | 50,260 |
| Unassigned | 7,223,706 | 6,318,661 | 6,152,451 | 5,582,265 | 6,116,257 |
| Total general fund | \$ 7,384,136 | \$ 6,485,215 | \$ 6,372,941 | \$ 5,840,706 | \$ 6,256,895 |
| 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 | 2,749 | 1,689 | 2,970 | - | - |
| Restricted | 9,987,513 | 6,106,861 | 7,775,142 | 21,665,093 | 24,548,350 |
| Unassigned | - | - | - | - | (3,072) |
| Total all other governmental funds | \$ 9,990,262 | \$ 6,108,550 | \$ 7,778,112 | \$ 21,665,093 | \$ 24,545,278 |

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

Table 4

| | | Fiscal Year | | | | |
|----|----------------------|--------------------|--------------------|--------------------|----------------------|--|
| | 2012 | 2011 | 2010 | 2009 | 2008 | |
| \$ | - | \$ - | \$ 97,009 | \$ 147,926 | \$ 439,561 | |
| | - | - | 75,642 | 75,462 | 73,708 | |
| | - | - | - | 1,000,000 | 1,000,000 | |
| | - | - | 5,389,639 | 3,982,944 | 3,678,639 | |
| | 88,819 | 71,983 | - | - | - | |
| | 9,430 | 22,680 | - | - | - | |
| | 78,208 | 136,710 | - | - | - | |
| | 5,684,953 | 5,362,117 | - | - | - | |
| | <u>\$ 5,861,410</u> | <u>\$5,593,490</u> | <u>\$5,562,290</u> | <u>\$5,206,332</u> | <u>\$ 5,191,908</u> | |
| \$ | - | \$ - | \$ 438,056 | \$ 424,487 | \$ 366,564 | |
| | - | - | - | - | 5,515,872 | |
| | - | - | 543,181 | 64,805 | 729,673 | |
| | - | - | - | 94 | 2,510 | |
| | - | - | 115,499 | 127,799 | - | |
| | - | - | 1,538,631 | 1,893,415 | 1,110,626 | |
| | - | - | 2,214,095 | 5,387,776 | 8,078,317 | |
| | 110,535 | 123,779 | - | - | - | |
| | 15,918,697 | 5,188,837 | - | - | - | |
| | (1,228) | - | - | - | - | |
| | <u>\$ 16,028,004</u> | <u>\$5,312,616</u> | <u>\$4,849,462</u> | <u>\$7,898,376</u> | <u>\$ 15,803,562</u> | |

City of Copperas Cove, Texas

Changes in Fund Balances

Governmental Funds

Last Ten Fiscal Years

| | Fiscal Year | | | | |
|--|---------------|---------------|---------------|---------------|---------------|
| | 2017 | 2016 | 2015 | 2014 | 2013 |
| REVENUES | | | | | |
| Taxes | \$ 15,072,161 | \$ 14,494,115 | \$ 14,453,638 | \$ 13,971,324 | \$ 13,435,777 |
| Charges for services | 2,627,172 | 2,291,612 | 2,124,167 | 2,121,414 | 2,148,310 |
| Intergovernmental | 1,094,061 | 289,598 | 554,192 | 13,058,288 | 17,367,931 |
| Fines | 617,865 | 24,686 | 576,127 | 599,894 | 672,774 |
| Licenses | 57,584 | 563,503 | 54,318 | 57,227 | 46,463 |
| Permits | 314,747 | 220,944 | 226,239 | 191,939 | 151,749 |
| Investment income | 52,280 | 37,671 | 101,631 | 42,537 | 67,321 |
| Miscellaneous | 757,453 | 791,825 | 387,802 | 294,332 | 259,712 |
| Total revenues | 20,593,323 | 18,713,954 | 18,478,114 | 30,336,955 | 34,150,037 |
| EXPENDITURES | | | | | |
| General government | 2,883,816 | 2,688,783 | 2,579,037 | 2,717,470 | 2,410,130 |
| Community services | 2,043,861 | 1,925,123 | 1,806,197 | 1,909,766 | 1,793,492 |
| Fleet and facility services | 291,882 | 276,534 | 272,903 | 267,510 | 255,839 |
| Highways and streets | 1,057,535 | 1,087,396 | 892,160 | 1,203,029 | 1,082,538 |
| Public safety | 9,948,933 | 9,482,135 | 9,099,534 | 9,224,214 | 9,150,282 |
| Capital outlay | 2,618,476 | 2,736,891 | 4,942,783 | 1,985,294 | 2,980,169 |
| Debt service | | | | | |
| Principal retirement | 2,587,301 | 2,909,440 | 15,025,105 | 17,640,925 | 13,230,808 |
| Interest and fiscal charges | 1,150,382 | 1,092,372 | 1,637,462 | 2,425,620 | 2,835,690 |
| Bond issuance costs | | 62,513 | 34,395 | 71,713 | 122,253 |
| Total expenditures | 22,582,186 | 22,261,187 | 36,289,576 | 37,445,541 | 33,861,201 |
| EXCESS OF REVENUES OVER (UNDER) | | | | | |
| EXPENDITURES | (1,988,863) | (3,547,233) | (17,811,462) | (7,108,586) | 288,836 |

