

**TOWN OF COPPER CANYON**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2017**

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Independent Auditor's Report

To the Town Council  
Town of Copper Canyon, Texas

I have audited the accompanying financial statements of the governmental activities and major funds of the Town of Copper Canyon, Texas as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of 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 controls 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town of Copper Canyon, Texas, as of September 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules, the schedule of changes in net pension liability and related ratios and the schedule of pension contributions be presented to supplement the basic financial statements. Such information, although not 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. I 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 regarding the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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*

My audit was conducted for the purpose of forming opinions on the financial statements the collectively comprise the Town of Copper Canyon's basic financial statements. The schedule of property taxes is presented for additional analysis and is not a part of the basic financial statements.

The schedule of property taxes is the responsibility of management and was 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 my opinion, the schedule of property taxes is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*William C. Spore, P.C.*

Keller, Texas

Certified Public Accountants

January 8, 2018

**TOWN OF COPPER CANYON**

**CITY OFFICIALS**

**September 30, 2017**

<b>MAYOR</b>	<b>Sue Tejml</b>
<b>MAYOR PRO TEM</b>	<b>Jeff Mangum</b>
<b>DEPUTY MAYOR PRO TEM</b>	<b>Valerie Pearson Cannaday</b>
<b>COUNCIL MEMBERS</b>	<b>Steven Hill</b>
	<b>Bill Castleman</b>
	<b>Dave Svatik</b>
<b>TOWN ADMINISTRATOR</b>	<b>Donna Welsh</b>
<b>SECRETARY</b>	<b>Sheila Morales</b>
<b>MUNICIPAL COURT JUDGE</b>	<b>Greg Bertrand</b>
<b>ATTORNEY</b>	<b>Terrance S. Welch</b> <b>Brown &amp; Hofmeister, LLP</b>

## **TOWN OF COPPER CANYON MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Town of Copper Canyon, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2017.

Management's discussion and analysis ("MD&A") has been designed to [1] assist readers and interested parties in focusing on significant financial issues [2] provide an overview of the Town's financial activity, [3] identify changes in the Town's financial position, including its ability to address the next and subsequent years challenges, [4] identify material deviations from the approved budgets adopted by the Town Council (those charged with governance), and [5] identify individual fund issues or concerns.

Because MD&A focuses on the current year's activity, resulting changes and currently known facts, you are encouraged to read it in conjunction with the basic financial statements including notes thereto, required supplemental information, and other supplementary data provided below.

### **FINANCIAL HIGHLIGHTS**

- The Town's government-wide assets exceeded its government-wide liabilities at September 30, 2017 by \$10,631,217, an increase of \$2,068,276 from the prior year.
- At September 30, 2017, the Town's governmental funds reported combined fund balances of \$1,464,606, a decrease of \$76,049 from the prior year.
- The Town's capital assets, reported at cost less accumulated depreciation, total \$11,003,035 at September 30, 2017 while the Town's long-term debt totaled \$1,835,000 at September 30, 2017.

### **USING THIS ANNUAL REPORT**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of 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.

#### **Reporting the Town as a Whole - Government-wide Financial Statements**

##### **The Statement of Net Position and the Statement of Activities:**

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business.

The Statement of Net position (page 11) presents information on all of the Town'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 Town is improving or deteriorating.

The Statement of Activities (page 12) presents information showing how the Town's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused compensated absences). Capital grant funds are reported as revenues in the Statement of Activities.

The Town currently only provides Governmental type activities. Governmental activities include basic services such as police, municipal court, inspection, parks, public works and general administration. Property tax, sales taxes, franchise fees, municipal court fines and permit revenues finance most of these activities. The Town does not provide any Business-type activities such as water or sewer systems and related fees.

## **Fund Financial Statements**

### **Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances**

All of the Town's activities are accounted for in four governmental funds, the General Fund, Debt Service Fund, the Capital Improvement Projects Fund and the Town of Copper Canyon Crime Control and Prevention District. Governmental funds focus on how money flows into and out of the funds and the balances left at the end of the year that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements, the Balance Sheet (page 13) and the Statement of Revenues, Expenditures and Changes in Fund Balance (page 14) provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.

## **Notes to Financial Statements**

The notes 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 begin on page 15.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The largest portion of the Town's net position is its investment in capital assets, (land, building, equipment and infrastructure.) The Town uses these capital assets to provide services to the Town's citizens, consequently these assets are not available for future spending.

The Town's net position is as follows:

	2017	2016	CHANGE
Current and Other Assets	\$ 2,324,575	\$ 1,668,620	\$ 655,955
Capital Assets	<u>11,003,035</u>	<u>8,476,449</u>	<u>2,526,586</u>
Total Assets	<u>13,327,610</u>	<u>10,145,069</u>	<u>3,182,541</u>
Deferred Outflows of Resources	<u>34,338</u>	<u>36,334</u>	<u>(1,996)</u>
Long-Term Liabilities	1,705,000	1,380,000	325,000
Other Liabilities	<u>1,023,974</u>	<u>238,081</u>	<u>785,893</u>
Total Liabilities	<u>2,728,974</u>	<u>1,618,081</u>	<u>1,110,893</u>
Deferred Inflows of Resources	<u>1,757</u>	<u>381</u>	<u>1,376</u>
Net Position:			
Invested in Capital Assets, net			
of debt	9,239,816	7,016,449	2,223,367
Restricted for Debt Service	82,530	100,248	(17,718)
Unrestricted	<u>1,308,871</u>	<u>1,446,244</u>	<u>(137,373)</u>
Total Net Position	\$ <u>10,631,217</u>	\$ <u>8,562,941</u>	\$ <u>2,068,276</u>

The Town's net position increased \$2,068,276 from September 30, 2016 to September 30, 2017. The largest portion (87%) of the Town's net position is its investment in capital assets, (land, building, equipment and infrastructure.) The Town uses these capital assets to provide services to the Town's citizens; consequently, these assets are not available for future spending.

During fiscal year 2017 the Town, in conjunction with Denton County, began a major road improvement project involving Chinn Chapel Road. The Town has an interlocal agreement with Denton County where by the County will reimburse the Town 100% of the cost of certain improvements to Chinn Chapel Road improvements made by the Town. During 2017 the Town expended \$2,357,828 for Chinn Chapel Road improvements, all of which were reimbursed by Denton County. The project will be completed in 2018. In addition to the County funding the Town received a \$150,000 developer contribution to be used in 2018 for additional improvements to Chinn Chapel Roads.

During the fiscal year the Town also began the Woodland Drive improvement project. Expenditures for Woodlawn Drive during 2017 totaled \$943,543 and the project should be completed in 2018. The project is being funded by \$500,000 of bond proceeds received during 2017 along with CIP road fund on hand at the beginning of the fiscal year.



