

CITY OF EULESS

COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDING SEPTEMBER 30, 2015



Building on a Strong Foundation

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Euless, Texas 76039
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City of Euless, Texas
Comprehensive Annual Financial Report
Fiscal Year Ending
September 30, 2015

Prepared by
City of Euless
Finance Department

201 North Ector Drive
Euless, TX 76039

**CITY OF EULESS, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED SEPTEMBER 30, 2015**

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**CITY OF EULESS, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED SEPTEMBER 30, 2015**

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INTRODUCTORY SECTION



February 23, 2016

To the Honorable Mayor,
Members of the City Council, and
Citizens of the City of Euless, Texas

The Finance Department and City Manager's Office are pleased to submit the Comprehensive Annual Financial Report ("CAFR") for the City of Euless, Texas ("City") for the fiscal year ended September 30, 2015. This report complies with State law which requires that all local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

This report is published to provide the City Council, City staff, citizens, bondholders, and other interested parties with detailed information concerning the financial condition and activities of the City. The report consists of City management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the accuracy, completeness, and reliability of all of the information presented in the report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh the benefits derived from them, the City'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's financial statements have been audited by Weaver, L.L.P., a firm of licensed, certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2015, 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 ("clean") opinion that the City's financial statements for the fiscal year ended

September 30, 2015, 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.

This report is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section includes this transmittal letter, a listing of City Officials, and an organizational chart of the City. The Financial Section includes the independent auditor's report on the basic financial statements, Management's Discussion and Analysis ("MD&A"), basic financial statements, the notes to the basic financial statements, and combining and individual fund statements and schedules. The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement, and should be read in conjunction with, the MD&A. The City of Euless' MD&A can be found immediately following the independent auditor's report. The Statistical Section includes financial and demographic information relevant to readers of the City's financial statements. The statistical data is generally presented on a multi-year basis.

Profile of the City of Euless, Texas

The City of Euless is located in North Central Texas in Northeast Tarrant County approximately 16 miles west of Dallas and 16 miles east of Fort Worth. Euless is readily accessible by State Highway 183 which is a multi-lane expressway linking Dallas to Fort Worth. Other major highways through the City include State Highway 121, State Highway 360, State Highway 10 and Farm-to-Market Road 157. Euless' centralized location provides quick access to both Dallas and Fort Worth metropolitan areas and is adjacent to Dallas-Fort Worth International Airport ("DFW Airport") in east Tarrant County, one of the world's busiest airports. The City is approximately 16.9 square miles and serves a population of approximately 54,050.

The City of Euless was incorporated February 24, 1953 and is a home rule city operating under a Council/Manager form of government. The City Council is comprised of the mayor and six council members who are elected at large. The Council has the authority to enact local legislation, levy taxes, adopt budgets, determine policies, incur debt, and appoint the City Secretary, City Attorney, Municipal Court Judge, and the City Manager. The City Manager reports directly to the City Council, and is responsible for the daily management of the various City departments. Council members serve three-year staggered terms, with two council members elected each year. The Mayor is elected to serve a three-year term. In addition, several boards and commissions were created to assist the City Council in deciding matters of policy and procedure and meet on various issues throughout the year.

The City of Euless provides a full range of services to its citizens including: police and fire protection; emergency ambulance services; municipal court operations; development and code services; construction and maintenance of streets and highways, parks, and recreational facilities; water service and wastewater collection and treatment; and library operations. The City also operates a top-ranked, 18-hole golf course and conference center, an adult softball facility, youth athletic complex, and an aquatics center. Internal

services of the City account for risk management, equipment replacement, and employee insurance coverage activities on a cost reimbursement basis. Private contractors, through a franchise agreements, provides solid waste and recycling collections and disposal services for the City.

Three component units of the City, the Euless Development Corporation, the Euless Crime Control and Prevention District, and Tax Increment Reinvestment Zone (TIRZ) #3 – Glade Parks, are presented in the financial statements of the City as blended component units. Data for these organizations is recorded and presented in special revenue funds of the City’s financial statements. Additional information on these component units can also be found in Note 1 in the Notes to the Basic Financial Statements.

The annual budget serves as the foundation for the City of Euless’ financial planning and control. Per the City Charter, the City Manager provides to the City Council the proposed budget by August 1st each year. The budget is filed with the City Secretary and is open for public inspection. Upon receipt of the budget, the City Council sets a date for a public hearing at which time interested citizens may express their opinions regarding the proposed budget. The Charter requires the Council to adopt the budget by a favorable majority vote at least ten days prior to the beginning of the next fiscal year.

The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund; however any revisions that alter the total expenditures of any fund must be approved by the City Council. Budgetary control has been established at the individual fund level. Financial reports are produced showing budget to actual expenditures by line item and are distributed monthly to City departments for review.

Economic Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Euless operates.

The City of Euless is located in Tarrant County in the heart of the Dallas/Fort Worth (DFW) Metroplex and adjacent to the DFW International Airport. Thus, the economic vitality of the region significantly impacts the economic health of Euless. DFW Airport is the fourth busiest airport in the US and eighth busiest in the world according to flightstats.com. The airport handles approximately 175,829 passengers a day and over 64 million passengers a year according to dfwairport.com. DFW Airport provides service to 209 destinations.

DFW is the largest metropolitan area in Texas and has sustained tremendous growth during the past decade. It is reported by the airport that economic activity across the North Texas area attributable to DFW Airport totals \$37 billion in economic output, 143,000 in full-time jobs, and \$9.4 billion in payroll. DFW Metroplex, according to the North Texas Commission, with its highly-diversified economy has a population of over 6.9 million, a labor force of over 3.56 million, employment of over 3.42 million, an

unemployment rate of 3.6%, 21 Fortune 500 Firms, and college enrollment of 338 thousand. Such an economic environment has helped the region weather economic downturns in key sectors better than other regions in the nation.

The Alliance Texas development in North Fort Worth is an 18,000-acre master-planned, mixed-use community which is home to 425 companies, 44,000 employees, 8,750+ single-family homes, and is anchored by the inland port known as the Alliance Global Logistics Hub. This area offers a variety of commercial real estate options, industrial space, office space, and retail facilities (www.allianceairport.com, Alliance Texas Facts).

Taxable value for all residential and commercial property in the City of Euless is estimated at approximately \$3.15 billion for tax year 2015, which is a 3.38% increase from the prior year, due primarily to an increase in residential and commercial property values. Sales tax collections increased 4.76% during FY2014-15. Euless continues to look for additional revenue opportunities in order to minimize the tax burden to citizens and strives to cut costs without impacting service.

The City also receives a significant amount of revenue from a consolidated rental car facility located at DFW Airport. The City Council has chosen to use this funding source to build reserves and to cash flow capital projects in lieu of debt issuance. This has allowed the City to refrain from becoming overly dependent on a volatile resource while providing for needed improvements for citizens.

The City of Euless has approximately 766 acres of undeveloped land outside of DFW Airport and another 1,700 developable acres within DFW airport. The Glade Parks mixed-use development consisting of major retail, restaurants, neighborhood pedestrian-oriented retail uses and residential neighborhoods is currently under construction.

The Dallas Cowboys AT&T Stadium and Texas Rangers Globe Life Park in Arlington, within minutes of Euless, continue to attract additional tourism to the City by hosting major concerts and sporting events, including Super Bowl XLV in 2011, World Series in 2010 and 2011, NCAA Regional Basketball Tournament in 2013, the NCAA Final Four Basketball Tournament in 2014, and the first College Football Playoff National Championship game in 2015.

During the fiscal year the City continued the annual street overlay, Americans with Disability Act (ADA) improvements, and street light and sidewalk maintenance programs. Additionally, the City completed street improvements on Cullum Drive, wastewater line relocation for Phase 1 of State Highway 183 construction, wastewater line replacement at Denton Drive and water line replacement at El Camino Real.

The City benefits from a well-educated workforce, with approximately 90% of the population being high school or higher education graduates. Statewide that rate is 81.6%. In addition, Euless' median household income of \$54,619 compares favorably to \$52,576 for the State of Texas (source: 2010-2014 U.S. Census Bureau Quick Facts).

Long-Term Financial Planning

The City of Euless has developed a comprehensive capital improvements document as well as a multi-year financial plan. Such strategic planning has allowed the City Council to fund several major infrastructure upgrades, park enhancements, and capital purchases in a systematic manner while considering the full impact to the operating budget and tax requirements. Many of these projects have been completed on a pay-as-you-go basis by utilizing operating revenues, excess reserves, and rental car taxes, thereby avoiding the issuance of additional debt.

The City Council and citizens of Euless have determined that debt issuance is a viable method of financing major capital projects. Analysis of potential debt issuance includes the operating impact the repayment thereof will have on citizens, property tax rates, and enterprise fund service fee revenues. Per the City's fiscal policies, long-term debt will not be used for operating purposes and the life of the debt instruments will not exceed the useful life of the projects financed. Policy also specifies that bonds with an average life of 20 years or less will be issued to reduce net interest cost and maintain future flexibility by paying off debt earlier. The majority of the City's existing long-term debt was used to finance infrastructure needs and traditional government facilities such as streets, libraries, and development of parks and open spaces.

The City's fiscal policies state current expenditures will be paid with current revenues. Deferrals, short-term loans, or one-time sources will be avoided as budget balancing techniques. Reserves will be used for emergencies or nonrecurring expenditures, except when balances can be reduced because levels exceed guidelines or legally-required minimums.

Fiscal policies provide for a General Fund reserve equal to between 30 and 60 days of working capital. At no time shall the reserve fall below 8.3% of the General Fund expenditure budget (i.e. 30-day level). The current reserve is maintained at 98 days of operations which equates to approximately 26.9% of next year's budgeted expenditures. At the end of the current year, the City was in compliance with this policy.