Table 5

| Fiscal Year | | | | |
|-------------------|---------------------|---------------------|---------------------|---------------------|
| 2012 | 2011 | 2010 | 2009 | 2008 |
| \$ 13,164,642 | \$ 12,762,118 | \$ 12,756,287 | \$ 12,472,480 | \$ 11,636,499 |
| 2,168,844 | 1,920,904 | 1,935,879 | 1,976,286 | 1,957,335 |
| 13,089,316 | 635,435 | 991,057 | 573,215 | 728,358 |
| 730,528 | 617,983 | 851,855 | 923,735 | 800,841 |
| 50,262 | 48,403 | 50,438 | 51,347 | 38,848 |
| 186,774 | 161,296 | 209,272 | 143,658 | 181,354 |
| 17,072 | 16,923 | 48,967 | 143,829 | 489,974 |
| 333,849 | 522,760 | 367,572 | 472,538 | 419,113 |
| <u>29,741,287</u> | <u>16,685,822</u> | <u>17,211,327</u> | <u>16,757,088</u> | <u>16,252,322</u> |
| 2,295,603 | 2,571,032 | 2,340,206 | 2,739,976 | 2,054,435 |
| 2,035,401 | 2,207,167 | 2,193,410 | 2,103,284 | 1,884,340 |
| 216,223 | 269,820 | 360,257 | 347,946 | 400,647 |
| 813,253 | 46,453,663 | 959,247 | 815,197 | 986,425 |
| 9,102,313 | 8,933,461 | 8,962,367 | 8,559,414 | 8,274,073 |
| 1,734,555 | 1,976,709 | 5,610,024 | 10,031,225 | 4,418,877 |
| 2,826,748 | 1,595,508 | 1,428,939 | 1,277,501 | 873,731 |
| 2,837,194 | 1,783,514 | 915,609 | 729,758 | 666,848 |
| 32,328 | 670,233 | - | 91,072 | - |
| <u>21,893,618</u> | <u>66,461,107</u> | <u>22,770,059</u> | <u>26,695,373</u> | <u>19,559,376</u> |
| <u>7,847,669</u> | <u>(49,775,285)</u> | <u>(5,558,732)</u> | <u>(9,938,285)</u> | <u>(3,307,054)</u> |

City of Copperas Cove, Texas

Changes in Fund Balances – Continued

Governmental Funds

Last Ten Fiscal Years

| | Fiscal Year | | | | |
|--|---------------------|-----------------------|------------------------|-----------------------|---------------------|
| | 2017 | 2016 | 2015 | 2014 | 2013 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Issuance of capital leases | \$ - | \$ - | \$ - | \$ - | \$ - |
| Issuance of bonds | 5,210,000 | 5,030,000 | 3,055,000 | 2,951,036 | 7,545,000 |
| Premium on bonds | 149,652 | 489,595 | 109,694 | 51,928 | 10,781 |
| Payment to refunded bond escrow agent | - | (4,802,926) | - | - | - |
| Sale of capital assets | 17,654 | 8,914 | 57,990 | 64,111 | 8,741 |
| Insurance recoveries | 68,488 | 21,916 | 26,299 | 18,338 | 13,397 |
| Transfers in | 1,533,384 | 1,475,000 | 1,404,000 | 1,358,000 | 1,260,978 |
| Transfers out | (209,682) | (202,554) | (196,267) | (220,165) | (214,974) |
| Total other financing sources (uses) | <u>6,769,496</u> | <u>2,019,945</u> | <u>4,456,716</u> | <u>4,223,248</u> | <u>8,623,923</u> |
| NET CHANGE IN FUND BALANCES | <u>\$ 4,780,633</u> | <u>\$ (1,527,288)</u> | <u>\$ (13,354,746)</u> | <u>\$ (2,885,338)</u> | <u>\$ 8,912,759</u> |
| DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES | <u>18.7%</u> | <u>20.8%</u> | <u>53.3%</u> | <u>56.8%</u> | <u>52.4%</u> |

Table 5

| Fiscal Year | | | | |
|---------------------|-------------------|-----------------------|-----------------------|---------------------|
| 2012 | 2011 | 2010 | 2009 | 2008 |
| \$ - | \$ - | \$ - | \$ 50,612 | \$ 50,823 |
| 1,962,000 | 48,360,540 | 1,590,000 | 6,895,000 | 1,612,673 |
| 52,821 | 3,401,878 | | | |
| - | (2,454,088) | | | |
| 14,104 | - | - | - | - |
| 8,714 | - | | | |
| 1,374,156 | 1,538,349 | 1,938,505 | 1,386,352 | 1,571,164 |
| (276,156) | (577,040) | (662,729) | (337,081) | (506,077) |
| <u>3,135,639</u> | <u>50,269,639</u> | <u>2,865,776</u> | <u>7,994,883</u> | <u>2,728,583</u> |
| <u>\$10,983,308</u> | <u>\$ 494,354</u> | <u>\$ (2,692,956)</u> | <u>\$ (1,943,402)</u> | <u>\$ (578,471)</u> |
| <u>28.3%</u> | <u>6.3%</u> | <u>13.7%</u> | <u>12.6%</u> | <u>10.18%</u> |

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Revenue Capacity Information