## Analysis of Town's Operations

A summary of the Town's operations for the years ended September 30, 2017 & 2016 are as follows:

	CHANGES IN NET POSITION		
	2017	2016	CHANGE
<b>REVENUES</b>			
Program Revenues:			
Charges for Services	\$ 229,908	\$ 208,691	\$ 21,217
Capital Grants & Reimbursements	2,507,828	0	2,507,828
Operating Grants & Donations	0	5,888	(5,888)
General Revenues:			
Property Taxes	654,402	619,227	35,175
Sales Taxes	129,953	190,113	(60,160)
Franchise Fees	114,741	119,255	(4,514)
Interest Income	12,751	4,150	8,601
Total Revenues	<u>\$ 3,649,583</u>	<u>\$ 1,147,324</u>	<u>\$ 2,502,259</u>
<b>PROGRAM EXPENSES</b>			
General Government	\$ 392,102	\$ 455,736	\$ (63,634)
Public Safety	286,491	304,334	(17,843)
Parks-Trails	1,226	0	1,226
Public Works	823,023	1,007,169	(184,146)
Interest on Long-Term Debts	78,465	56,960	21,505
Total Expenses	<u>1,581,307</u>	<u>1,824,199</u>	<u>(242,892)</u>
Increase (Decrease) in			
Net Position	<u>\$ 2,068,276</u>	<u>\$ (676,875)</u>	<u>\$ 2,745,151</u>

Charges for services revenues includes permit revenues and municipal court fines. Permit revenues increased \$247 compared to 2016 and municipal court fines increased \$18,800 (18%) during 2017. Sales tax revenues decreased \$60,160 from the prior year as the Town collected sales tax in 2016 related to a one-time when a large utility vendor in the Town upgraded its equipment which was installed in the Town.

The Town maintained its property tax rate the same in 2017 as in 2016 but property tax revenues increased due a \$12,750,322 (6.2%) increase in the assessed value of property in the Town.

At the November 2015 election, the citizens of the Town voted to establish a crime control and prevention district to be funded by a one percent (1.00%) local sales tax. The crime control district began collecting the additional sales tax in April 2016 and received a total of \$115,419 in sales tax revenues during fiscal years 2016 and 2017. The crime control district has not expended any of the funds it has collected. These funds are being accumulated and the Town intends to begin expending them in 2018.

Total program expenses decreased \$242,892 (13%) in 2017 from 2016 primarily due to decreases in general government and public works expenses. General government expenses decreased \$63,634 primarily due to decreases in legal fees incurred by the Town in 2017 when compared to 2016. Public works expenses decreased due to 2016 expenses including a \$114,117 refund of the unused wastewater developer funds with there being no similar expense in 2017. Public safety expenses decreased \$17,843 during 2017 primarily due to a decrease in law enforcement contract services in 2017 compared to 2016. This decrease was due to Denton County Sheriff's office being unable to provide the required number of officers as listed in the inter local agreement with the Town.

Interest on long-term debts relates to the interest payments on the 2010 and 2016 general obligation bonds. As principle payments are made to reduce the debt each year the annual interest expenses will also decrease annually.

### **GOVERNMENTAL FUND ANALYSIS**

The focus of the Town's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements, in particular, unreserved fund balance may serve a measure of a government's net resources available for spending at the end of the fiscal year.

Governmental fund operating revenues compared to the prior year are as follows:

	2017	2016	% CHANGE
<b>REVENUES</b>			
Property Taxes	\$ 657,516	\$ 610,431	7.71%
Sales Taxes	129,953	190,113	-31.64%
Franchise Fees	114,741	119,255	-3.79%
Permits & Fees	106,139	105,892	0.23%
Municipal Court	121,007	102,207	18.39%
Intergovernmental Revenues	2,357,828	0	-
Developer Contributions	150,000	0	-
Donations	0	5,888	-100.00%
Miscellaneous Revenues	2,762	592	0.00%
Interest Income	12,751	4,150	207.25%
<b>OPERATING REVENUES</b>	<u>3,652,697</u>	<u>1,138,528</u>	
Bond Proceeds	<u>500,000</u>	<u>0</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<u>\$ 4,152,697</u>	<u>\$ 1,138,528</u>	<u>264.74%</u>

Fund basis operating revenues increased \$2,514,169 primarily due to the receipt \$2,357,828 in Denton County Road Fund reimbursements (Intergovernmental Revenues). Property taxes increasing due to increases in the assessed values of property in the Town and sales tax revenues decreased as the 2016 sales tax revenues included onetime sales tax collections from a utility vendor.

Governmental fund operating expenditures compared to the prior year are as follows:

	2017	2016	% CHANGE
EXPENDITURES			
General Government	\$ 368,511	\$ 428,229	-13.95%
Public Safety	286,092	301,702	-5.17%
Parks & Trails	1,226	0	-
Public Works-Roads & Drainage	33,459	228,866	-85.38%
Debt Service	202,318	137,312	47.34%
Capital Outlay	3,337,140	7,762	42893.30%
TOTAL EXPENDITURES	\$ 4,228,746	\$ 1,103,871	283.08%

Total governmental fund expenditures increased \$3,124,875 during 2017 primarily due to the expenditures related to road construction projects (Chinn Chapel Road and Woodland Drive) which totaled \$3,306,372 during 2017. There were no similar expenditures in 2016. Debt service expenditures include the annual principal and interest payments made on the 2010 and 2016 general obligation bonds.

### **General Fund Budgetary Highlights**

Actual general fund revenues were \$113,348 less than budgeted revenues primarily due to a \$48,917 unfavorable variance in sales tax revenues and the budget included a \$95,000 transfer from the Crime Control District to the Town which was not made.

Property tax (2%), permit (25%) and municipal court (11%) revenues were over budget while franchise fee (13%) revenues were under budgeted revenues.

Total actual 2017 general fund expenditures, excluding transfers, were \$142,997 less than budgeted general fund expenditures. General government expenditures were \$24,784 (6%) under budget primarily due to actual legal services being under budget \$47,400.

Included in general government expenditures were \$13,242 of bond issue costs which were not included in budgeted expenditures.

Public safety expenditures were \$120,182 less than budgeted expenditures due law enforcement contract services being \$118,762 under budget as the Denton County Sheriff's office was unable to provide the requested number of officers as included in the budget.

There were no budget amendments during fiscal year 2017.

## CAPITAL ASSETS

The Town's investment in capital assets as of September 30, 2017, amounts to \$11,800,204 (net of depreciation). The investment in capital assets includes land, buildings, equipment and infrastructure.

The Town's capital assets, net of accumulated depreciation, are as follows:

	2017	2016	CHANGE
Land-Town Hall	\$ 133,927	\$ 132,184	1,743
Buildings-Town Hall	164,825	159,225	5,600
Office Equipment	35,286	13,986	21,300
Infrastructure-Roads & Drainage	8,101,064	7,661,877	439,187
Construction in Progress	<u>3,365,102</u>	<u>509,177</u>	<u>2,855,925</u>
TOTAL	\$ <u>11,800,204</u>	\$ <u>8,476,449</u>	<u>3,323,755</u>

Additional information on the Town's Capital Assets can be found in Note 4.

## DEBT ADMINISTRATION

The Town issued \$500,000 of general obligation bonds during the 2017 fiscal year.

Outstanding long-term debts are as follows:

	2017	2016
General Obligation Bonds	\$ <u>1,835,000</u>	\$ <u>1,460,000</u>

Additional information on the Town's long-term debts can be found in Note 5.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

General fund budgeted revenues for fiscal year 2018 are \$1,069,381. These revenues include maintenance and operation property tax revenues of \$524,991, based on a tax rate of .217634 per \$100 of valuation, a decrease of .017446 per \$100 of valuation. Budgeted sales tax, franchise fees, municipal court and permit/inspection/development revenues were budgeted at levels comparative to the 2017 actual revenues. Budgeted revenues include transfers of \$75,000 from the newly created crime control and prevention district.