The City's fiscal policies for the Water and Wastewater Fund require the maintenance of a minimum reserve of 45 to 75 days of working capital. The City currently maintains an 85-day reserve. Water and Wastewater revenue bond covenants require the City to maintain reserve amounts sufficient to cover the average annual debt service requirements. This revenue bond reserve is in addition to the working capital required by the City's fiscal policies and is maintained in a separate fund on the general ledger. As of September 30, 2015, the revenue bond reserve totaled \$641,350.64 which meets the required average annual debt service per bond covenants.

Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. rates the City's general obligation debt and sales tax revenue debt at AA and the water and wastewater revenue debt at AA+. Moody's Investor Service, Inc. rates the general obligation debt and water and wastewater revenue debt at Aa2 and the sales tax revenue

debt at A1. Additional information about the rating agencies or the significance of the ratings provided may be obtained from each agency's web site.

Major Initiatives

The City has partnered with Tarrant County, surrounding cities, local churches and businesses to renovate qualifying homes in the community through the Tarrant County Home Program and the Community Powered Revitalization Program ("CPR"). Through this partnership, the cities of Hurst, Euless, and Bedford have joined forces to assist qualifying residents in all three communities.

The City's Facility Master Plan and ADA Transition Plan address facility needs of the City. The Parks Master Plan, which focuses on improving the quality of life for the community, includes additional hike/bike trails, park amenities and upgrades.

The City's Capital Improvement Plan addresses the infrastructure needs throughout the City. The Texas Department of Transportation awarded a contract to Southgate Constructors for the State Highway 183 reconstruction and expansion from Farm-to-Market Road 157 through the eastern city limits called the Midtown Express Project and includes relocation of existing water and wastewater mains along this corridor. This project started in 2015. Community Development Block Grant (CDBG) infrastructure improvements, street overlay projects, Glenn Drive wastewater line replacement, Donley Drive / Shelmar Drive water line replacement, miscellaneous valve replacement, construction of the Development and Engineering Building, Midtown development and Texas Star Sports Complex Phase V improvements are also anticipated to begin in the upcoming year.

The City of Euless, along with the City of Arlington and the DFW International Airport, contracted with the City of Fort Worth for the purchase of reclaimed water from the Village Creek Wastewater Plant. This began the City's reclaimed water utility system, which initially was used to irrigate over 300 acres of City property including Texas Star Golf Course and the Texas Star Sports Complex. The use of reclaimed water for irrigation is a viable alternative to potable water that allows the City to protect valuable assets by continuing to water during drought conditions.

A reclaimed water utility system expansion feasibility study was completed in 2012 and resulted in a system expansion project, recommended to be broken down into six (6) project phases. The first phase of the extension of the reclaimed water line began in fiscal year 2013 and was completed in 2014. Phase I included the installation of a booster pump station located at Midway Road and Bear Creek Drive and service extension 1700 feet north of Harwood Road. This expansion brought reclaimed water service to several existing multi-family properties, existing commercial properties and the new mixed-used development known as the RiverWalk. Phase II of the reclaimed water extension is currently under construction and extends the existing reclaimed water service main along Bear Creek Parkway in a northerly direction to a point just past Little Bear Creek, approximately 3,500 feet. Phase II provides reclaimed water service to several

additional multi-family properties, landscaped medians, a single family development and portions of City park land. Phase II construction is being funded through the Texas Water Development Board's Clean Water State Revolving Fund program. Ultimately, with the completion of all phases of the extension, the availability of reclaimed water will extend to multiple properties from SH 183 to Mid Cities Boulevard as well as the City park land. Plans for future phases are dependent upon the availability of additional low interest loans or grants.

Funding was finalized in 2015 for the replacement and enhancement of the City's fixed base meter reading system. This project is underway and installation will begin in March 2016.

Over the last several years, the City has worked with a developer on a major, mixed-use center located along the southwest corner of Glade Road and Highway 121. This center will ultimately provide approximately 1.2 million square feet of retail/office and includes a unique residential component. The City expects the sales tax benefit from this center to be significant. In an effort to promote development in this area, the City created a Tax Increment Reinvestment Zone ("TIRZ") for the Glade Parks development and approved the related project and financing plan. This plan authorized the City to undertake certain public improvements associated with the Glade Parks development. The City also executed a development agreement with Ruby 12 Glade Retail, LLC, formally known as Glade 121 L.P., which specified the extent of City provided improvements and provided for the conditions under which these improvements will be constructed or reimbursed. Additionally, the City created the Glade Parks Public Improvement District ("PID") which is funded from assessments within the district. At the 2015 fiscal year-end, the infrastructure improvements were completed. An additional phase was added to this development in 2015 that included construction of a parking garage, park, and park amenities. The existing Glade Parks TIRZ also covers this project as well as a PID to support debt issued for these additional public improvements. This construction is anticipated to begin in 2016.

The City approved a planned development known as RiverWalk which includes approximately 200 acres located at the northwest corner of Airport Freeway and State Highway 360 extending north to Harwood Road. Lennar Homes is developing three (3) subdivisions within the RiverWalk mixed use project, including The Dominion at Bear Creek, which is a 206 lot single-family subdivision located south of Midway Drive, on the west side of Bear Creek Parkway. The Villas at Bear Creek is a 60 lot single-family subdivision at the southeast corner of Bear Creek Parkway and Midway Drive and The Estates at Bear Creek is a 112 lot single-family subdivision. The NRP Group completed construction of a 300-unit urban loft project in 2015.

The City has also been working with a developer on a 56 acre mixed-use development located on the south side of State Highway 183, east of Farm-to-Market Road 157 and north of State Highway 10. This development is planned for 255 new single family homes, 393 urban lofts, and over 67 thousand square feet of retail space. Both a TIRZ and a PID have been created by the City to fund the debt associated with the public

improvements needed for the area including roadways, water distribution system, sanitary sewer and storm sewer collections systems, hardscaping, and amenities.

Awards and Acknowledgements

The Government Finance Officers Association (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Euless for its Comprehensive Annual Financial Report (“CAFR”) for the fiscal year ended September 30, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such 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. The City has been awarded a Certificate of Achievement for the last 28 consecutive years. We believe that the current CAFR meets the Certificate of Achievement program requirements and are submitting it to GFOA for review.

In addition, the City of Euless received the GFOA’s Distinguished Budget Presentation Award for its annual budget document. The City of Euless has received the Distinguished Budget Award for the last 24 years. In order to qualify for the award, the City’s budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Appreciation is expressed to City employees throughout the organization, especially those who were instrumental in the successful completion of this report.

We would like to thank the Mayor and members of the City Council for their support in planning and conducting the financial operations of the City in a responsible, professional, and progressive manner. As always, the City of Euless staff welcomes and appreciates your comments.