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 | | | | | |
| 2017 | 2016 | \$ 718,266,061 | \$ 721,532,708 | \$ 75,013,914 | \$ 191,550 | \$ 215,618,376 | \$ 106,628,274 | \$ 1,192,757,583 | 0.7979 | \$ 1,192,757,583 |
| 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 | 0.760 | 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 | 0.760 | 1,136,914,737 |
| 2009 | 2008 | 867,633,248 | 204,100,078 | 66,011,498 | 115,920 | 102,803,530 | - | 1,035,057,214 | 0.740 | 1,138,536,871 |
| 2008 | 2007 | 785,140,036 | 159,987,484 | 62,029,470 | 90,590 | 87,723,750 | - | 919,523,830 | 0.740 | 1,035,057,214 |

* 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 | | | | | |
| 2017 | 2016 | \$ 0.549 | \$ 0.249 | \$ 0.798 | \$ 0.545 | \$ 1.220 | \$ 0.140 | \$ 0.010 | \$ 2.713 |
| 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 |

* 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

| | | 2017 | |
|---------------------------------------|------------------|-------------------------|---|
| Taxpayer | Type of Business | Taxable Assessed Value | Percentage of Total City Taxable Assessed Value |
| Wal-Mart Real Estate | Developer | \$ 13,471,170 | 1.14% |
| Oncor Electric Delivery Co. (FKA TXU) | Electric utility | 13,045,230 | 1.10% |
| Wal-Mart Properties Stores East | Developer | 6,533,610 | 0.55% |
| HEB Grocery CO | Retailer | 6,164,340 | 0.52% |
| Colonial Plaza Partnership | Retailer | 6,062,490 | 0.51% |
| Cove Terrace Associates, Ltd. | Retailer | 5,890,340 | 0.50% |
| Cinergy Cinemas LP | Movie Theater | 5,216,620 | 0.44% |
| Yervy Five Fills I LLC ETAL | Developer | 4,974,010 | 0.42% |
| Town Square Copperas Cove LLC | Retailer | 4,655,515 | 0.39% |
| Naman Hospital INC | Hospitality | 3,750,000 | 0.32% |
| Subtotal | | 69,763,325 | 5.89% |
| All other taxpayers | | 1,115,148,761 | 94.11% |
| Total | | \$ 1,184,912,086 | 100.00% |

| | | 2008 | |
|---------------------------------------|-------------------|------------------------|---|
| Taxpayer | Type of Business | Taxable Assessed Value | Percentage of Total City Taxable Assessed Value |
| Walmart Real Estate | Developer | \$ 10,901,740 | 1.19% |
| Oncor Electric Delivery Co. (FKA TXU) | Electric Utility | 10,021,700 | 1.09% |
| Wal-Mart Properties | Developer | 8,065,690 | 0.88% |
| Cove Terrace Associates LTD | Developer | 7,149,990 | 0.78% |
| Central Telephone Company of Texas | Telephone Utility | 6,897,880 | 0.75% |
| Colonial Plaza Partnership | Retailer | 6,276,530 | 0.68% |
| Naman Hospitality Inc. | Hospitality | 5,543,970 | 0.60% |
| Crosstowne LTD | Retailer | 5,125,634 | 0.56% |
| HEB Grocery Store | Retailer | 4,575,200 | 0.50% |
| Judy Lane Properties | Developer | 3,797,250 | 0.41% |
| Subtotal | | 68,355,584 | 7.43% |
| All other taxpayers | | 851,429,447 | 92.57% |
| Total | | \$ 919,785,031 | 100.00% |

Source: Coryell County Appraisal District, Gatesville, Texas

2008 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 | | |
| 2017 | 2016 | \$ 10,199,277 | \$ 10,070,044 | 98.7% | \$ - | \$ 10,117,280 | 99.2% | \$ 129,233 | 1.3% |
| 2016 | 2015 | 9,969,371 | 9,813,412 | 98.4% | 157,773 | 9,971,185 | 100.0% | (1,814) | 0.0% |
| 2015 | 2014 | 9,853,284 | 9,727,297 | 98.7% | 110,251 | 9,837,548 | 99.8% | 15,736 | 0.2% |
| 2014 | 2013 | 9,356,141 | 9,288,597 | 99.3% | 56,841 | 9,345,438 | 99.9% | 10,703 | 0.1% |
| 2013 | 2012 | 8,945,954 | 8,873,218 | 99.2% | 59,050 | 8,932,268 | 99.8% | 13,686 | 0.2% |
| 2012 | 2011 | 8,825,688 | 8,737,130 | 99.0% | 75,796 | 8,812,926 | 99.9% | 12,762 | 0.1% |
| 2011 | 2010 | 8,582,640 | 8,496,718 | 99.0% | 76,255 | 8,572,973 | 99.9% | 9,667 | 0.1% |
| 2010 | 2009 | 8,525,125 | 8,388,219 | 98.4% | 127,632 | 8,515,851 | 99.9% | 9,274 | 0.1% |
| 2009 | 2008 | 8,425,173 | 8,323,643 | 98.8% | 90,813 | 8,414,456 | 99.9% | 10,717 | 0.1% |
| 2008 | 2007 | 7,659,423 | 7,552,143 | 98.6% | 90,857 | 7,643,000 | 99.8% | 16,423 | 0.2% |

Source: City of Copperas Cove Finance Department

City of Copperas Cove, Texas

Adopted Tax Rates

Last Ten Fiscal Years

Table 10

| <u>Fiscal Year</u> | <u>Tax Year</u> | <u>Total Assessed Valuation</u> | <u>Assessment Rate</u> | <u>Gross Tax Rate</u> |
|--------------------|-----------------|---------------------------------|------------------------|-----------------------|
| 2017 | 2016 | \$ 1,184,912,086 | 100.00% | 0.79791 |
| 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 |

Source: City of Copperas Cove Budget Department

City of Copperas Cove, Texas

Property Value, Construction, and Bank Deposits
Last Ten Fiscal Years

Table 11

| Fiscal Year | Tax Year | Estimated Actual Property Value ¹ | Value of Construction Permits Issued ² | Bank Deposits ³ |
|-------------|----------|--|---|----------------------------|
| 2017 | 2016 | \$ 1,184,912,086 | \$ 32,677,112 | \$ 243,224,000 |
| 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 |

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>

City of Copperas Cove, Texas

Table 12

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 230 miles of water mains.