Budgeted 2018 general fund expenditures are \$924,830. Budgeted personnel expenditures are \$283,534, an increase of \$22,575 (8.65%) over 2017 budgeted expenditures. Professional fee expenditures are budgeted to total \$145,700, a decrease of \$14,500 over 2017 budgeted professional fees. Law enforcement budgeted expenditures are \$318,386, the same as budgeted in 2017. A transfer of \$75,000 from the crime control district will be used to help fund the law enforcement services.

Public works road maintenance and engineering is budgeted at \$86,100 for 2018, a decrease of \$3,000 from the 2017 budget.

The 2018 general fund budget results in a projected \$144,551 surplus. The Town Council intends to transfer this excess to the Capital Improvement Fund to be used for future road projects.

### **REQUEST FOR INFORMATION**

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Town of Copper Canyon. If you have questions about this report or need any additional information, contact the Town Secretary at 400 Woodland Drive, Copper Canyon, TX 75077 or at (940) 241-2677.

**TOWN OF COPPER CANYON**  
**GOVERNMENT-WIDE**  
**STATEMENT OF NET POSITION**

*September 30, 2017*

<b>ASSETS</b>	<b>GOVERNMENTAL ACTIVITIES</b>
<b>CURRENT ASSETS</b>	
Cash	\$ 780,454
Receivable-Sales & Franchise Taxes	56,193
Receivable-Denton County Reimbursements	620,946
Receivable-Property Taxes	27,136
<b>TOTAL CURRENT ASSETS</b>	<u>1,484,729</u>
<b>NONCURRENT ASSETS</b>	
Restricted Cash	<u>839,846</u>
<b>CAPITAL ASSETS</b>	
Land-Town Hall	133,927
Buildings-Town Hall	301,370
Equipment	61,063
Infrastructure-Roads & Drainage	12,783,938
Construction in Progress	3,365,102
Accumulated Depreciation	<u>(5,642,365)</u>
<b>NET CAPITAL ASSETS</b>	<u>11,003,035</u>
<b>TOTAL ASSETS</b>	<u>13,327,610</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension Contributions After Measurement Date	22,503
Difference in Projected and Actual Earnings-Pension	11,835
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>34,338</u>
<b>LIABILITIES</b>	
<b>LIABILITIES</b>	
Accounts Payable	749,701
Accrued Liabilities	91,168
Accrued Compensated Absences	9,552
<b>NONCURRENT LIABILITIES</b>	
Net Pension Liability	43,553
General Obligation Bonds Due Within One Year	130,000
General Obligation Bonds Due in More Than One Year	1,705,000
<b>TOTAL LIABILITIES</b>	<u>2,728,974</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Difference in Expected and Actual Pension Experience	<u>1,757</u>
<b>NET POSITION</b>	
Invested in Capital Asset, Net of Related Debt	9,239,816
Restricted for Debt Service	82,530
Unrestricted	1,308,871
<b>TOTAL NET POSITION</b>	<u>\$ 10,631,217</u>

**TOWN OF COPPER CANYON**

**GOVERNMENT-WIDE  
STATEMENT OF ACTIVITIES**

*For the Year Ended September 30, 2017*

<b>FUNCTIONS/PROGRAMS</b>	<b><u>EXPENSES</u></b>	<b><u>CHARGES FOR SERVICES</u></b>	<b><u>OPERATING GRANTS &amp; DONATIONS</u></b>	<b><u>CAPITAL GRANTS &amp; REIMBURSE- MENTS</u></b>	<b><u>NET (EXPENSE) REVENUE</u></b>
<b>GOVERNMENTAL ACTIVITIES:</b>					
General Government	\$ (392,102)	\$ 108,901	\$ 0	\$ 0	\$ (283,201)
Public Safety	(286,491)	121,007	0	0	(165,484)
Parks-Trails	(1,226)	0	0	0	(1,226)
Public Works-Roads & Drainage	(823,023)	0	0	2,507,828	1,684,805
Interest on Long-Term Debt	(78,465)	0	0	0	(78,465)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ (1,581,307)</b>	<b>\$ 229,908</b>	<b>\$ 0</b>	<b>\$ 2,507,828</b>	<b>1,156,429</b>
<b>GENERAL REVENUE</b>					
Property Taxes					654,402
Sales Taxes					129,953
Franchise Fees					114,741
Interest Income					12,751
<b>TOTAL GENERAL REVENUE</b>					<b>911,847</b>
<b>CHANGE IN NET POSITION</b>					<b>2,068,276</b>
<b>NET POSITION - BEGINNING</b>					<b>8,562,941</b>
<b>NET POSITION - ENDING</b>					<b>\$ 10,631,217</b>

**TOWN OF COPPER CANYON**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

*September 30, 2017*

<b>ASSETS</b>	<b>GENERAL FUND</b>	<b>DEBT SERVICE FUND</b>	<b>CIP ROAD FUND</b>	<b>CRIME CONTROL &amp; PREVENTION DISTRICT</b>	<b>TOTAL</b>
Cash	\$ 780,454	\$ 0	\$ 0	\$ 0	\$ 780,454
Restricted Cash-Debt Service Fund	0	82,530	0	0	82,530
Restricted Cash-Crime Control & Prevention	0	0	0	104,188	104,188
Restricted Cash-CIP Fund	0	0	627,249	0	627,249
Restricted Cash-Court Technology & Security	23,465	0	0	0	23,465
Restricted Cash-Scholarship Fund	2,414	0	0	0	2,414
Receivable-Sales Taxes & Franchise Fees	44,888	0	0	11,305	56,193
Receivable-Denton County Road Reimbursements	0	0	620,946	0	620,946
Receivable-Property Taxes	21,980	5,156	0	0	27,136
<b>TOTAL ASSETS</b>	<b>\$ 873,201</b>	<b>\$ 87,686</b>	<b>\$ 1,248,195</b>	<b>\$ 115,493</b>	<b>\$ 2,324,575</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 50,536	\$ 0	\$ 699,165	\$ 0	\$ 749,701
Accrued Liabilities	59,132	0	0	0	59,132
Deferred Revenues	0	0	24,000	0	24,000
<b>TOTAL LIABILITIES</b>	<b>109,668</b>	<b>0</b>	<b>723,165</b>	<b>0</b>	<b>832,833</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue-Property Taxes	21,980	5,156	0	0	27,136
<b>FUND BALANCE</b>					
Restricted to Debt Service	0	82,530	0	0	82,530
Restricted to Crime Control & Prevention	0	0	0	115,493	115,493
Restricted to Capital Improvements	0	0	150,000	0	150,000
Committed to Capital Improvements	0	0	375,030	0	375,030
Unassigned	741,553	0	0	0	741,553
<b>TOTAL FUND BALANCE</b>	<b>741,553</b>	<b>82,530</b>	<b>525,030</b>	<b>115,493</b>	<b>1,464,606</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND LIABILITIES</b>	<b>\$ 873,201</b>	<b>\$ 87,686</b>	<b>\$ 1,248,195</b>	<b>\$ 115,493</b>	<b>\$ 2,324,575</b>