Respectfully Submitted,



Loretta Getchell
City Manager



Janina Jewell
Director of Finance

CITY OF EULESS

FISCAL YEAR 2014-2015



LINDA MARTIN, MAYOR

Tim Stinneford, Council Member - Place One, Mayor Pro Tem

Jeremy Tompkins, Council Member - Place Two

Eddie Price, Council Member - Place Three

Linda Eilenfeldt, Council Member - Place Four

Harry Zimmer, Council Member - Place Five

Perry Bynum, Council Member - Place Six

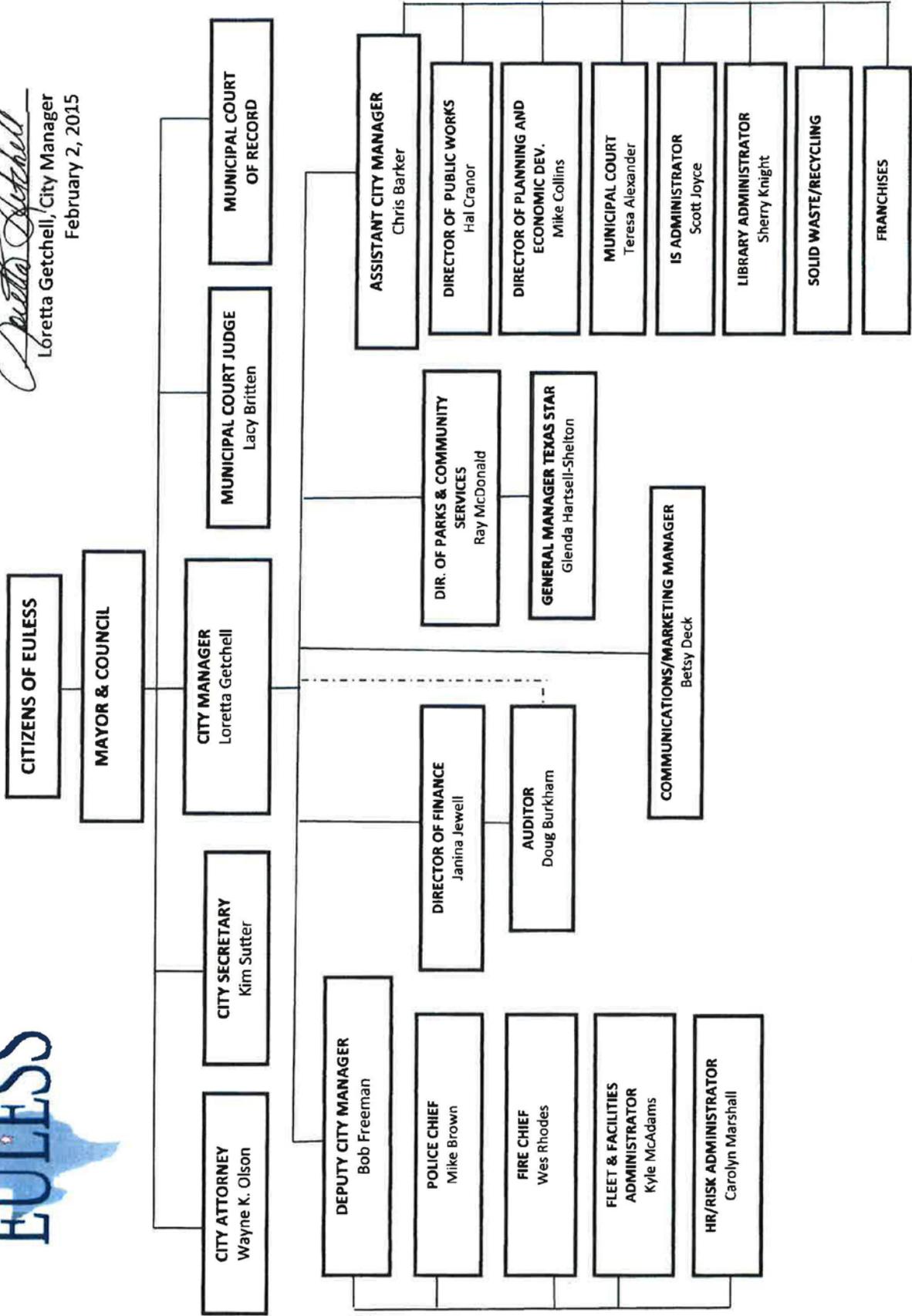
Loretta Getchell, City Manager

Bob Freeman, Deputy City Manager

Chris Barker, Assistant City Manager

ORGANIZATIONAL CHART

Loretta Getchell
Loretta Getchell, City Manager
February 2, 2015





Government Finance Officers Association

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

Presented to

**City of Euless
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor,
City Council and City Manager
City of Euless, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Euless, Texas (the City) as of and for the year ended September 30, 2015, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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, each major fund, and the aggregate remaining fund information of the City of Euless, Texas, as of September 30, 2015, 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.

Emphasis of Matter

Change in Accounting Principle

During 2015, as discussed in Note 13 to the basic financial statements, the City implemented Governmental Accounting Standards Board (GASB) No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment to GASB Statement No. 68*. Beginning net position has been restated to reflect the change in accounting principle resulting from GASB No. 68 and 71. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the TMRS pension schedules, the analysis of OPEB funding progress, and budgetary comparison information on pages 4 through 16 and 68 through 74 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 and individual nonmajor fund financial statements and schedules, and statistical tables are

presented for purposes of additional analysis and are not a required part of the financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Weaver and Tidwell LLP

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
February 19, 2016

CITY OF EULESS, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2015
(Unaudited)

Management of the City of Euless offers the readers of the City's financial statements this narrative overview and analysis of the financial activities and financial position of the City for the fiscal year ended September 30, 2015. In the broadest context, the financial well-being of a government lies in the underlying wealth and willingness of its citizens and property owners to pay adequate taxes combined with the vision of the government's elected and appointed leadership to spend those taxes strategically so that the City's tax base, service levels, City assets, and the City's desirability will be maintained not just for the current year but well into the future.

Financial reporting is limited in its ability to provide the "big picture" but rather focuses on financial position and changes in financial position. In other words, are revenues and/or expenditures higher or lower than the previous year? Has net position (containing both short-term and long-term assets and liabilities) or fund balances (the current "spendable" assets less current liabilities") of the government been maintained? Readers are encouraged to consider the information presented here in conjunction with the additional information furnished in the letter of transmittal (pages i-viii of this report) and the statistical section (pages 101-120 of this report) as well as information in the annual budget and the capital improvement plan along with other community information found on the City's website at www.eulesstx.gov. It should be noted that the Independent Auditor's Report describes the auditors' association with the various sections of this report and that all of the additional information from the website and other City sources are unaudited.

Financial Highlights

- The assets of the City of Euless exceeded its liabilities at the close of the most recent fiscal year by \$194,343,172 (Net position). This number must be viewed in the context that the vast majority of the City's net position of \$154,936,226 (80%) is net investment in capital assets and that most capital assets in government do not directly generate revenue nor can they be sold to generate liquid capital. The net position restricted for specific purposes totaled \$9,729,677 (5%). The remaining \$29,857,269 (15%) is unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- Governmental activities realized an increase in total net position of \$8,741,666 and business-type activities realized an increase in total net position of \$939,525 bringing the net increase in total net position for the City to \$9,681,191.
- At the close of the current fiscal year, the City of Euless' governmental funds reported combined ending fund balances of \$30,358,247 which represents an increase of \$1,914,700 in comparison with the prior year. Within this total, \$2,477,981 is restricted for debt service; \$594,211 is restricted by bond covenant for capital projects; \$109,618 and \$190,756 are restricted for court technology and juvenile case management, respectively; and another

\$1,857,055 is restricted for capital projects by developer agreements. Amounts restricted for cable PEG fees and historical preservation total \$406,885 and \$1,245, respectively. Nonspendable fund balance of \$63,233 represents fund balance amounts for inventories and prepaid items. Fund balances of \$13,881,721 represent assigned fund balance in the general, special revenue, and capital projects funds. The unassigned fund balance in the General Fund of \$10,775,542 can be used for any lawful purpose. The General Fund unassigned balance represents 30% of fiscal year 2015 total fund expenditures.

- The City's total capital assets (net of accumulated depreciation) increased by \$6,581,659 which is primarily attributed to completion of capital improvement projects and other asset additions exceeding current year depreciation expense and asset retirements.
- The City's bonds payable increased by \$7,340,000 or 19%, due to the issuance of certificates of obligation, general obligation refunding bonds, and water and wastewater revenue bonds less scheduled principal payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the City of Eules's basic financial statements which 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 required 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 of Eules's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City of Eules's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between them 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 of Eules is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the 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 only result in cash receipts and cash outlays in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

The government-wide financial statements distinguish between 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 and administration, public safety, highways and streets, development, and culture and recreation. The business-type activities of the City include water and wastewater system, drainage system, golf course, and other recreational activities.

The government-wide financial statements include not only the City of Euless (the primary government), but also the Euless Development Corporation, the Crime Control and Prevention District, and the Tax Increment Reinvestment Zone #3 – Glade Parks which are legally separate entities that are financially accountable to the City. A blended presentation has been used to report the financial information of these component units.

The government-wide financial statements can be found on pages 17-18 of this report.

Fund Financial Statements. A fund is a self-balancing set of accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Euless, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements with the exclusion of internal service fund activity. 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 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, the reader may better understand the long-term impact of the government'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 twenty individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Debt Service, Car Rental Tax, and Streets CIP funds, all of which are considered to be major funds. Data from the other sixteen 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 and Car Rental Tax major governmental funds. A budgetary comparison schedule has been provided for each fund to demonstrate compliance with the adopted budgets.

The basic governmental fund financial statements can be found on pages 19-22 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and wastewater, drainage utility, and golf operations, as well as several other recreational

activities. Internal service funds are an accounting device used to accumulate resources and allocate costs internally among the City's various functions. The City uses internal service funds to account for its equipment replacement, risk management, and health insurance services. Because these services predominately benefit governmental rather than business-type functions, a portion of the activities in these funds is included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Water and Wastewater, Drainage Utility, and Golf, all of which are considered to be major funds of the City. Data from the other recreational activities are combined into a single, aggregate presentation. Individual data for each of these non-major enterprise funds is provided in the form of combining statements elsewhere in this report. The internal service funds are combined into a single, aggregate presentation in the proprietary fund financial statements. Individual data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 23-27 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 28 and 29 of this report.

Notes to the 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 can be found on pages 30-67 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligations to provide pension and post-employment healthcare benefits to its employees. Additionally, schedules comparing budgetary figures and actual results of the General Fund and the Car Rental Tax Fund are also located in this section of the report. Required supplementary information can be found on page 68-74 of this report.

The combining statements referred to earlier in connection with non-major governmental funds, non-major proprietary funds, and internal service funds are presented immediately following the required supplementary information on pensions, OPEB, and budgetary comparisons. Combining and individual fund statements and schedules can be found on pages 75-100 of this report.

Government-Wide Financial Statement Analysis

As noted earlier, net position and especially net position by category may serve over time as a useful indicator of a government's financial position. In the case of the City of Euleess, assets exceeded liabilities by \$194,410,030 as of September 30, 2015.

The largest portion of the City's net position (80%) reflects its investment in capital assets (i.e., land, buildings, equipment, improvements, construction in progress, and infrastructure) net of accumulated depreciation, less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently these assets are not available for future spending and with exception of business-type assets, do not generate direct revenue for the City. They do represent, however, an obligation on the part of the City to maintain these assets into the future.

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.

An additional portion of the City's net position (5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$29,857,269 (15%) may be used to meet the City's ongoing obligations to citizens, creditors, and employees.