Inside the City Limits

| Meter Size | Monthly Flow Minimum Fee | Customer Type | Rate/1,000gal |
|--------------|-----------------------------|---------------|---------------|
| 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 | | |
| 29,988 | 2,181 | 28.1 | 7,315 |
| 29,988 | 1,992 | 28.1 | 7,340 |
| 29,988 | 1,758 | 27.1 | 7,444 |
| 29,988 | 1,649 | 28.0 | 7,592 |
| 29,592 | 1,528 | 28.0 | 7,414 |
| 29,592 | 1,419 | N/A* | 7,242 |

Outside the City Limits

| Meter Size | Monthly Flow Minimum Fee | Customer Type | Rate/1,000gal |
|--------------|-----------------------------|---------------|---------------|
| 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

| Customer | 2017 Gallons Billed |
|-------------------------------|---------------------------|
| Central Texas College | 57,249,000 |
| CCISD | 20,932,484 |
| Topsey Water District | 18,829,639 |
| Cedar Grove Mobile Home Park | 6,444,219 |
| HEB | 4,057,801 |
| Willow Creek Apartments | 4,045,643 |
| Clear Creek Meadow Apartments | 3,804,989 |
| Wells Laundry | 3,506,470 |
| Big Creek Construction LTD | 3,111,600 |
| Mister Car Wash | 3,100,721 |
| Total | 125,082,566 |

| Customer | 2008 Gallons Billed |
|-------------------------------|---------------------------|
| Central Texas College | 40,264,300 |
| Topsey Water District | 13,109,500 |
| Topsey Water District | 9,500,400 |
| Cedar Grove Mobile Home Park | 7,883,000 |
| Cedar Grove Mobile Home Park | 5,802,000 |
| CCISD / High Scholl | 5,106,200 |
| Cedar Creek Meadow Apartments | 4,553,500 |
| CCISD / High Scholl | 4,281,100 |
| Wells Laundry | 4,119,300 |
| CCISD / S.C. Lee Jr. High | 4,017,900 |
| Total | 98,637,200 |

Source: Finance Department, City of Copperas Cove

City of Copperas Cove, Texas

Table 14

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 15 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

| Customer | 2017 Gallons Billed |
|-------------------------------|---------------------------|
| CCISD | 13,524,504 |
| HEB | 4,057,801 |
| Willow Creek Apartments | 4,045,643 |
| Cedar Grove Mobil Home Park | 3,736,698 |
| Wells Laundry | 3,506,470 |
| Mister Car Wash | 3,100,721 |
| Clear Creek Meadow Apartments | 2,718,237 |
| Mycmar, LLC Cactus Inn | 1,811,430 |
| Constitution Court LTD | 1,629,091 |
| Five Hills Apartments | 1,482,200 |
| Total | 39,612,795 |

| Customer | 2008 Gallons Billed |
|------------------------------|---------------------------|
| Cedar Grove Mobile Home Park | 7,883,000 |
| Cedar Grove Mobile Home Park | 5,802,000 |
| Wells Laundry | 4,119,300 |
| Five Hills Apartments | 3,813,800 |
| Hill Country Rehab & Nursing | 3,505,500 |
| Willow Creek Apartments | 3,429,100 |
| Wal Mart Stores Inc. | 2,988,100 |
| Christian House of Prayer | 2,712,600 |
| Housing Authority | 2,688,500 |
| Mickey's Grocery #16 | 2,577,800 |
| Total | 39,519,700 |

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 | | | | | | Coverage |
|-------------|------------------------------------|---------------------------|--|--------------|--------------|--------------|----------|
| | Gross Revenue | Less: Operating Expenses* | Net Revenue Available for Debt Service | Debt Service | | Total | |
| | | | | Principal | Interest | | |
| 2017 | \$ 11,147,706 | \$ 9,587,200 | \$ 1,560,506 | \$ 2,260,102 | \$ 1,082,917 | \$ 3,343,019 | 0.47 |
| 2016 | 10,823,154 | 5,960,408 | 4,862,746 | 2,693,256 | 1,104,934 | 3,798,190 | 1.28 |
| 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 |

* Total operating expense less depreciation

Source: Finance Department, City of Copperas Cove



Debt Capacity Information

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City of Copperas Cove, Texas

Table 17

Direct Overlapping and Governmental Activities Debt
As of September 30, 2017

| 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 | \$ 15,034,995 * | 83.61% | \$ 12,570,759 |
| Lampasas County | 11,425,000 * | 2.44% | 278,770 |
| Lampasas Independent School District | 35,229,982 * | 2.81% | <u>989,962</u> |
| Subtotal overlapping debt | | | 13,839,491 |
| City direct debt | | | <u>14,995,000</u> |
| Total direct and overlapping debt | | | <u>\$ 28,834,491</u> |
| Total direct and overlapping debt % of A.V. | | | 2.43% |
| Total direct and overlapping debt % of capital | | | \$ 2,659 |