**TOWN OF COPPER CANYON**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO STATEMENT OF NET POSITION**

*September 30, 2017*

Fund Balance Above	\$ 1,464,606
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the Fund Balance Sheet.	11,003,035
Property taxes receivable are not available to pay for current period expenditures and, therefore, are deferred in the Fund Balance Sheet.	27,136
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the Fund Balance Sheet.	(1,852,588)
Net Pension Liability and related Deferred Outflows of Resources	(10,972)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ <u>10,631,217</u></b>

**TOWN OF COPPER CANYON**

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE-GOVERNMENTAL FUNDS**

*For the Year Ended September 30, 2017*

	<b><u>GENERAL FUND</u></b>	<b><u>DEBT SERVICE FUND</u></b>	<b><u>CIP ROAD FUND</u></b>	<b><u>CRIME CONTROL &amp; PREVENTION DISTRICT</u></b>	<b><u>TOTAL</u></b>
<b>REVENUES</b>					
Property Taxes	\$ 486,926	\$ 170,590	\$ 0	\$ 0	\$ 657,516
Sales Taxes	71,083	0	0	58,870	129,953
Franchise Fees	114,741	0	0	0	114,741
Permits & Fees	106,139	0	0	0	106,139
Municipal Court	121,007	0	0	0	121,007
Intergovernmental Revenues	0	0	2,357,828	0	2,357,828
Developer Contributions	0	0	150,000	0	150,000
Miscellaneous Revenues	2,762	0	0	0	2,762
Interest Income	4,502	768	7,388	93	12,751
<b>TOTAL REVENUES</b>	<b>907,160</b>	<b>171,358</b>	<b>2,515,216</b>	<b>58,963</b>	<b>3,652,697</b>
<b>EXPENDITURES</b>					
General Government	368,511	0	0	0	368,511
Public Safety	286,092	0	0	0	286,092
Parks-Trails	1,226	0	0	0	1,226
Public Works-Roads & Drainage	18,000	0	15,459	0	33,459
Debt Service - Principal	0	125,000	0	0	125,000
Debt Service - Interest & Related Costs	13,242	64,076	0	0	77,318
Capital Outlay	30,768	0	3,306,372	0	3,337,140
<b>TOTAL EXPENDITURES</b>	<b>717,839</b>	<b>189,076</b>	<b>3,321,831</b>	<b>0</b>	<b>4,228,746</b>
<b>EXCESS REVENUES OVER (UNDER EXPENDITURES)</b>	<b>189,321</b>	<b>(17,718)</b>	<b>(806,615)</b>	<b>58,963</b>	<b>(576,049)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond Proceeds	0	0	500,000	0	500,000
Transfers	(165,103)	0	165,103	0	0
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>(165,103)</b>	<b>0</b>	<b>665,103</b>	<b>0</b>	<b>500,000</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>24,218</b>	<b>(17,718)</b>	<b>(141,512)</b>	<b>58,963</b>	<b>(76,049)</b>
<b>FUND BALANCE - BEGINNING</b>	<b>717,335</b>	<b>100,248</b>	<b>666,542</b>	<b>56,530</b>	<b>1,540,655</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 741,553</b>	<b>\$ 82,530</b>	<b>\$ 525,030</b>	<b>\$ 115,493</b>	<b>\$ 1,464,606</b>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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**TOWN OF COPPER CANYON**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO  
STATEMENT OF ACTIVITIES**

*For the Year Ended September 30, 2017*

Net Change in Fund Balance - Governmental Funds \$ (76,049)

Amounts reported for governmental activities in the  
Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives as depreciation expense:

Capital assets recorded in the current period 3,337,140

Depreciation expense on capital assets (810,554)

The issuance of debt is revenue in the governmental funds, but increases long-term liabilities in the statement of net assets: (500,000)

Repayment on debt principle is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets: 125,000

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Deferred Revenues - Property Taxes (3,114)

Some expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Compensated absences (1,507)

Accrued Interest on long-term debts (1,147)

Governmental funds report pension expense as it paid into the retirement plan during the fiscal year. However, in the statement of activities, pension expense reflects the change in net pension liability during the plan fiscal year (calendar year 2016):

(1,493)

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES**

**\$ 2,068,276**

## **TOWN OF COPPER CANYON**

### **NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2017**

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -**

The Town of Copper Canyon operates under a Council-Mayor form of government, following the laws of a General Law Town as defined by the State of Texas. The Town provides the following services: code enforcement, inspection, police, municipal court, trails, public works, and general administrative services.

The Town's financial statements are prepared in accordance with generally accepted accounting principles accepted in the United States of America (GAAP) applicable to local governments. GAAP for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*. The more significant accounting policies of the Town are discussed below:

#### **A. REPORTING ENTITY**

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Town of Copper Canyon (the primary government) and its component units. The following component units are included in the Town's reporting entity because of their operational and financial relationship with the Town.

Blended component units:

At its November 2015 election, the citizens of the Town of Copper Canyon approved the creation of the Town of Copper Canyon Crime Control and Prevention District (the C.C.P.D.) and adopted a local sales and use tax of one percent (.25%) to fund the C.C.P.D. The District is governed by a board of directors, all of whom are appointed by the Town Council of the Town of Copper Canyon. The purpose of the C.C.P.D. is to enhance the police department staffing levels to provide a higher level of crime prevention and crime control in the District. The C.C.P.D. began collecting sales tax revenues in April 2016.

Individual audited financial statements of the component unit are not issued. Management issued financial statements can be obtained from the Town's administrative offices.

## **TOWN OF COPPER CANYON**

### **NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2017**

#### **B. BASIC FINANCIAL STATEMENTS-GOVERNMENT-WIDE STATEMENTS:**

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Town's fire, ambulance, inspection, police, municipal court, trails, public works, and general administrative services are classified as governmental activities. The Town does not provide any business-type activities.

In the government-wide Statement of Net Position governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net assets are reported in three parts- invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net costs of each of the Town's Functions (general government, public safety, trails and recreation and public works). The functions are also supported by general government revenues (property, sales and franchise taxes). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, inspection). Operating grants include operating-specific and discretionary grants while capital grants reflect capital specific grants.

The net costs (by function) are normally covered by general revenue (property, sales, and franchise taxes).

The Town does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net assets resulting from the current year's activities.

#### **C: BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS:**

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

## **TOWN OF COPPER CANYON**

### **NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2017**

The Town only provides Governmental Fund type activities. The Town has presented the following major funds:

**General Fund** - The General Fund is the general operating fund of the Town. It is used to account for all financial resources not accounted for in other funds.

**Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the Town. The fund balance of the Debt Service Fund is reserved to signify the amounts that are restricted exclusively for debt service expenditures.

**Capital Improvement Projects Fund** - The Capital Improvement Projects Fund is used to account for funds designated for capital improvement projects as identified by the Town's capital improvement projects budget. There is currently one active capital improvements projects, a road improvement project.

The Town does not provide any Business-type activities.

The Town does not have any Fiduciary Funds.

#### **D: MEASUREMENT FOCUS/BASIS OF ACCOUNTING:**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting related to the timing of the measurements made, regardless of the measurement focus applied.

**1.** Government-wide financial statements and fund financial statements for proprietary funds are presented using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in total assets. Under the accrual basis of accounting revenues are recognized when earned and expensed are recognized at the time the liability is incurred.

**2.** Governmental fund financial statements are presented using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e. both measurable and available. "Measurable" means the amount of the transaction can be determined and "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (typical within 60 days after year end). Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principle and interest on general obligation long-term debt, if any, is recognized only when payment is due.