Net Position

Amounts shown in 000's	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 50,308	\$ 47,348	\$ 31,111	\$ 22,462	\$ 81,419	\$ 69,810
Capital assets	128,451	121,531	65,225	65,564	193,676	187,095
Deferred outflows*	4,833	3,869	1,488	1,350	6,321	5,219
Total assets and deferred outflows*	<u>183,592</u>	<u>172,748</u>	<u>97,824</u>	<u>89,376</u>	<u>281,416</u>	<u>262,124</u>
Long-term liabilities*	46,950	45,144	20,498	14,407	67,448	59,551
Other liabilities	13,615	13,837	5,395	4,074	19,010	17,911
Deferred inflows	518	-	97	-	615	-
Total liabilities and deferred inflows*	<u>61,083</u>	<u>58,981</u>	<u>25,990</u>	<u>18,481</u>	<u>87,073</u>	<u>77,462</u>
Net position:						
Net investment in capital assets	99,540	94,163	55,396	55,161	154,936	149,324
Restricted	5,666	4,999	3,883	2,426	9,549	7,425
Unrestricted*	17,303	14,605	12,555	13,308	29,858	27,913
Total net position*	<u>\$ 122,509</u>	<u>\$ 113,767</u>	<u>\$ 71,834</u>	<u>\$ 70,895</u>	<u>\$ 194,343</u>	<u>\$ 184,662</u>

* Denotes restatement of prior year due to change in accounting principle. (Note 13)

As of September 30, 2015 the City reports positive balances in all three categories of net position, for the government as a whole, as well as for its separate governmental and business-type activities. The same situation was true for fiscal year 2014.

The City's unrestricted net position increased by \$1,944,630 in fiscal year 2015 as compared to the restated unrestricted net position for the prior year. Restricted net position realized an increase of \$2,124,141 and the amount invested in capital assets, net of related debt also increased by \$5,612,420. The increase in total net position of \$9.7 million results primarily from current year operating results flowing to the net investment in capital assets category of net position. The details of the results of current year operations are found in the table shown on the following page.

Changes in Net Position

Amounts shown in 000's	Governmental		Business-type		Totals	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
<u>REVENUES</u>						
Program revenues:						
Fees, fines and charges for services	\$ 6,614	\$ 6,759	\$ 27,327	\$ 25,931	\$ 33,941	\$ 32,690
Operating grants and contributions	598	633	-	-	598	633
Capital grants and contributions	3,229	1,552	1,747	2,037	4,976	3,589
General revenues:						
Property taxes	14,358	13,489	-	-	14,358	13,489
Sales taxes	18,360	17,525	-	-	18,360	17,525
Car rental taxes	14,113	14,083	-	-	14,113	14,083
Mixed beverage taxes	84	69	-	-	84	69
Occupancy taxes	392	343	-	-	392	343
Gross receipts taxes	4,556	4,459	-	-	4,556	4,459
Investment income	127	70	40	34	167	104
Rents and royalties	1,167	1,390	-	-	1,167	1,390
Gain (loss) on asset disposal	-	85	4	-	4	85
Miscellaneous	35	49	-	-	35	49
Total revenues	<u>63,633</u>	<u>60,506</u>	<u>29,118</u>	<u>28,002</u>	<u>92,751</u>	<u>88,508</u>
<u>EXPENSES</u>						
Culture and recreation	6,468	6,425	-	-	6,468	6,425
Development services	878	1,367	-	-	878	1,367
General government	19,950	18,018	-	-	19,950	18,018
Highways and streets	3,374	3,578	-	-	3,374	3,578
Public safety	23,807	24,278	-	-	23,807	24,278
Interest and fiscal charges	1,137	1,126	-	-	1,137	1,126
Water and wastewater	-	-	19,970	20,298	19,970	20,298
Drainage utility	-	-	1,320	1,373	1,320	1,373
Golf course	-	-	4,156	4,152	4,156	4,152
Recreational enterprises	-	-	2,010	2,288	2,010	2,288
Total expenses	<u>55,614</u>	<u>54,792</u>	<u>27,456</u>	<u>28,111</u>	<u>83,070</u>	<u>82,903</u>
Increase (decrease) in net position before transfers	8,019	5,714	1,662	(109)	9,681	5,605
Transfers	723	532	(723)	(532)	-	-
Increase (decrease) in net position	8,742	6,246	939	(641)	9,681	5,605
Net position, beginning*	113,767	107,521	70,895	71,536	184,662	179,057
Net position ending	<u>\$ 122,509</u>	<u>\$ 113,767</u>	<u>\$ 71,834</u>	<u>\$ 70,895</u>	<u>\$ 194,343</u>	<u>\$ 184,662</u>

* Denotes restatement of prior year due to change in accounting principle. (Note 13)

- **Governmental activities.** Governmental activities increased the City's net position by \$8,741,666 thereby accounting for most of the growth in total net position. Most revenue categories, including sales taxes, investment income, charges for services, and capital grants and contributions, exceeded projections. Sound fiscal management, continued holding of frozen positions, and close monitoring of revenues and expenses allowed the City to realize an increase in governmental activities net position before transfers of \$9,681,191.

Total revenue for the governmental activities (excluding transfers from business-type activities) increased from the previous year by \$3,127,338. General Revenue, which is primarily made up of property taxes, sales taxes, and car rental taxes, had a net increase of \$1,630,844. Property tax revenue increased due to an overall increase in both the residential and commercial tax base. Sales tax collections increased as a result of new business openings and continued improvement in the local economy. Program revenues, which consist primarily of fines, fees, and charges for services increased \$1,496,494. Culture and recreation charges for services realized increases in the current year primarily as a result of the hugely successful indoor/outdoor Aquatic Center at the Eules Family Life Center. Development charges for services increased due to continued local development activity in both the commercial and residential markets. Public safety service revenues decreased approximately \$195,000 primarily as a result of decreases in jail revenues and municipal court activity combined with increases in ambulance revenues and forfeitures. Capital grants and contributions increased significantly in FY2015 as a result of developer contributions of capital assets.

Total expenses increased by \$822,404 from FY2014 to FY2015. The raise package for employees included an increase of 3.25% which accounts for a large portion of the expense increase across all functions. Conversely, the change in accounting principle resulting from implementation of GASB Statement No. 68 (related to pensions) reduced current year personnel-related expenses due to the recording of deferred outflows and the amortization of deferred inflows. Furthermore, fluctuations in depreciation expense as a result of the acquisition and disposal of capital assets affect the various expense categories. General and administrative expenses increased primarily as a result of a sizable increase in depreciation expense. In the prior year, the internal service fund (ISF) depreciation was allocated to the various expense functions, thereby losing its identity as depreciation. In the current year, the ISF allocation excluded depreciation expense and the entire amount was included with general and administrative depreciation expense on the government-wide financial statements. General and administrative expense also realized increased rebate payments resulting from revenue increases. The net position of general governmental operations accounts for 63% of total net position.

- **Business-type activities.** Business-type activities increased the City's net position by \$939,525. The change in net position before transfers is income of \$1,662,227. Charges for services program revenues for the business-type activities increased from the previous year by \$1,395,882 due primarily to increased water and wastewater revenues and a full year of operations at Texas Star Golf Course which was closed for 3½ months during the summer of 2014 for renovations. Capital grants and contributions decreased by \$290,625 primarily due to a reduction in developer contributions of drainage facilities. The City's business-type

activities suffered revenue short-falls due to the extreme amount of rainfall received throughout the year. The region received nearly 44½ inches for fiscal year 2015, which exceeds a “normal” year by more than eight inches.

Some expense categories realized increases for the year, but overall business-type expenses decreased 2.3%, a portion of which is attributable to the change in accounting principle mentioned previously. Despite an increase in the supplier’s volume rate, total water purchase costs declined from the prior year due to a decrease in potable water consumption. Wastewater treatment volume was down 9%, however, wastewater charges increased as a result of supplier treatment cost increases. Net position for business-type activities represents 37% of total net position.

Financial Analysis of the City’s Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 City’s net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Euless’ governmental funds reported combined ending fund balances of \$30,358,247, an increase of \$1,914,700 in comparison with prior year. Approximately 35.5% or \$10.8 million constitutes unassigned fund balance in the general fund that is available for spending at the City’s discretion. Another \$63,233 in non-spendable fund balance represents amounts invested in inventories and prepayments. Another portion is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay debt service (\$2,477,981); 2) to pay for specific capital improvements per developer agreements (\$1,857,055); 3) restricted by bond covenant for specific capital projects (\$594,211); and 4) for a variety of other restricted purposes (\$708,504). Assigned fund balance includes funds which management has planned to use for a specific purpose as well as residual balances of governmental funds other than the general fund. Assigned fund balance totals \$13,881,721 and includes assigned fund balance in the general fund of \$116,336 and \$13,765,385 which represents residual balances in other governmental funds. See discussion under Fund Balance Classifications in Note 1 of the Notes to the Basic Financial Statements for additional details on fund balance.

In the General Fund, the City budgeted for a decrease in fund balance (planned reduction) of \$3,112,128. Due to a positive budget variance in overall revenues and expenditures, the General Fund ended the year with an increase to fund balance of \$198,873 which represents a positive revised budget variance of \$3,311,001 resulting primarily from increased revenues of more than \$880,000 and expenditure savings of close to \$2.4 million, before transfers.

Most General Fund revenue categories realized increases over the prior year and many surpassed budget estimates as well. Sales tax receipts, gross receipts taxes, licenses and permits, investment income, intergovernmental revenues, and other revenues exceeded both budget and prior year. Sales taxes and licenses and permits grew as a result of new development and continued

improvement in the local economy. Property tax collections surpassed prior year collections, but fell short of budget expectations. Total fines and fees also fell short of budget estimates and did not reach prior year levels. Much of this shortfall results from significant decreases in municipal court collections and jail income. Ambulance revenues partially offset the shortfall by exceeding the prior year collections by approximately \$170,000.