* 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 | | | | |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|
| | 2017 | 2016 | 2015 | 2014 | 2013 |
| Assessed value, tax roll | \$ 1,184,912,086 | \$ 1,155,050,460 | \$ 1,154,743,980 | \$ 1,130,792,202 | \$ 1,100,135,239 |
| \$2.50 tax rate levy ⁽¹⁾ | 29,622,802 | 28,876,262 | 28,868,600 | 28,269,805 | 27,503,381 |
| Actual City debt tax rate | 0.249 | 0.319 | 0.286 | 0.255 | 0.191 |
| Actual City debt tax levy | 2,950,431 | 3,684,611 | 3,300,247 | 2,877,866 | 2,103,459 |
| Legal annual debt service margin | 26,672,371 | 25,191,651 | 25,568,353 | 25,391,939 | 25,399,922 |
| Legal debt capacity ⁽²⁾ | 332,396,698 | 313,943,648 | 318,638,190 | 316,439,684 | 316,539,176 |

⁽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 | | | | |
|------------------|------------------|------------------|------------------|------------------|
| 2012 | 2011 | 2010 | 2009 | 2008 |
| \$ 1,084,647,856 | \$ 1,067,456,541 | \$ 1,136,914,737 | \$ 1,138,536,871 | \$ 1,035,057,214 |
| 27,116,196 | 26,686,414 | 28,422,868 | 28,463,422 | 25,876,430 |
| 0.219 | 0.177 | 0.147 | 0.141 | 0.142 |
| 2,376,463 | 1,884,061 | 1,672,947 | 1,601,921 | 1,469,481 |
| 24,739,733 | 24,802,353 | 26,749,921 | 26,861,500 | 24,406,949 |
| 308,311,756 | 309,092,137 | 333,363,144 | 334,753,668 | 304,164,536 |

City of Copperas Cove, Texas

Legal Debt Margin Information – Continued

Last Ten Fiscal Years

| Attorney General Basis | Fiscal Year | | | | |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|
| | 2017 | 2016 | 2015 | 2014 | 2013 |
| Assessed value, tax roll | \$ 1,184,912,086 | \$ 1,155,050,460 | \$ 1,154,743,980 | \$ 1,130,792,202 | \$ 1,100,135,239 |
| \$1.50 tax rate levy ⁽¹⁾ | 17,773,681 | 17,325,757 | 17,321,160 | 16,961,883 | 16,502,029 |
| Actual City debt tax rate | 0.249 | 0.319 | 0.286 | 0.255 | 0.191 |
| Actual City debt tax levy | 2,950,431 | 3,684,611 | 3,300,247 | 2,877,866 | 2,103,459 |
| Legal annual debt service margin | 14,823,250 | 13,641,146 | 14,020,913 | 14,084,017 | 14,398,570 |
| Legal debt capacity ⁽²⁾ | 184,730,462 | 169,998,830 | 174,731,566 | 175,517,981 | 179,438,008 |

⁽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 | | | | |
|------------------|------------------|------------------|------------------|------------------|
| 2012 | 2011 | 2010 | 2009 | 2008 |
| \$ 1,084,647,856 | \$ 1,067,456,541 | \$ 1,136,914,737 | \$ 1,138,536,871 | \$ 1,035,057,214 |
| 16,269,718 | 16,011,848 | 17,053,721 | 17,078,053 | 15,525,858 |
| 0.219 | 0.177 | 0.147 | 0.141 | 0.142 |
| 2,376,463 | 1,884,061 | 1,672,947 | 1,601,921 | 1,469,481 |
| 13,893,254 | 14,127,787 | 15,380,774 | 15,476,132 | 14,056,377 |
| 173,140,659 | 176,063,457 | 191,678,438 | 192,866,808 | 175,173,528 |

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 | | | |
| 2017 | \$ 18,816 | \$ 15,288 | \$ 735 | \$ - | \$ - | \$ 15,227 | \$ 25,980 | \$ - | \$ 520 | \$ - | \$ 76,566 | 3.17% | \$ 2,257 |
| 2016 | 20,513 | 10,830 | 1,305 | - | - | 17,129 | 22,561 | - | 845 | - | 73,183 | 3.00% | 2,285 |
| 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 |

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 |
|-------------|--------------------------|---|-------------------------|--|------------|
| 2017 | \$ 75,311 | \$ 599 | \$ 74,712 | 6.26% | \$ 2,203 |
| 2016 | 71,033 | 599 | 70,434 | 6.04% | 2,129 |
| 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 |

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 | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2017 | 2016 | 2015 | 2014 | 2013 |
| Revenues: | | | | | |
| Waterworks and sewer system ⁽¹⁾ | \$ 11,060,226 | \$ 10,701,269 | \$ 11,033,764 | \$ 10,344,806 | \$ 10,635,793 |
| Miscellaneous | 24,545 | 53,887 | 61,667 | 76,385 | 70,638 |
| Total | 11,084,771 | 10,755,156 | 11,095,431 | 10,421,191 | 10,706,431 |
| Expenses: | | | | | |
| Waterworks and sewer system ⁽¹⁾ | 9,587,200 | 5,960,408 | 6,343,966 | 5,977,076 | 6,069,310 |
| Net available for debt service | \$ 1,497,571 | \$ 4,794,748 | \$ 4,751,465 | \$ 4,444,115 | \$ 4,637,121 |
| Water Customers | 13,864 | 13,550 | 13,474 | 13,261 | 13,216 |
| Sewer Customers | 12,936 | 11,091 | 10,941 | 10,740 | 10,715 |