## TOWN OF COPPER CANYON

### NOTES TO THE FINANCIAL STATEMENTS

September 30, 2017

#### 3. Revenue Recognition:

The Town considers property, sales and franchise taxes as available if collected within 60 days after year end. All other governmental revenues are recognized when received.

#### 4. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles to local governments in the United States of America requires management and those charged with governance to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### 5: New Accounting Principles:

The Town has adopted all current GASB pronouncements that are applicable to its operations and activities. The accounting principles governing the reported amounts, financial presentations, and disclosures are subject to change from time to time based on new pronouncements and / or rules issued by various standards-setting bodies. The GASB has issued the following new statements that are potentially applicable to the Town of Copper Canyon.

- Statement No. 81, *Irrevocable Split-Interest Agreements*. This statement will not affect the City.
- Statement No. 82, *Pension Issues – an Amendment of GASB Statements No. 67, No. 68 and No.73*. The effect of this statement will be recognized in the fiscal year 2018.
- Statement No. 83, *Certain Asset Retirement Obligations*. This statement will not affect the City.
- Statement No. 84, *Fiduciary Activities*. This statement will not affect the City.
- Statement No. 85, *Omnibus 2017*. The effect of this statement will be recognized in the fiscal year 2018.
- Statement No. 86, *Certain Debt Extinguishment Issues*. This statement will not affect the City.
- Statement No. 87, *Leases*. The effect of this statement will be recognized in the fiscal year 2021, with earlier application allowed.

New pronouncements not yet in effect as of September 30, 2017, are not expected to have any significant impact on the Town's financial position, results of operations, or cash flows. The Town is currently studying these new pronouncements and will adopt them in the fiscal year ending September 2017, as required.

#### E. FINANCIAL STATEMENT AMOUNTS:

##### 1. Cash and cash Equivalents:

The Town has defined cash and cash equivalents to include cash on hand and demand deposits.

# **TOWN OF COPPER CANYON**

## **NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2017**

### **2. Capital Assets:**

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, or improvements and other capital outlays that significantly extend the useful lives of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is provided on the straight-line basis over the following estimated useful lives:

Buildings	20 - 50 years
Office Equipment	3 - 10 years
Infrastructure	15 - 20 years

### **3. Restricted Resources:**

When an expense is incurred for purposes for which both restricted and unrestricted resources are available the Town first applies restricted resources.

### **4. Compensated Absences:**

The Town accrues accumulated unpaid vacation time when earned by the employee. The noncurrent portion (the amount estimated to be used in subsequent years) is maintained separately and represents a reconciling item between the fund and government-wide presentations.

### **5. Deferred Outflows of Resources:**

The Town reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position. Deferred outflows of resources reported in this year's financial statement include (1) for contributions made to the Town's retirement plan between the measurement date of the net pension liabilities from the plan and the end of the Town's fiscal year end (2) differences between the plans' projected and actual earnings on pension assets and (3) differences between actuarial assumptions for demographic factors.

The deferred outflows for pension contributions will be recognized in the subsequent fiscal year. The deferred outflows related to differences between projected and actual plan earnings will be amortized to pension expense over a total of five years, including the current fiscal year. The deferred outflows related to differences between actuarial assumptions for demographic factors will be amortized over a closed period equal to the average of the expected remaining service lives of all employees participating in the plan.

No deferred outflows of resources affect the governmental funds financial statements in the current year.



## TOWN OF COPPER CANYON

### NOTES TO THE FINANCIAL STATEMENTS

September 30, 2017

#### **6. Deferred Inflows of resources:**

The Town reports increases in net assets that relate to future periods as deferred inflows of revenues. This separate financial statement element reflects an increase in net assets that applies to a future period(s). Deferred inflows of resources reported in this year's financial statements include (1) a deferred inflow of resources for revenues that are not considered available and (2) the difference between expected and actual pension experience.

For revenues that are not considered available the Town will not recognize the related revenues until they are available (collected no later than 60 days after the end of the Town's fiscal year) under the modified accrual basis of accounting. Accordingly, unavailable revenues from property taxes are reported in the governmental funds balance sheet as deferred inflows of resources. Deferred inflows related differences between expected and actual pension experience will be amortized over a closed period equal to the average of the expected remaining service lives of all employees participating in the plan.

#### **7. Pensions:**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **8. Equity Classifications:**

##### *Government-wide Statements*

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Any outstanding debt is reduced by any unspent debt proceeds at the end of the fiscal year before the reduction discussed above.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

## TOWN OF COPPER CANYON

### NOTES TO THE FINANCIAL STATEMENTS

September 30, 2017

- c. Unrestricted net assets - All other net assets that do not meet the criteria of “restricted” or “invested in capital assets, net of related debt.”

#### *Fund Statements*

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable (prepaid expenses), restricted (by parties outside of the government or by enabling legislation), committed (by Town Council ordinance or resolution) and unassigned.

#### **F: BUDGETS AND BUDGETARY ACCOUNTING:**

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1: Prior to September 1, the Town Secretary submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- 2: Public hearings are conducted to obtain taxpayer comments.
- 3: Prior to October 1, the budget is legally enacted through the passage of an ordinance.
- 4: Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- 5: Unused appropriations for all of the above budgeted funds lapse at the end of the fiscal year.

For the fiscal year ending September 30, 2017, the following departments had expenditures that exceeded appropriations:

	<u>Amount</u>
Parks	\$ 226
Capital Additions	\$ 1,743

## TOWN OF COPPER CANYON

### NOTES TO THE FINANCIAL STATEMENTS

September 30, 2017

#### NOTE 2: DEPOSITS:

At September 30, 2017, the carrying amount of the Town's cash accounts was \$1,620,300, made up of petty cash of \$159 and \$1,620,141 held in checking accounts at a local financial institution. The Town did not own any investments at September 30, 2017.

#### Deposit and Investment Risk Disclosures:

(1) Custodial credit risk - Custodial credit risk for deposits is the risk that, in the event of the failure of depository financial institution, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of outside parties.

At September 30, 2017, the Town's bank balances (per bank) totaled \$2,002,071. Of the bank balances, \$250,000 was covered by federal depository insurance and \$1,752,071 was secured by collateral held by the pledging Bank's agent in the name of the Town. The Town was not exposed to any custodial credit risk at September 30, 2017.

Securities pledged by the Town's depository institution at September 30, 2017 are as follows:

SECURITY	PAR	FMV
FHLB-letter of credit	\$1,300,000	\$1,300,000
FHLB Non-Callable	\$ 400,000	\$ 410,788
FFCB Call after 5/25/18	\$1,000,000	\$ 996,885

(2) Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. The Town does not currently own any investments and, therefore, is not exposed to credit risk.

(3) Concentration of credit risk - This is the risk of loss attributable to the magnitude of the Town's investment in a single issuer. The Town does not currently own any investments and, therefore, is not exposed to concentration of credit risk.

(4) Interest rate risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not currently own any investments and, therefore, is not exposed to interest rate risk.

#### NOTE 3: PROPERTY TAX:

Property tax is levied each October 1 on the assessed (appraised) value as of the prior January 1 for all real and personal property located in the Town. Taxes are due October 1, the levy date, and are delinquent after the following January 31. Property taxes at the fund level are recorded as receivables and deferred revenues at the time taxes are assessed. Revenues are recognized as the related taxes are collected.