Personnel and related benefit budgetary savings of approximately \$1.2 million result primarily from holding several vacant and funded positions open for at least a portion of the year, changes in employee healthcare elections, and rolling one-time personnel-related funds into next fiscal year. Contract labor appropriations of a little over \$152,000 remained unspent at the end of the year. Part-time salary expenses realized a favorable budget variance of nearly \$230,000, while overtime achieved budgetary savings of \$57,000. In addition to salary and benefit savings, general and administrative expenditures realized savings in supplies, training, travel, and contingencies. Increased rebate incentive payments from the improvement in sales tax revenues resulted in additional expenditures of approximately \$9,000, while the revenue sharing agreement with the cities of Dallas and Fort Worth realized a budgetary overage of approximately \$253,000. Electric service costs exceeded budget parameters by nearly \$169,000. Repair and maintenance costs exceeded budget parameters by approximately \$100,000 due primarily to heating and cooling systems maintenance and plumbing cost overages.

Aside from salaries and benefits, public safety expenditure savings were also noted in supplies, travel, professional and technical, equipment rentals, and maintenance. Savings in mowing services, structural maintenance, and supplies are primarily responsible for the positive budget variance in culture and recreation. Capital expenditures including street overlay, sidewalks, traffic signals, and lighting realized budgetary savings of \$89,000. One-time expenditures were \$641,000 under budget as a result of cost savings and timing of purchases (for which the funds will roll into the next fiscal year).

The Debt Service fund balance increased \$17,387 which is \$112,061 better than the budgeted drawdown of \$94,674. The Car Rental Tax fund balance was originally anticipated to decrease \$3,114,503, but instead ended the year with a decrease of only \$427,268 resulting from an increase in net car rental taxes and savings in capital outlay. The Streets CIP fund balance declined by \$169,780 primarily due to current year project expenditures. The non-major governmental funds realized a combined increase in fund balance of \$2,295,488 primarily resulting from increased sales taxes in the Half-Penny Sales Tax and Crime Control and Prevention District (“CCPD”) funds and expenditure savings in the CCPD fund, combined with an increase in the Car Rental CIP fund that results from funding of current year projects. Additionally, the Police Drug Enforcement fund realized an increase in fund balance of \$254,535 due to intergovernmental revenue receipts combined with very limited expenditures. The combined net effect of these changes in governmental fund balances totals an increase of \$1,914,700.

Enterprise funds. The City’s enterprise fund statements provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail. Most of the City’s enterprise funds are heavily dependent upon local weather conditions. During the fiscal year, more than 44½ inches of rain fell; which is eight inches more than a

“normal” year for the region. The effects of this substantial increase in rainfall resulted in budgetary revenue shortfalls in many of the City’s enterprise funds.

Unrestricted net position of the enterprise funds at the close of the fiscal year is: Water and Wastewater fund \$5,702,254; Drainage Utility fund \$1,202,201; Golf Course fund \$1,029,977; and all other non-major recreation enterprise funds combined \$2,200,886. The Water and Wastewater fund realized an increase in operating income resulting predominantly from increased water and wastewater rates combined with additional collections of services fees and miscellaneous income. Water consumption and wastewater treatment volume was much lower than anticipated which, in turn, caused a reduction in water purchase costs; but the opposite held true for wastewater treatment costs due to system inflow and infiltration from the excessive rainfall. Generally, conservation efforts, tiered water rates, and watering restrictions result in declines in water consumption. However, in the current year, the local weather patterns were the primary culprit responsible for the reduced water consumption. Impact fee revenues and developer dedication of assets of \$1.6 million contributed to the overall net income in the Water and Wastewater fund.

The decrease in net position of the Drainage Utility fund results primarily from depreciation expense exceeding developer contributions for the year. Net position for the Golf Course fund increased \$351,435 due in large part to a full year of operations on the newly renovated greens and bunkers. The course was closed for 3½ months in the summer of 2014 while undergoing these renovations. All other non-major recreation enterprise funds combined realized a decrease of \$144,220 which is primarily attributable to the cancellation of the annual Arbor Daze celebration due to inclement weather conditions and the detrimental impact the rainfall had on the combined baseball and softball operations. The excessive amount of rainfall resulted in the cancellation of entire leagues and a multitude of tournaments. The combined net effect of these changes in net position totals an increase of \$749,404.

Capital Asset and Debt Administration

Capital assets. The City’s investment in capital assets for its governmental and business-type activities as of September 30, 2015, totaled \$193,676,763 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress. The net increase in the City’s investment in capital assets for the current fiscal year was \$6,581,659 or about 3.5%.

Major capital asset activity that occurred during the current fiscal year included the following:

- Capital asset contributions were comprised of \$262,088 in Community Development Block Grant (CDBG) expenditures for ADA/TAS infrastructure improvements and developer asset dedications totaling nearly \$4 million in street infrastructure, land, water and wastewater facilities, and drainage structures.
- Street overlay projects located throughout the City in the amount of \$544,877 were finalized during the year.
- Cullum Drive Improvements including street reconstruction, underground storm drainage, sidewalks and wastewater main replacement were completed at a cost of \$1.2 million.

- Capital asset additions for governmental activities include, but are not limited to, self-contained breathing apparatus for firefighters, audio visual equipment and broadcast system located in the council chambers, upgraded parking lot lighting, fitness equipment, Lifepak 15 monitors/defibrillators, assorted police equipment, and scheduled annual vehicle and equipment replacements.
- Construction-in-progress related to general government activity of \$9,167,287 primarily consisted of Glade Parks Infrastructure (\$8.7 million), Street Overlay (\$172,013), and the Glade Parks Trail (\$118,517).
- The wastewater line replacement along Denton Drive and the wastewater line relocation along the Phase I portion of the SH183 expansion were completed at a cost of \$511,860 and \$372,243, respectively. The El Camino Real water line replacement was finished at a total cost of \$420,462.
- Capital asset additions for the business-type activities include, but are not limited to, a sewer line camera system and the supervisory control and data acquisition (SCADA) system to monitor water system operations.
- Construction-in-progress related to business-type operations of \$270,975 consisted of Phase II of the Reclaimed Water System Extension at \$214,436 and Crane Drive wastewater line replacement for \$56,223.

Capital Assets (Net of Accumulated Depreciation)

Amounts shown in 000s	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 28,107	\$ 26,584	\$ 3,619	\$ 3,619	\$ 31,726	\$ 30,203
Buildings	37,505	39,234	1,948	2,072	39,453	41,306
Other improvements	5,745	6,029	9,520	10,082	15,265	16,111
M&E	8,147	7,548	652	355	8,799	7,903
Infrastructure	39,780	38,393	49,216	49,083	88,996	87,476
Construction in Progress	9,167	3,743	271	353	9,438	4,096
Total	<u>\$ 128,451</u>	<u>\$ 121,531</u>	<u>\$ 65,226</u>	<u>\$ 65,564</u>	<u>\$ 193,677</u>	<u>\$ 187,095</u>

Additional information on the City’s capital assets can be found in Note 3 on pages 45-47 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$45,041,118 net of unamortized losses on prior refundings. Of this amount, \$34,020,458 comprises debt backed by the full faith and credit of the government, where \$11,395,929 is the amount of self-supported debt for Softball World, Texas Star Golf Course and Stars Center. The remainder of the City’s debt, \$11,020,660, represents bonds secured solely by specific revenue sources (i.e. revenue bonds).

Outstanding Bonded Debt

Amounts shown in 000s	Governmental activities		Business-Type activities		Total	
	2015	2014	2015	2014	2015	2014
	GO bonds	\$ 20,655	\$ 24,070	\$ 6,320	\$ 6,915	\$ 26,975
COs	8,365	2,780	-	-	8,365	2,780
GO/CO deferred loss	(757)	(928)	(563)	(616)	(1,320)	(1,544)
Revenue bonds	285	1,175	10,940	4,285	11,225	5,460
Revenue deferred loss	(37)	(47)	(167)	(185)	(204)	(232)
Totals	<u>\$ 28,511</u>	<u>\$ 27,050</u>	<u>\$ 16,530</u>	<u>\$ 10,399</u>	<u>\$ 45,041</u>	<u>\$ 37,449</u>

In fiscal year 2015, the City issued general obligation refunding bonds, certificates of obligation and water and wastewater revenue improvement bonds. The City's total debt increased \$7,340,000 or 19% during fiscal year 2015 which is attributed to the newly issued debt less scheduled annual principal payments.

Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. rates the City's general obligation debt and revenue debt at AA and the water and wastewater revenue debt at AA+. Moody's Investor Service, Inc. rates the general obligation debt and the water and wastewater revenue debt at Aa2 and the sales tax revenue debt at A1. Additional information on the City's long-term debt can be found in Note 4 on pages 47-51.

Economic Factors and Next Year's Budgets and Rates

In the FY2015-16 budget, General Fund revenues and transfers are budgeted to increase by 5% from the 2014-15 original budget. Property taxes account for 31% of budgeted revenues and sales taxes comprise approximately 32% of budgeted revenues. Certified assessed valuations as of July 25, 2015, increased 3.4% from the preceding year.

As of September 30, 2015, the City's unemployment rate is 3.6% compared to the State of Texas, which is 4.4%. In the FY2015-16 budget, sales tax receipts are projected to increase 2.5% over prior year estimated revenues plus an additional estimate for new development. The car rental tax receipts are anticipated to remain flat with end-of-year projections with a reduction of approximately \$90,000 for a one-time audit true-up payment received in FY2014-15.

Baseline budgeted expenditures in the General Fund are projected to increase approximately 5% from the FY2014-15 original budget. This increase is primarily attributed to rebates associated with increased revenue collections and the employee raise package and related costs. Other baseline increases include cost for maintenance, supplies, and utilities as well as increased transfers for equipment replacement. The City elected to use excess reserves in various funds to cash flow capital programs including city computer and technology upgrades, career preparation program in conjunction with the local school district, fire suppression and EMS equipment, continuation of the local selective traffic enforcement program, equipment for the Euless Family Life Center, and various facility maintenance items. In addition, the FY2015-16 budget includes funding for continued technological advancements in the City's municipal court operations. Continued funding is also provided for the City's contribution to the Tarrant County Home Program, community revitalization, and street overlay. The property tax rate remained at .4675¢ per \$100 of assessed valuation for FY2015-16.