Demographic and Economic Information

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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 |
|-------------|-------------------------|--|---|-------------------------|--------------------------------|--------------------------------|
| 2017 | 33,919 | \$ 2,418 | \$ 32,376 | 32.2 | 11,599 | 3.8% |
| 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% |

Source:

¹ <http://www.census.gov/quickfacts>

Data is estimated 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/perreport/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

| 2017 | | | |
|------------------------------------|---------------|---|------|
| Employer | Employees | Percentage of Total City Taxable Assessed Value | Rank |
| Fort Hood - Military | 38,000 | 74.7% | 1 |
| Fort Hood - Civilian | 9,600 | 18.9% | 2 |
| Copperas Cove ISD | 1,300 | 2.6% | 3 |
| GC Services | 830 | 1.6% | 4 |
| Wal-Mart Supercenter | 350 | 0.7% | 5 |
| H.E.B. Grocery Store | 308 | 0.6% | 6 |
| City of Copperas Cove | 272 | 0.5% | 7 |
| WindCrest Nursing Center | 92 | 0.2% | 8 |
| Hill Country Rehab. & Nursing Ctr. | 78 | 0.2% | 9 |
| McDonald's | 60 | 0.1% | 10 |
| Total | 50,890 | 100.0% | |
| 2008 | | | |
| Taxpayer | Employees | Percentage of Total City Taxable Assessed Value | Rank |
| Fort Hood - Military | 51,955 | 71.2% | 1 |
| Fort Hood - Civilian | 14,939 | 20.5% | 2 |
| Central Texas College | 1,798 | 2.5% | 3 |
| Copperas Cove ISD | 1,222 | 1.7% | 4 |
| GC Services | 1,084 | 1.5% | 5 |
| Metroplex Hospital | 1,000 | 1.4% | 6 |
| Wal-Mart | 400 | 0.5% | 7 |
| City of Copperas Cove | 295 | 0.4% | 8 |
| H.E.B. Grocery Store | 145 | 0.2% | 9 |
| WindCrest Nursing Center | 101 | 0.1% | 10 |
| Total | 72,939 | 100.0% | |

Source: 2016-2017 Budget Book
2007-2008 Budget Book



Operating Information

City of Copperas Cove, Texas

Table 24

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

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|-------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| General Fund | | | | | | | | | | |
| City Manager | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 4 | 2 |
| City Secretary | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| City Attorney (Contract) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Budget | 2 | 2 | 1 | 2 | 2 | 4 | 4 | - | - | - |
| Finance | 4 | 4 | 4 | 5 | 5 | 7 | 7 | 7 | 7 | 6 |
| Grants Administration | - | - | - | - | - | - | - | - | - | - |
| Human Resources | 3 | 3 | 2 | 3 | 3 | 3 | 3 | 5 | 4 | 2 |
| Information Systems | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Municipal Court | 6 | 6 | 6 | 7 | 7 | 7 | 7 | 7 | 7 | 8 |
| City Judge (Contract) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Associate Judge (Contract) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Police | 73 | 74 | 74 | 74 | 73 | 73 | 73 | 74 | 74 | 71 |
| Public Information Office | 2 | 1 | - | - | - | - | - | 1 | 1 | 1 |
| Animal Control | 6 | 6 | 6 | 5 | 5 | 5 | 5 | 5 | 5 | 4 |
| Fire/EMS | 49 | 49 | 49 | 52 | 51 | 51 | 51 | 53 | 53 | 53 |
| Emergency Management | - | - | - | - | - | - | - | - | - | 1 |
| Engineering | - | - | - | - | - | - | - | 2 | 2 | 2 |
| Building & Development | 5 | 5 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 6 |
| Street | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 8 | 8 | 8 |
| Public Works | - | - | - | - | 4 | - | - | - | - | 1 |
| Parks & Recreation | 23 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 16 |
| Fleet Services | 6 | 6 | 6 | 6 | 6 | 6 | 5 | 5 | 5 | 5 |
| Facility Maintenance | - | - | - | - | - | - | - | 2 | 2 | 5 |
| Planning | 2 | 2 | 1 | 1 | - | - | - | 1 | 2 | 3 |
| Library | 8 | 7 | 7 | 7 | 7 | 7 | 9 | 10 | 10 | 10 |
| Code & Health | 4 | 4 | 4 | 4 | 3 | 3 | 3 | 4 | 4 | 4 |
| Total General Fund | 205 | 201 | 195 | 200 | 202 | 202 | 203 | 216 | 217 | 214 |
| Water & Sewer Fund | | | | | | | | | | |
| Water & Sewer Admin | 4 | 3 | 3 | 3 | 4 | 4 | 3 | 2 | 2 | 2 |
| Utility Administration | 2 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 10 |
| Water Distribution | 12 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 9 |
| Sewer Collection | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 9 | 9 | 7 |
| Wastewater Treatment | 9 | 10 | 10 | 10 | 11 | 11 | 11 | 11 | 11 | 11 |
| Composting | - | - | - | - | - | - | - | 3 | 3 | 3 |
| Total Water & Sewer Fund | 35 | 43 | 43 | 43 | 45 | 45 | 44 | 47 | 47 | 42 |
| Solid Waste Fund | | | | | | | | | | |
| Administration | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 4 | 4 | 4 |
| Residential | 6 | 6 | 6 | 6 | 5 | 5 | 4 | 4 | 4 | 4 |
| Recycling | 3 | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Brush | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 2 | 2 | 2 |
| Commercial | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 4 | 4 | 4 |
| Composting | - | - | - | - | 3 | 3 | 3 | - | - | - |
| Disposal | 7 | 6 | 6 | 6 | 6 | 6 | 5 | 5 | 5 | 5 |
| Total Solid Waste Fund | 27 | 26 | 26 | 25 | 26 | 26 | 24 | 21 | 21 | 21 |