# TOWN OF COPPER CANYON

## NOTES TO THE FINANCIAL STATEMENTS

**September 30, 2017**

### **NOTE 4: CAPITAL ASSETS:**

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

GOVERNMENTAL ACTIVITIES	BEGINNING	ADDITIONS	TRANSFERS & DELETIONS	ENDING
Land	\$ 132,184	\$ 1,743	\$ 0	\$ 133,927
Building & Improvements	295,370	6,000	0	301,370
Equipment	38,038	23,025	0	61,063
Infrastructure	12,333,491	0	450,447	12,783,938
Construction in Progress	509,177	3,306,372	(450,447)	3,365,102
TOTAL AT HISTORICAL COST	<u>13,308,260</u>	<u>3,337,140</u>	<u>0</u>	<u>16,645,400</u>
	13,308,260			
LESS ACCUMULATED DEPRECIATION				
Land	0	0	0	0
Building & Improvements	123,083	13,462	0	136,545
Equipment	18,249	7,528	0	25,777
Infrastructure	3,893,310	789,564	0	4,682,874
Construction in Progress	0	0	0	0
TOTAL ACCUMULATED DEPRECIATION	<u>4,034,642</u>	<u>810,554</u>	<u>0</u>	<u>4,845,196</u>
TOTAL CAPITAL ASSETS, NET	\$ <u>9,273,618</u>	\$ <u>2,526,586</u>	\$ <u>0</u>	\$ <u>11,800,204</u>

DEPRECIATION EXPENSE WAS CHARGED TO GOVERNMENTAL ACTIVITIES AS FOLLOWS:

General Government	\$ 20,990
Public Safety	0
Public Works	<u>789,564</u>
TOTAL DEPRECIATION EXPENSE	\$ <u>810,554</u>

# TOWN OF COPPER CANYON

## NOTES TO THE FINANCIAL STATEMENTS

**September 30, 2017**

### **NOTE 5: LONG-TERM DEBT:**

By virtue of an election held within the Town on May 8, 2010, the Town Council became authorized to issue \$2,500,000 of general obligation bonds in the name of the Town. In August 2010 the Town issued \$2,000,000 of general obligation bonds (noted as Series 2010) for the purpose of constructing and improving streets and bridges and associated drainage improvements within the Town. In October 2016 the remaining \$500,000 of general obligation bonds (notes as Series 2016) were issued for the purpose of constructing and improving streets and associated drainage improvements within the Town

The bonds bear interest at rates ranging from 1.50% to 4.50%, payable from an ad valorem tax to be levied annually by the Town. The bonds have annual maturity dates ranging from February 2011 through February 2030. The Town reserves the right, at its option, without penalty to redeem bonds maturing on and after February 15, 2019, in whole or part, at any time on or after February 15, 2019.

General long-term debt activity for the fiscal year is as follows:

GOVERNMENTAL ACTIVITIES:	BEGINNING	ADDITIONS	PAYMENTS	ENDING	CURRENT PORTION
Series 2010, General Obligation Bonds	\$ 1,460,000	\$ 0	\$ 80,000	\$ 1,380,000	\$ 85,000
Series 2016, General Obligation Bonds	0	500,000	45,000	455,000	45,000
<b>TOTAL BONDS</b>	<u>1,460,000</u>	<u>500,000</u>	<u>125,000</u>	<u>1,835,000</u>	<u>130,000</u>
Compensated Absences	<u>8,045</u>	<u>1,507</u>	<u>0</u>	<u>9,552</u>	<u>0</u>
<b>TOTAL GOVERNMENTAL</b>	<u>\$ 1,468,045</u>	<u>\$ 501,507</u>	<u>\$ 125,000</u>	<u>\$ 1,844,552</u>	<u>\$ 130,000</u>

Future debt maturities are as follows:

YEAR ENDING SEPTEMBER 30,	PRINCIPAL	INTEREST	TOTAL
2018	\$ 130,000	\$ 62,568	\$ 192,568
2019	130,000	59,026	189,026
2020	140,000	55,132	195,132
2021	145,000	50,837	195,837
2022	145,000	46,316	191,316
2023-2027	760,000	153,177	913,177
2028-2030	385,000	25,924	410,924
<b>TOTALS</b>	<u>\$ 1,835,000</u>	<u>\$ 452,980</u>	<u>\$ 2,287,980</u>

## TOWN OF COPPER CANYON

### NOTES TO THE FINANCIAL STATEMENTS

September 30, 2017

#### **NOTE 6: CAPITAL IMPROVEMENT PROJECT FUND:**

The Capital Improvement Project Fund (CIP) is used to account for funds designated for capital improvement projects as identified by the Town's capital improvement projects budget. These projects include funds for wastewater improvements and road maintenance and improvements.

Road maintenance and improvement projects - the CIP fund expended \$3,321,831 during 2017 for various road maintenance projects (\$15,459) and road improvement projects (Chinn Chapel Road-\$2,357,829 and Woodlawn Drive-\$948,543). These expenditures were funded by \$2,357,829 of interlocal funds received from Denton County for road improvements, \$500,000 from Series 2016 General Obligation bond proceeds and from funds committed by the Town Council for road improvements in prior years. During 2017 the Town received a \$150,000 developer contribution to be used for improvements to Chinn Chapel Road. The Town expects to expend the \$150,000 during 2018. The CIP road fund balance at September 30, 2017 totals \$525,030. These funds are restricted (\$150,000) or committed (\$375,030) by the Town Council for future road maintenance and improvement projects.

#### **NOTE 7: RETIREMENT PLAN:**

##### A. Plan Description

The Town participates as one of 872 plans in the non-traditional, joint contributory, hybrid defined benefit 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 agent 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 Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) can be obtained at [www.TMRS.com](http://www.TMRS.com).

All eligible employees of the Town are required to participate in TMRS.

##### B. Benefits provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the Town-financed monetary credits with interest were used to purchase an annuity. Members choose to receive their retirement benefit in one of 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.

## TOWN OF COPPER CANYON

### NOTES TO THE FINANCIAL STATEMENTS

September 30, 2017

The Town has adopted the following plan provisions:

	Plan Year 2016	Plan Year 2017
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5 or 0/20	60/5 or 0/20

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

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	3
Active employees	<u>3</u>
	8

#### C. Contributions

The contribution rates for employees in TMRS are either 5%, 6% or 7% of employee gross earnings, and the Town matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the Town. Under the state law governing TMRS, the contribution rate for each Town 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 of the Town were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the Town were 14.38% and 13.04% for the calendar years 2017 and 2016 respectively. The Town's contributions to TMRS for the fiscal year ended September 30, 2017 were \$29,305 and were equal to the required contributions.

#### D. Net Pension Liability or Assets

The Town'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 actuarial valuation as of that date.

## TOWN OF COPPER CANYON

### NOTES TO THE FINANCIAL STATEMENTS

September 30, 2017

#### *Actuarial Assumptions:*

The Total Pension Liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

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 male rates multiplied by 109% and female rates multiplied by 103%. For additional conservatism lower termination rates are used, with maximum multipliers of 75%, and the life expectancy is loaded by decreasing the mortality rates by 1% for every active member less than 15. These 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 tables with Blue Collar Adjustment are used with males multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, 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 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 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. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense 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, GRS 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).