For the Water and Wastewater Fund, the FY2015-16 budget includes the continuation of the tiered rate structure for residential and irrigation water volume billing. Under the tiered structure, customers pay a graduated volume rate based on varying levels of monthly water consumption. Residential volume rates range from \$3.24 to \$5.87 per thousand gallons. Monthly water base rates are increasing by 8.9% for both residential and commercial customers. A wastewater volume charge of \$3.59 per thousand gallons applies to all customer classes and monthly base rates are increasing by 75¢. Residential wastewater volume charges are capped at a maximum of 12,000 gallons per month. The City budgeted to continue its pay-as-you-go capital expenses in the Water and Wastewater Fund which includes approximately \$695,000 for replacement of wastewater lines along Glenn Drive, water line replacements along Donley Drive and Shelmar Drive, miscellaneous valve replacements, and additional funding for the miscellaneous water rehab project. The City is also setting aside a portion of the anticipated replacement cost of the water and wastewater lines associated with the SH183 Phase II project. The FY2015-16 budget includes \$305,000 in initial funding for this project bringing the total for capital projects to \$1,000,000 for the year. One-time capital in the amount of approximately \$479,000 is included for computer and technology upgrades, CAD license upgrade, a valve trailer, a sewer camera, miscellaneous infrastructure repairs on the well lot and funding to complete approved projects carried over from the prior year.

The Texas Star Golf Course and Conference Centre is a vibrant part of the Euless community. This secluded facility, located in the midst of the Dallas/Fort Worth Metroplex, is well-known for world class golf and a challenging course that has been recognized as a premier municipal facility by leading golf publications, including *Golf Digest* and *Golfweek*. Additionally, Raven's Grille ranked in the top five for best service and best place to dine before or after your golf experience by *Avid Golfer*. The Conference Centre has 7,000 square feet of divisible space and hosts business conferences, weddings, concerts, and other events. Recent course renovations were completed at the end of September 2014 and the course re-opened to rave reviews. Proposed revenues of \$4,594,912 and proposed operating expenses of \$4,544,913 comprise the FY2015-16 operating budget.

Request for Information

The financial report is designed to provide citizens, customers, investors, and creditors with a general overview of the City's finances. If you have questions about this report or need additional information, contact the Finance Department, Attn: Janina Jewell, Director of Finance, at 201 North Ector Drive, Euless, Texas 76039, call (817) 685-1626, or e-mail jjewell@eulesstx.gov.

CITY OF EULESS, TEXAS
GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Deposits and investments	\$ 44,127,136	\$ 14,083,496	\$ 58,210,632
Receivables, net of allowances	7,789,125	3,419,713	11,208,838
Internal balances	(2,419,377)	2,419,377	-
Inventories, at cost	11,832	311,092	322,924
Prepaid items	51,401	31,231	82,632
Restricted assets			
Deposits and investments	594,211	10,802,008	11,396,219
Net OPEB asset	153,986	43,499	197,485
Capital assets			
Land and construction in progress	37,274,652	3,889,520	41,164,172
Other capital assets, net of accumulated depreciation	91,176,605	61,335,986	152,512,591
Total assets	<u>178,759,571</u>	<u>96,335,922</u>	<u>275,095,493</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	4,039,063	757,925	4,796,988
Deferred charges on refunding	793,638	730,244	1,523,882
Total deferred outflows of resources	<u>4,832,701</u>	<u>1,488,169</u>	<u>6,320,870</u>
LIABILITIES			
Accounts payable	11,208,430	2,030,881	13,239,311
Accrued liabilities	2,074,267	221,177	2,295,444
Accrued interest payable	136,207	57,488	193,695
Unearned revenue	196,006	1,314,633	1,510,639
Money held in escrow	-	1,770,567	1,770,567
Noncurrent liabilities			
Due within one year	3,860,009	1,311,280	5,171,289
Due in more than one year	43,090,514	19,186,700	62,277,214
Total liabilities	<u>60,565,433</u>	<u>25,892,726</u>	<u>86,458,159</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	517,857	97,175	615,032
Total deferred inflows of resources	<u>517,857</u>	<u>97,175</u>	<u>615,032</u>
NET POSITION			
Net investment in capital assets	99,539,958	55,396,268	154,936,226
Restricted for			
Debt service	2,506,680	733,562	3,240,242
Capital projects	594,211	1,183,350	1,777,561
Impact fees	-	1,966,315	1,966,315
Court technology	109,618	-	109,618
Juvenile cases	190,756	-	190,756
PEG fees	406,885	-	406,885
Developer agreements	1,857,055	-	1,857,055
Historical preservation	1,245	-	1,245
Unrestricted	17,302,574	12,554,695	29,857,269
Total net position	<u>\$ 122,508,982</u>	<u>\$ 71,834,190</u>	<u>\$ 194,343,172</u>

The Notes to the Basic Financial Statements
are an integral part of these statements.

CITY OF EULESS, TEXAS
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2015

Program Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business - Type Activities	Total
Primary government							
Governmental activities							
Culture and recreation	\$ 6,468,332	\$ 317,024	\$ 490	\$ 6,945	\$ (6,143,873)	\$ -	\$ (6,143,873)
Development services	877,713	1,409,703	-	-	531,990	-	531,990
General and administrative	19,949,733	1,342,091	14,923	-	(18,592,719)	-	(18,592,719)
Highways and streets	3,374,422	93,258	-	3,202,695	(78,469)	-	(78,469)
Public safety	23,807,143	3,452,086	582,024	19,305	(19,753,728)	-	(19,753,728)
Interest and fiscal agent charges	1,136,786	-	-	-	(1,136,786)	-	(1,136,786)
Total governmental activities	55,614,129	6,614,162	597,437	3,228,945	(45,173,585)	-	(45,173,585)
Business-type activities							
Water and wastewater	19,970,346	20,593,262	-	1,560,375	-	2,183,291	2,183,291
Drainage utility	1,319,999	716,595	-	186,263	-	(417,141)	(417,141)
Golf course	4,155,834	4,168,578	-	-	-	12,744	12,744
Other recreation enterprises	2,009,582	1,848,434	-	-	-	(161,148)	(161,148)
Total business-type activities	27,455,761	27,326,869	-	1,746,638	-	1,617,746	1,617,746
Total primary government	<u>\$ 83,069,890</u>	<u>\$ 33,941,031</u>	<u>\$ 597,437</u>	<u>\$ 4,975,583</u>	(45,173,585)	1,617,746	(43,555,839)
General Revenues							
Taxes							
Property taxes, levied for general purposes					14,358,074	-	14,358,074
Sales taxes					18,359,717	-	18,359,717
Car rental taxes					14,112,552	-	14,112,552
Mixed beverage taxes					84,533	-	84,533
Hotel/motel occupancy taxes					391,991	-	391,991
Gross receipts taxes					4,556,355	-	4,556,355
Investment income					127,367	40,282	167,649
Rents and royalties					1,166,832	-	1,166,832
Gain on sale of capital assets					-	4,199	4,199
Miscellaneous					35,128	-	35,128
Transfers					722,702	(722,702)	-
Total general revenues and transfers					53,915,251	(678,221)	53,237,030
Change in net position					8,741,666	939,525	9,681,191
NET POSITION, beginning of year, as restated (Note 13)					<u>113,767,316</u>	<u>70,894,665</u>	<u>184,661,981</u>
NET POSITION, end of year					<u>\$122,508,982</u>	<u>\$ 71,834,190</u>	<u>\$194,343,172</u>

The Notes to the Basic Financial Statements are an integral part of these statements.

CITY OF EULESS, TEXAS
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	General Fund	Debt Service Fund	Car Rental Tax Fund	Streets CIP Fund	Non-major Governmental Funds	Total Governmental Funds
ASSETS						
Deposits and investments	\$ 11,263,131	\$ 816,075	\$ 11,211,920	\$ 341,127	\$ 11,739,694	\$ 35,371,947
Receivables				-		
Property taxes	404,540	167,880	-	-	-	572,420
Accounts receivable	911,300	-	-	-	355,056	1,266,356
Accrued interest receivable	17,209	3,000	5,593	-	2,465	28,267
Due from other governments	2,237,099	-	2,240,947	-	1,327,537	5,805,583
Prepays and deposits	36,002	-	-	-	15,399	51,401
Inventories, at cost	11,832	-	-	-	-	11,832
Restricted deposits and investments	-	-	-	594,211	-	594,211
Total assets	<u>\$ 14,881,113</u>	<u>\$ 986,955</u>	<u>\$ 13,458,460</u>	<u>\$ 935,338</u>	<u>\$ 13,440,151</u>	<u>\$ 43,702,017</u>
LIABILITIES						
Accounts payable	\$ 1,706,045	\$ 5,198	\$ 8,493,137	\$ 247,285	\$ 383,271	\$ 10,834,936
Accrued liabilities	1,078,939	3,010	-	-	153,724	1,235,673
Unearned revenue	140,165	-	-	-	55,841	196,006
Total liabilities	<u>2,925,149</u>	<u>8,208</u>	<u>8,493,137</u>	<u>247,285</u>	<u>592,836</u>	<u>12,266,615</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	408,542	164,906	-	-	-	573,448
Unavailable revenue - other	498,092	-	-	-	5,615	503,707
Total deferred inflows of resources	<u>906,634</u>	<u>164,906</u>	<u>-</u>	<u>-</u>	<u>5,615</u>	<u>1,077,155</u>
FUND BALANCES						
Nonspendable						
Prepays, deposits, and inventories	47,834	-	-	-	15,399	63,233
Restricted for						
Debt service	-	813,841	-	-	1,664,140	2,477,981
Capital projects	-	-	-	594,211	-	594,211
Developer agreements	-	-	-	-	1,857,055	1,857,055
Court technology	109,618	-	-	-	-	109,618
Juvenile case management	-	-	-	-	190,756	190,756
Cable PEG	-	-	-	-	406,885	406,885
Historical preservation	-	-	-	-	1,245	1,245
Assigned	116,336	-	4,965,323	93,842	8,706,220	13,881,721
Unassigned	10,775,542	-	-	-	-	10,775,542
Total fund balances	<u>11,049,330</u>	<u>813,841</u>	<u>4,965,323</u>	<u>688,053</u>	<u>12,841,700</u>	<u>30,358,247</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,881,113</u>	<u>\$ 986,955</u>	<u>\$ 13,458,460</u>	<u>\$ 935,338</u>	<u>\$ 13,440,151</u>	<u>\$ 43,702,017</u>

The Notes to the Basic Financial Statements
are an integral part of these statements.