City of Copperas Cove, Texas

Table 24

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

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Recreational Activities Fund | | | | | | | | | | |
| Recreational Activities Fund | - | - | - | - | - | - | 2 | 2 | 2 | 2 |
| Total Recreational Activities Fund | - | - | - | - | - | - | 2 | 2 | 2 | 2 |
| Cemetery Fund | | | | | | | | | | |
| Cemetery Fund | - | - | - | - | - | - | 1 | 1 | 1 | 1 |
| Total Cemetery Fund | - | - | - | - | - | - | 1 | 1 | 1 | 1 |
| Drainage Fund | | | | | | | | | | |
| Drainage Utility | 7 | 6 | 6 | 6 | 6 | 6 | 6 | 7 | 7 | 7 |
| Total Drainage Fund | 7 | 6 | 6 | 6 | 6 | 6 | 6 | 7 | 7 | 7 |
| Golf Course Fund | | | | | | | | | | |
| Golf Course | 2 | 6 | 6 | 7 | 7 | 7 | 7 | 10 | 15 | 14 |
| Total Golf Course Fund | 2 | 6 | 6 | 7 | 7 | 7 | 7 | 10 | 15 | 14 |
| Hotel Occupancy Tax Fund | | | | | | | | | | |
| Hotel Occupancy Tax Activities | 1 | - | - | - | - | - | - | - | - | - |
| Total Hotel Occupancy Tax Fund | 1 | - | - | - | - | - | - | - | - | - |
| Court Security Fund | | | | | | | | | | |
| Municipal Court | 1 | 1 | 1 | - | - | - | - | - | - | - |
| Total Court Security Fund | 1 | 1 | 1 | - | - | - | - | - | - | - |
| Total All Funds | 276 | 281 | 276 | 280 | 286 | 286 | 286 | 303 | 309 | 299 |

Source:

Finance Department, City of Copperas Cove, Texas
Personnel Improvement Plan 2016-2017 Budget Book

City of Copperas Cove, Texas

Table 25

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

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|
| Government Facilities | | | | | | | | | | |
| <u>Building and Development</u> | | | | | | | | | | |
| <i>Use or Nature: Development Services</i> | | | | | | | | | | |
| Building permits issued | 4,110 | 4,327 | 3,444 | 3,000 | 3,000 | 3,100 | 3,237 | 3,092 | 2,455 | 2,178 |
| Inspections performed | 7,404 | 6,656 | 6,125 | 6,374 | 6,374 | 5,541 | 6,032 | 7,367 | 5,505 | 10,299 |
| <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.) | 1,200 | 1,072 | 1,072 | 1,072 | 1,043 | 1,049 | 1,042 | 1,042 | 1,105 | 1,050 |
| Number of volunteer firemen | - | - | - | 2 | 4 | 4 | 5 | 4 | 12 | 9 |
| Number of paid firemen | 48 | 48 | 48 | 50 | 50 | 46 | 46 | 51 | 51 | 52 |
| Firemen per 1,000 population | 1 | 1 | 2 | 2 | 2 | 1 | 1 | 2 | 2 | 2 |
| Fire responses | 1,594 | 924 | 689 | 1,436 | 1,436 | 1,268 | 1,302 | 1,694 | 1,842 | 2,177 |
| Emergency medical services responses | 3,659 | 3,277 | 3,451 | 3,875 | 3,875 | 3,357 | 2,968 | 2,694 | 2,882 | 3,402 |
| <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 | 54 | 55 | 54 | 54 | 54 | 59 | 55 | 56 | 56 | 56 |
| Officers per 1,000 population | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Calls for service | 19,000 | 18,211 | 19,123 | 21,000 | 21,000 | 19,000 | 17,731 | 19,000 | 19,000 | 17,808 |
| Part I violent crimes reported* | 1,100 | 1,941 | 1,042 | 1,300 | 1,300 | 1,200 | 1,048 | 1,300 | 1,100 | 1,161 |
| *Part I Crimes: Murder, Rape, Aggravated Assaulted, Burglary, Larceny, and Motor Vehicle Theft | | | | | | | | | | |
| <u>Animal Control</u> | | | | | | | | | | |
| <i>Use or Nature: Public Safety</i> | | | | | | | | | | |
| Number of animals impounded | 1,786 | 1,323 | 2,000 | 2,256 | 2,256 | 2,039 | 1,905 | 1,834 | 2,409 | 2,035 |
| Number of euthanized | 343 | 363 | 677 | 893 | 893 | 817 | 857 | 869 | 981 | 1,104 |
| Number of animals adopted | 683 | 410 | 574 | 421 | 421 | 459 | 660 | 595 | 663 | 638 |
| Number of animals re-claimed | 455 | 287 | 495 | 544 | 544 | 414 | 330 | 461 | 660 | 612 |
| <u>Municipal Court</u> | | | | | | | | | | |
| <i>Use or Nature: Public Safety</i> | | | | | | | | | | |
| Number of warrants issued | 1,200 | 1,370 | 1,871 | 1,950 | 1,950 | 1,345 | 2,750 | 3,243 | 3,258 | 3,266 |
| Number of warrants cleared | 3,600 | 3,600 | 911 | 1,948 | 1,948 | 3,202 | 7,500 | 3,098 | 2,662 | 1,648 |
| Number of violations processed | 5,400 | 4,900 | 5,896 | 8,331 | 8,331 | 9,500 | 9,575 | 11,159 | 9,846 | 10,581 |
| <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 | 46,459 | 46,110 | 55,309 | 58,300 | 70,566 | 70,566 | 69,000 | 66,357 | 68,972 | 66,606 |
| Circulation of items | 9,300 | 85,000 | 92,000 | 82,000 | 95,000 | 71,621 | 87,000 | 98,893 | 120,224 | 113,457 |
| Circulation per capita | 2.74 | 2.07 | 2.80 | 2.54 | 2.94 | 2.24 | 2.72 | 3.30 | 4.01 | 3.78 |