# TOWN OF COPPER CANYON

## NOTES TO THE FINANCIAL STATEMENTS

September 30, 2017

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
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 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 periods of projected benefit payments to determine the Total Pension Liability.

### *Changes in Net Pension Liability:*

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2015	\$ 338,096	\$ 292,664	\$ 45,432
Service Cost	32,364		32,364
Interest	23,391		23,391
Differences between expected and actual results	(3,954)		(3,954)
Change of assumptions	0		0
Contributions - employer		21,862	(21,862)
Contributions - employee		12,253	(12,253)
Net investment income		19,800	(19,800)
Benefit Payments, including refunds of employee contributions	(15,493)	(15,493)	0
Administrative expense		(223)	223
Other		(12)	12
Net Changes	36,308	38,187	(1,879)
Balance at December 31, 2016	\$ 374,404	\$ 330,851	\$ 43,553

# TOWN OF COPPER CANYON

## NOTES TO THE FINANCIAL STATEMENTS

September 30, 2017

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the Town, calculated using the discount rate of 6.75%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-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%)
Town's Net Pension Liability	\$ <u>86,474</u>	\$ <u>43,553</u>	\$ <u>7,281</u>

### *Pension Plan Fiduciary Net Position:*

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at [www.tmrs.com](http://www.tmrs.com).

### E: Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

For the year ended September 30, 2017 the Town recognized pension expense of \$30,978.

At September 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following Sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between expected and actual economic experience	\$ 0	\$ 1,757	\$ (1,757)
Differences in assumptions	0	0	0
Differences between projected and actual investment earnings	<u>11,835</u>	<u>0</u>	<u>11,835</u>
To be recognized in the future	11,835	1,757	\$ <u>10,078</u>
Contributions subsequent to the measurement date	22,503	0	
Total	\$ <u>34,338</u>	\$ <u>1,757</u>	

# **TOWN OF COPPER CANYON**

## **NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2017**

The \$22,503 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,		
2017	\$	2,389
2018		4,144
2019		3,554
2020		(9)

### **NOTE 8: RISK MANAGEMENT**

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town is a member of the Texas Municipal League Intergovernmental Risk Pool ("TMLIRP") which is a public entity insurance risk pool. Annual contributions to TML are reported in the general fund. Management believes coverage presently purchased from TMLIRP is sufficient to preclude significant uninsured losses to the Town.

## **REQUIRED SUPPLEMENTARY INFORMATION**

# TOWN OF COPPER CANYON

## BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

*For the Year Ended September 30, 2017*

	<b>BUDGET AMOUNTS</b>	<b>ACTUAL AMOUNTS</b>	<b>VARIANCE</b>
<b>RESOURCES (INFLOWS)</b>			
Property Taxes	\$ 476,318	\$ 486,926	\$ 10,608
Sales Taxes	120,000	71,083	(48,917)
Franchise Fees	131,990	114,741	(17,249)
Permits & Fees	84,850	106,139	21,289
Municipal Court	109,350	121,007	11,657
Scholarship Program	0	100	100
Miscellaneous Revenues	0	2,662	2,662
Interest Income	3,000	4,502	1,502
Transfer from Crime Control & Prev. Dist.	95,000	0	(95,000)
<b>TOTAL RESOURCES</b>	<b>1,020,508</b>	<b>907,160</b>	<b>(113,348)</b>

### CHARGES TO APPROPRIATIONS (OUTFLOWS)

#### General Government:

Wages	138,650	138,650	0
Payroll Taxes	12,607	12,155	452
Retirement	21,730	22,282	(552)
Health Insurance	20,000	20,000	0
Employee Vehicle Expenses	2,600	2,713	(113)
Accounting & Auditing Services	4,500	4,500	0
Appraisal & Tax Collection Services	5,900	5,938	(38)
Engineering Services	25,000	45,890	(20,890)
Legal Services	80,000	32,600	47,400
Codification	1,000	2,249	(1,249)
MS-4 Permit	4,100	3,239	861
Town Map	1,500	0	1,500
Bond Issue Costs	0	13,242	(13,242)
Town Clean-Up Day	8,000	6,925	1,075
Scholarship Program	0	4,845	(4,845)
Building & Equipment Maintenance	15,000	17,446	(2,446)
Dues, Subscriptions & Public Notices	7,000	7,911	(911)
Election Costs	4,000	0	4,000
Insurance	7,000	5,658	1,342
Computer Maint. & Tech Support	14,000	11,683	2,317
Website	1,000	998	2
Neighborhood Watch	2,500	279	2,221
Office Supplies	8,450	5,297	3,153
Other Expenses	1,000	145	855
Volunteer Appreciation & Events	4,500	1,392	3,108
Travel & Training	4,500	4,799	(299)
Utilities	12,000	10,917	1,083
<b>Total General Government</b>	<b>406,537</b>	<b>381,753</b>	<b>24,784</b>

**TOWN OF COPPER CANYON**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

*For the Year Ended September 30, 2017*

	<b>BUDGET AMOUNTS</b>	<b>ACTUAL AMOUNTS</b>	<b>VARIANCE</b>
<b>Public Safety:</b>			
Wages - Court	40,000	40,000	0
Payroll Taxes - Court	3,850	3,834	16
Retirement - Court	7,022	7,022	0
Health Insurance - Court	10,000	10,000	0
Contract Labor-Court	3,000	3,968	(968)
Law Enforcement Contract Services	295,362	176,600	118,762
Municipal Court Judge Services	5,200	5,800	(600)
Legal Fees - Municipal Court	4,800	4,800	0
Municipal Court Technology & Security	6,440	6,104	336
Child Safety	2,400	1,625	775
Building Inspection	24,000	23,000	1,000
Code Enforcement	1,500	779	721
Animal Control	2,700	2,560	140
<b>Total Public Safety</b>	<b>406,274</b>	<b>286,092</b>	<b>120,182</b>
<b>Parks &amp; Recreation:</b>			
Equestrian Trail	1,000	1,226	(226)
<b>Public Works:</b>			
Mowing & Street Signs	18,000	18,000	0
<b>Total Public Works</b>	<b>18,000</b>	<b>18,000</b>	<b>0</b>
<b>Capital Additions:</b>			
Administration	6,000	7,743	(1,743)
Public Safety	23,025	23,025	0
<b>Total Capital Outlay</b>	<b>29,025</b>	<b>30,768</b>	<b>(1,743)</b>
<b>TOTAL APPROPRIATION BEEFORE BEFORE TRANSFERS</b>	<b>860,836</b>	<b>717,839</b>	<b>142,997</b>
<b>EXCESS OF RESOURCES OVER (UNDER) APPROPRIATIONS BEFORE TRANSFERS</b>	<b>159,672</b>	<b>189,321</b>	<b>29,649</b>
<b>Transfers Out:</b>			
To CIP Fund	0	(165,103)	165,103
<b>Total Transfers Out</b>	<b>0</b>	<b>(165,103)</b>	<b>165,103</b>
<b>EXCESS OF RESOURCES OVER (UNDER) APPROPRIATIONS AFTER TRANSFERS</b>	<b>159,672</b>	<b>24,218</b>	<b>\$ (135,454)</b>
<b>FUND BALANCE - BEGINNING</b>	<b>717,335</b>	<b>717,335</b>	
<b>FUND BALANCE - ENDING</b>	<b>\$ 877,007</b>	<b>\$ 741,553</b>	