**CITY OF EULESS, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

Total fund balances - governmental funds	\$ 30,358,247
Amounts reported for governmental activities in the statement of net position are	
Capital assets of governmental funds are not current financial resources and therefore are not reported in the governmental funds balance sheet.	125,277,693
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.	(136,207)
Internal service funds are used by management to charge the cost of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the internal service funds are net of the amount allocated to business-type activities.	8,412,080
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.	1,078,862
Funds comprising the net other post employment benefit asset are not current financial resources and therefore are not reported in the governmental funds balance sheet.	153,986
Funds comprising the net pension liability (\$14,767,352), deferred inflows (\$517,857) and deferred outflows \$4,039,063 of resources related to the pension are not current financial resources and therefore are not reported in the governmental funds balance sheet.	(11,246,146)
Long-term liabilities, including bonds payable and compensated absences (excluding those of internal service funds) are not due and payable in the current period and therefore are not reported in the fund financial statements.	<u>(31,389,533)</u>
Net position of governmental activities	<u><u>\$ 122,508,982</u></u>

CITY OF EULESS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2015

	General Fund	Debt Service Fund	Car Rental Tax Fund	Streets CIP Fund	Non-major Governmental Funds	Total Governmental Funds
Revenues						
General property tax	\$ 10,855,012	\$ 3,128,311	\$ -	\$ -	\$ 368,275	\$ 14,351,598
Gross receipts tax	4,403,348	-	-	-	544,998	4,948,346
Mixed beverage tax	84,533	-	-	-	-	84,533
General sales tax	11,452,731	-	-	-	6,906,986	18,359,717
Car rental tax	-	-	14,112,552	-	-	14,112,552
Fines and fees	4,289,681	-	-	-	-	4,289,681
Licenses and permits	1,379,332	-	-	-	-	1,379,332
Investment income	55,022	852	25,747	872	22,950	105,443
DEA revenues	-	-	-	-	39,292	39,292
Intergovernmental	415,172	-	-	262,088	229,435	906,695
Rents and royalties	-	525,000	-	-	112,196	637,196
Other revenues	1,056,366	-	-	14,831	724,198	1,795,395
Total revenues	33,991,197	3,654,163	14,138,299	277,791	8,948,330	61,009,780
Expenditures						
Current						
Culture and recreation	2,840,022	-	-	-	2,864,498	5,704,520
Development services	669,245	-	-	-	212,967	882,212
General and administrative	8,393,425	-	9,594,864	-	369,139	18,357,428
Highways and streets	1,456,054	-	-	150,318	-	1,606,372
Public safety	21,270,813	-	-	-	2,250,467	23,521,280
Debt service						
Principal	94,197	3,300,000	-	-	890,000	4,284,197
Interest and fiscal charges	3,523	1,222,963	-	-	17,103	1,243,589
Capital outlay	1,405,336	-	-	6,832,825	848,184	9,086,345
Total expenditures	36,132,615	4,522,963	9,594,864	6,983,143	7,452,358	64,685,943
Excess (deficiency) of revenues over (under) expenditures	(2,141,418)	(868,800)	4,543,435	(6,705,352)	1,495,972	(3,676,163)
Other financing sources (uses)						
Issuance of refunding debt	-	5,685,000	-	-	-	5,685,000
Proceeds from bond issuance	-	-	-	5,715,000	-	5,715,000
Premiums on issuance of debt	-	789,428	-	-	-	789,428
Payment to refunding escrow agent	-	(6,074,450)	-	-	-	(6,074,450)
Transfers in	2,581,788	771,209	-	820,572	1,724,220	5,897,789
Transfers out	(241,497)	(285,000)	(4,970,703)	-	(924,704)	(6,421,904)
Total other financing sources (uses)	2,340,291	886,187	(4,970,703)	6,535,572	799,516	5,590,863
Net change in fund balances	198,873	17,387	(427,268)	(169,780)	2,295,488	1,914,700
Fund balances, beginning of year	10,850,457	796,454	5,392,591	857,833	10,546,212	28,443,547
Fund balances, end of year	\$ 11,049,330	\$ 813,841	\$ 4,965,323	\$ 688,053	\$ 12,841,700	\$ 30,358,247

The Notes to the Basic Financial Statements
are an integral part of these statements.

**CITY OF EULESS, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2015**

Net change in fund balances - total governmental funds \$ 1,914,700

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. In addition, governmental funds report cash proceeds from the disposal of capital assets as revenues, while only the net gain/loss on the transaction is reported in the statement of activities. This is the amount of capital expenditures, capital contributions, and disposals recorded in the current period. 11,610,041

Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expenses are not reported as expenditures in the governmental funds. (4,812,010)

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position. (11,400,000)

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position. 10,214,196

Governmental funds report the effect of premiums, discounts, and deferred charges on refunding when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. (552,666)

Current year changes in the long-term liabilities for compensated absences and other post employment obligations do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds. (17,027)

Current year changes in accrued interest payables do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds. 17,754

Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the internal service funds is reported with governmental activities net of the amount allocated to business-type activities. 1,276,502

The implementation of GASB 68 required reclassification of certain prior year expenses and recorded as deferred resources or a reduction in net pension liability. The net effect of these items increased net position. 485,338

Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. 4,838

Change in net position of governmental activities \$ 8,741,666

The Notes to the Basic Financial Statements
are an integral part of these statements.

CITY OF EULESS, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2015

(1 of 2)

ASSETS	Business - Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds	
	Water and Wastewater	Drainage Utility	Golf Course	Other Enterprise Funds	Total Enterprise Funds	
Current assets						
Deposits and investments	\$9,169,110	\$ 1,312,230	\$ 1,421,883	\$ 2,180,273	\$ 14,083,496	\$ 8,755,189
Accounts receivable and unbilled revenue less allowance for uncollectibles of \$11,319 for water and wastewater and \$213 for drainage utility	3,100,166	79,539	204,308	16,539	3,400,552	111,715
Accrued interest receivable	11,500	2,985	3,651	1,025	19,161	4,784
Prepays and deposits	1,659	-	7,905	21,667	31,231	-
Inventory	112,780	-	108,697	89,615	311,092	-
Total unrestricted current assets	12,395,215	1,394,754	1,746,444	2,309,119	17,845,532	8,871,688
Restricted deposits and investments						
W&WW impact fees	1,966,315	-	-	-	1,966,315	-
Capital projects	8,102,131	-	-	-	8,102,131	-
Revenue bond reserve for debt service	733,562	-	-	-	733,562	-
Total restricted assets	10,802,008	-	-	-	10,802,008	-
Total current assets	23,197,223	1,394,754	1,746,444	2,309,119	28,647,540	8,871,688
Non-current assets						
Net OPEB asset	34,871	-	7,200	4,042	46,113	-
Property, plant, and equipment in service, at cost						
Land	1,576,667	559,826	897,520	584,532	3,618,545	-
Building	97,094	-	3,523,732	488,275	4,109,101	-
Equipment	1,337,425	16,780	650,896	205,809	2,210,910	10,311,064
Improvements	1,055,901	974,001	8,614,304	8,150,654	18,794,860	-
Construction in progress	270,975	-	-	-	270,975	-
Utility system	71,143,318	26,931,733	-	-	98,075,051	-
Total property, plant, and equipment in service	75,481,380	28,482,340	13,686,452	9,429,270	127,079,442	10,311,064
Less accumulated depreciation	37,924,157	12,679,330	6,538,730	4,711,719	61,853,936	7,137,500
Net property, plant, and equipment in service	37,557,223	15,803,010	7,147,722	4,717,551	65,225,506	3,173,564
Total non-current assets	37,592,094	15,803,010	7,154,922	4,721,593	65,271,619	3,173,564
Total assets	60,789,317	17,197,764	8,901,366	7,030,712	93,919,159	12,045,252
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions	575,639	57,564	105,534	19,188	757,925	-
Deferred charges on refunding	167,016	-	556,583	6,645	730,244	-
Total deferred outflows of resources	742,655	57,564	662,117	25,833	1,488,169	-

The Notes to the Basic Financial Statements
are an integral part of these statements.