City of Copperas Cove, Texas

Table 25

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

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>Parks and Recreation</u> | | | | | | | | | | |
| <i>Use or Nature: Community Services</i> | | | | | | | | | | |
| Park acreage developed | 389 | 380 | 380 | 380 | 380 | 380 | 380 | 380 | 380 | 380 |
| Park acreage undeveloped | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Playgrounds | 7 | 7 | 7 | 7 | 8 | 8 | 7 | 7 | 7 | 7 |
| Participants in sports activities | 2,322 | 2,315 | 2,466 | 2,732 | 2,213 | 2,636 | 2,869 | 2,683 | 2,889 | 2,700 |
| Coaches certified | 430 | 430 | 196 | 168 | 427 | 570 | 596 | 625 | 644 | 602 |
| <u>Street</u> | | | | | | | | | | |
| <i>Use or Nature: Public Works</i> | | | | | | | | | | |
| Paved streets | 162 miles | 156.5 miles | 135.0 miles | 135 miles | 133.3 miles | 133.3 miles | 133 miles | 132.5 miles | 132.0 miles | 132.0 miles |
| Unpaved streets | 0 miles |
| <u>Utilities</u> | | | | | | | | | | |
| <u>Water System</u> | | | | | | | | | | |
| <i>Use or Nature: Public Works</i> | | | | | | | | | | |
| Miles of water mains | 230 | 226 | 226 | 226 | 226 | 220 | 226 | 225 | 225 | 183 |
| Daily average consumption | 3.8 MGD | 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 |
| Maximum daily capacity | 8.5 MGD | 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 |
| Number of service connections | 13,347 | 13,550 | 13,474 | 13,261 | 13,216 | 12,387 | 13,099 | 12,072 | 11,936 | 11,966 |
| Source of water | Belton Lake | |
| <u>Sewage System</u> | | | | | | | | | | |
| <i>Use or Nature: Public Works</i> | | | | | | | | | | |
| Miles of sanitary sewers | 420 | 420 | 381 | 381 | 377 | 377 | 375 | 375 | 375 | 350 |
| Number of lift stations | 15 | 14 | 14 | 14 | 16 | 16 | 16 | 16 | 16 | 15 |
| Daily average treatment | 3.4 MGD | 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 |
| Maximum capacity of treatment plants | 9.0 MGD |
| Number of service connections (active) | 12,548 | 11,091 | 10,941 | 10,740 | 10,715 | 11,149 | 11,400 | 11,171 | 10,947 | 11,025 |
| <u>Golf Course</u> | | | | | | | | | | |
| <i>Use or Nature: Community Services</i> | | | | | | | | | | |
| Rounds of golf played (annually) | 11,595 | 14,000 | 17,210 | 16,770 | 16,770 | 19,300 | 19,300 | 22,592 | 27,911 | 32,954 |
| Tournament rounds (annually) | 407 | 575 | 451 | 525 | 525 | 626 | 676 | 662 | 1,190 | 1,495 |
| Annual dues (memberships) | 225 | 225 | 220 | 220 | 220 | 226 | 264 | 229 | 240 | 240 |
| <u>Community Statistics</u> | | | | | | | | | | |
| <i>Use or Nature: Employee Information</i> | | | | | | | | | | |
| Manufacturing Employees | - | - | - | - | - | - | - | - | - | - |
| School District Employees | 1,300 | 1,300 | 1,300 | 1,300 | 1,275 | 1,275 | 1,324 | 1,300 | 1,300 | 1,300 |
| City Employees | 272 | 278 | 273 | 278 | 276 | 276 | 298 | 303 | 309 | 299 |
| Fort Hood Servicemen | 38,000 | 39,181 | 41,400 | 45,000 | 45,000 | 45,000 | 47,700 | 44,000 | 44,000 | 53,416 |
| Fort Hood Employees (Civilians) | 9,600 | 19,079 | 19,250 | 20,749 | 21,240 | 21,240 | 15,800 | 17,098 | 17,098 | 17,098 |

Source:

Various Departments, Budget Book 2016-2017 City of Copperas Cove

"" Data not available.