**TOWN OF COPPER CANYON**

**BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND**

*For the Year Ended September 30, 2017*

	<b>BUDGET AMOUNTS</b>	<b>ACTUAL AMOUNTS</b>	<b>VARIANCE</b>
<b>RESOURCES (INFLOWS)</b>			
Property Taxes	\$ 167,215	\$ 170,590	\$ 3,375
Interest Income	0	768	768
<b>TOTAL RESOURCES</b>	<b>167,215</b>	<b>171,358</b>	<b>4,143</b>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Debt Service Principal - Series 2010	125,000	125,000	0
Debt Service Interest - Series 2010	63,850	64,076	(226)
<b>TOTAL EXPENDITURES</b>	<b>188,850</b>	<b>189,076</b>	<b>(226)</b>
<b>EXCESS OF RESOURCES OVER (UNDER) APPROPRIATIONS</b>	<b>\$ (21,635)</b>	<b>\$ (17,718)</b>	<b>\$ 3,917</b>
<b>FUND BALANCE - BEGINNING</b>	<b>100,248</b>	<b>100,248</b>	
<b>FUND BALANCE - ENDING</b>	<b>\$ 78,613</b>	<b>\$ 82,530</b>	

**TOWN OF COPPER CANYON**

**BUDGETARY COMPARISON SCHEDULE - CIP ROAD FUND**

*For the Year Ended September 30, 2017*

	<b>BUDGET AMOUNTS</b>	<b>ACTUAL AMOUNTS</b>	<b>VARIANCE</b>
<b>RESOURCES (INFLOWS)</b>			
Denton County Road Reimbursements	\$ 0	\$ 2,357,828	\$ 2,357,828
Developer Contributions	0	150,000	150,000
Bond Proceeds	0	500,000	500,000
Interest Income	0	7,388	7,388
Transfer from General Fund	0	165,103	165,103
<b>TOTAL RESOURCES</b>	<b>0</b>	<b>3,180,319</b>	<b>3,180,319</b>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
<b>Public Works:</b>			
Road Engineering & Maintenance	67,000	15,459	51,541
Road & Drainage Improvements	0	3,306,372	(3,306,372)
<b>TOTAL EXPENDITURES</b>	<b>67,000</b>	<b>3,321,831</b>	<b>(3,254,831)</b>
<b>EXCESS OF RESOURCES OVER (UNDER) APPROPRIATIONS</b>	<b>\$ (67,000)</b>	<b>\$ (141,512)</b>	<b>\$ (74,512)</b>
<b>FUND BALANCE - BEGINNING</b>	<b>666,542</b>	<b>666,542</b>	
<b>FUND BALANCE - ENDING</b>	<b>\$ 599,542</b>	<b>\$ 525,030</b>	



**TOWN OF COPPER CANYON**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

**September 30, 2017**

Plan Year	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>TOTAL PENSION LIABILITY</b>			
Service Cost	\$ 32,364	34,518	\$ 25,302
Interest (on the Total Pension Liability)	23,391	20,559	17,181
Changes in benefit terms	0	0	0
Difference between expected and actual experience	(3,954)	(804)	4,489
Change of assumptions	0	9,046	0
Benefit payments, including refunds of employee contributions	(15,493)	(3,328)	(3,328)
<b>NET CHANGE IN TOTAL PENSION LIABILITY</b>	<u>36,308</u>	<u>59,991</u>	<u>43,644</u>
<b>TOTAL PENSION LIABILITY - BEGINNING</b>	<u>338,096</u>	<u>278,105</u>	<u>234,461</u>
<b>TOTAL PENSION LIABILITY - ENDING (a)</b>	<u>\$ 374,404</u>	<u>338,096</u>	<u>\$ 278,105</u>
<b>PLAN FIDUCIARY NET POSITION</b>			
Contributions - Employer	\$ 21,862	22,304	\$ 8,192
Contributions - Employee	12,253	13,453	11,730
Net investment income	19,800	384	13,185
Benefit payments, including refunds of employee contributions	(15,493)	(3,328)	(3,328)
Administrative expense	(223)	(234)	(138)
Other	(12)	(12)	(11)
<b>NET CHANGE IN PLAN FIDUCIARY NET POSITION</b>	<u>38,187</u>	<u>32,567</u>	<u>29,630</u>
<b>PLAN NET FIDUCIARY POSITION - BEGINNING</b>	<u>292,664</u>	<u>260,097</u>	<u>230,467</u>
<b>PLAN NET FIDUCIARY POSITION - ENDING (b)</b>	<u>\$ 330,851</u>	<u>292,664</u>	<u>\$ 260,097</u>
<b>NET PENSION LIABILITY (a) - (b)</b>	<u>\$ 43,553</u>	<u>45,432</u>	<u>\$ 18,008</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	88.37%	86.56%	93.52%
Covered employee payroll	\$ 175,037	192,192	\$ 167,577
Net Pension Liability as a percentage of covered payroll	24.88%	23.64%	10.75%

# TOWN OF COPPER CANYON

## SCHEDULE OF PENSION CONTRIBUTIONS

September 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 29,305	21,964	\$ 19,832
Contributions in relation to the actuarially determined contribution	29,305	21,964	19,832
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>
Covered employee payroll	208,650	172,013	190,733
Contributions as a percentage of covered employee payroll	14.05%	12.77%	10.40%

### NOTES TO 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	27 Years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.5% 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 Combined Mortality Table with Blue Collar Adjustment with male multiplied by 109% and female multiplied by 103% and projected on a fully generational basis with scale BB

#### Other Information:

Notes There were no benefit changes during the year

## **OTHER SUPPLEMENTARY INFORMATION**

**TOWN OF COPPER CANYON**  
**SCHEDULE OF PROPERTY TAXES**

September 30, 2017

Tax Year	2016	2015	2014	2013
Assessed Value	217,898,735	\$ 205,148,413	\$ 188,924,979	\$ 176,666,077
Tax Rate per \$100 of Assessed Value	<u>0.297505</u>	<u>0.297505</u>	<u>0.297505</u>	<u>0.297505</u>
Total Tax Levy	<u>648,260</u>	\$ <u>610,327</u>	\$ <u>562,061</u>	\$ <u>525,590</u>
Collections During Fiscal Year	<u>642,601</u>	\$ <u>601,308</u>	\$ <u>558,509</u>	\$ <u>520,289</u>
% of Current Taxes Collected	<u>99.13%</u>	<u>98.52%</u>	<u>99.37%</u>	<u>98.99%</u>

**Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent on February 1 of the following year.**

**WILLIAM C. SPORE, P.C.**  
**Certified Public Accountants**  
**200 N. Rufe Snow Dr., Ste 116**  
**Keller, TX 76248**  
**817-421-6619**

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To the Town Council  
Town of Copper Canyon

In planning and performing my audit of the financial statements of the governmental activities and major fund of the Town of Copper Canyon as of and for the year ending September 30, 2017, in accordance with auditing standards generally accepted in the United States of America, I considered the Town of Copper Canyon' internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control. Accordingly, I do not express an opinion on the effectiveness of the governmental unit's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A materiel weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

My consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be a material weakness.

This communication is intended solely for the information and use of management and Town Council and is not intended to be and should not be used by anyone other than these specified parties.

*William C. Spore, PC*  
Certified Public Accountants  
January 8, 2018