CITY OF EULESS, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2015

	Business - Type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Water and Wastewater	Drainage Utility	Golf Course	Other Enterprise Funds		
Operating revenues						
Water service	\$ 11,454,505	\$ -	\$ -	\$ -	\$ 11,454,505	\$ -
Reclaimed water service	100,362	-	-	-	100,362	-
Wastewater service	7,405,330	-	-	-	7,405,330	-
Drainage fees	-	716,595	-	-	716,595	-
Recreation fees	-	-	-	584,858	584,858	-
Insurance premiums	-	-	-	-	-	6,133,230
Service fees and miscellaneous	1,633,065	-	4,168,578	1,263,576	7,065,219	1,048,593
Total operating revenues	20,593,262	716,595	4,168,578	1,848,434	27,326,869	7,181,823
Operating expenses						
General and administrative	431,319	-	-	-	431,319	1,180,720
Water production	6,857,817	-	-	-	6,857,817	-
Water distribution	841,547	-	-	-	841,547	-
Utility engineering	661,164	-	-	-	661,164	-
Wastewater collection and treatment	3,437,940	-	-	-	3,437,940	-
Nondepartmental	3,982,306	-	-	-	3,982,306	-
Geographic information systems	495,644	-	-	-	495,644	-
Service center	1,171,472	-	-	-	1,171,472	-
Drainage	-	581,364	-	-	581,364	-
Recreation classes	-	-	-	568,022	568,022	-
Golf course	-	-	1,569,209	-	1,569,209	-
Pro shop	-	-	385,868	-	385,868	-
Food and beverage	-	-	1,301,034	-	1,301,034	-
Conference center	-	-	270,038	-	270,038	-
Cart operations	-	-	175,570	-	175,570	-
Texas Star Sports Complex	-	-	-	1,066,558	1,066,558	-
Arbor Daze	-	-	-	58,771	58,771	-
Insurance costs	-	-	-	-	-	5,141,566
Depreciation	1,933,932	738,635	243,445	300,330	3,216,342	977,239
Amortization	19,843	-	27,480	(1,279)	46,044	-
Total operating expenses	19,832,984	1,319,999	3,972,644	1,992,402	27,118,029	7,299,525
Operating income (loss)	760,278	(603,404)	195,934	(143,968)	208,840	(117,702)
Nonoperating revenues (expenses)						
Gain (loss) on sale of capital assets	-	-	(1,236)	5,435	4,199	90,583
Investment income	33,493	1,168	2,658	2,963	40,282	21,925
Interest expense	(129,703)	-	(164,500)	(8,650)	(302,853)	-
Total nonoperating revenues (expenses), net	(96,210)	1,168	(163,078)	(252)	(258,372)	112,508
Loss before contributions and transfers	664,068	(602,236)	32,856	(144,220)	(49,532)	(5,194)
Developer contributions	1,560,375	186,263	-	-	1,746,638	-
Transfers in	-	-	318,579	-	318,579	1,471,817
Transfers out	(1,230,577)	(35,704)	-	-	(1,266,281)	-
Net income (loss)	993,866	(451,677)	351,435	(144,220)	749,404	1,466,623
Net position, beginning, as restated (Note 13)	42,317,770	17,456,888	1,996,018	6,894,733		9,364,834
Net position, end of year	<u>\$ 43,311,636</u>	<u>\$ 17,005,211</u>	<u>\$ 2,347,453</u>	<u>\$ 6,750,513</u>		<u>\$ 10,831,457</u>
Reconciliation to government-wide statement of net position						
Adjustment to reflect the consolidation of internal service funds' activities related to enterprise funds					190,121	
Change in net position of business-type activities					<u>\$ 939,525</u>	

The Notes to the Basic Financial Statements
are an integral part of these statements.

CITY OF EULESS, TEXAS
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2015

	Business - Type Activities - Enterprise Funds					Governmental Activities -
	Water and Wastewater	Drainage Utility	Golf Course	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
OPERATING ACTIVITIES						
Cash received from customers	\$ 20,255,626	\$ 724,011	\$ 4,193,267	\$ 1,861,567	\$ 27,034,471	\$ 7,388,289
Cash payments to suppliers for goods and services	(14,776,568)	(307,091)	(2,259,330)	(1,269,894)	(18,612,883)	(6,562,324)
Cash payments to employees for services	(3,070,605)	(313,145)	(1,506,577)	(457,878)	(5,348,205)	(52,382)
Net cash provided by operating activities	2,408,453	103,775	427,360	133,795	3,073,383	773,583
NONCAPITAL FINANCING ACTIVITIES						
Transfer in	-	-	318,579	-	318,579	1,471,817
Transfer out	(1,230,577)	(35,704)	-	-	(1,266,281)	-
Net cash provided by (used in) noncapital financing activities	(1,230,577)	(35,704)	318,579	-	(947,702)	1,471,817
CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from bond issuances	7,065,000	-	-	-	7,065,000	-
Impact fees	555,805	-	-	-	555,805	-
Purchase of capital assets	(1,616,834)	(90,817)	-	-	(1,707,651)	(1,107,294)
Interest paid on bonds	(116,920)	-	(166,725)	(9,400)	(293,045)	-
Principal paid on bonds	(410,000)	-	(445,000)	(150,000)	(1,005,000)	-
Capital grant receipts	1,183,350	-	-	-	1,183,350	-
Proceeds from sale of capital assets	-	-	19,315	5,434	24,749	98,601
Net cash provided by (used in) capital and related financing activities	6,660,401	(90,817)	(592,410)	(153,966)	5,823,208	(1,008,693)
INVESTING ACTIVITIES						
Interest received on investments	29,373	(1,817)	(745)	1,938	28,749	24,181
Net cash provided by investing activities	29,373	(1,817)	(745)	1,938	28,749	24,181
Net change in cash and cash equivalents	7,867,650	(24,563)	152,784	(18,233)	7,977,638	1,260,888
Cash and cash equivalents, beginning of year	12,103,468	1,336,793	1,269,099	2,198,506	16,907,866	7,494,301
Cash and cash equivalents, end of year	\$ 19,971,118	\$ 1,312,230	\$ 1,421,883	\$ 2,180,273	\$ 24,885,504	\$ 8,755,189

The Notes to the Basic Financial Statements are an integral part of these statements.

CITY OF EULESS, TEXAS
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS – CONTINUED
YEAR ENDED SEPTEMBER 30, 2015

	Business - Type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Water and Wastewater	Drainage Utility	Golf Course	Other Enterprise Funds		
Reconciliation of operating income (loss) to net cash provided by operating activities						
Operating income (loss)	\$ 760,278	\$ (603,404)	\$ 195,934	\$ (143,968)	\$ 208,840	\$ (117,702)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation and amortization	1,953,775	738,635	270,925	299,051	3,262,386	977,239
Changes in assets and liabilities:						
Accounts receivable and unbilled revenue	(416,703)	37	1,018	10,673	(404,975)	206,466
Prepays and deposits	(1,389)	-	(62)	(6,956)	(8,407)	-
Inventory	(12,120)	-	(9,646)	(13,852)	(35,618)	-
Net OPEB asset/obligation	(13,873)	2,614	(3,432)	(438)	(15,129)	-
Net pension liability	20,063	2,022	3,679	635	26,399	-
Deferred outflows	(163,087)	7,380	(29,899)	(5,436)	(191,042)	-
Deferred inflows	73,804	(16,309)	13,531	2,460	73,486	-
Accounts payable	149,691	(19,292)	(11,706)	(12,734)	105,959	(388,932)
Accrued salaries and wages	52,748	(7,908)	(13,122)	4,360	36,078	(2,268)
Accrued insurance claims	-	-	-	-	-	98,780
Customer and escrow deposits	5,266	-	-	-	5,266	-
Unearned revenue	-	-	10,140	-	10,140	-
Net cash provided by operating activities	\$ 2,408,453	\$ 103,775	\$ 427,360	\$ 133,795	\$ 3,073,383	\$ 773,583
Noncash financing activities						
Developer contributed assets	\$ 1,004,570	\$ 186,263	\$ -	\$ -	\$ 1,190,833	\$ -
Reconciliation of cash to balance sheet:						
Cash - current	\$ 9,169,110	\$ 1,312,230	\$ 1,421,883	\$ 2,180,273	\$ 14,083,496	\$ 8,755,189
Cash - restricted	10,802,008	-	-	-	10,802,008	-
Cash and cash equivalents	\$ 19,971,118	\$ 1,312,230	\$ 1,421,883	\$ 2,180,273	\$ 24,885,504	\$ 8,755,189

CITY OF EULESS, TEXAS
STATEMENT OF NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2015

	Agency Funds	OPEB Trust Fund
ASSETS		
Investments at fair value		
Money market account	\$ 1,420,809	\$ 115,102
Fixed income funds	-	1,298,911
Equity funds	-	2,073,934
Total assets	\$ 1,420,809	\$ 3,487,947
LIABILITIES		
Due to other entities	\$ 1,420,547	\$ 400
Refunds payable	262	-
Total liabilities	\$ 1,420,809	\$ 400
NET POSITION		
Held in trust for OPEB		\$ 3,487,547

CITY OF EULESS, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
OPEB TRUST FUND
YEAR ENDED SEPTEMBER 30, 2015

	<u>OPEB Trust Fund</u>
ADDITIONS	
Employer contributions	\$ 985,469
Other contributions	295,765
Investment loss	
Net decrease in fair value of investments	(47,498)
Less: investment expense	<u>(24,163)</u>
Total investment loss	<u>(71,661)</u>
Total additions	1,209,573
DEDUCTIONS	
Insurance claims	660,916
Administrative expenses	<u>104,890</u>
Total deductions	<u>765,806</u>
Change in net position	443,767
Net position - beginning	<u>3,043,780</u>
Net position - ending	<u><u>\$ 3,487,547</u></u>

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

The City of Euless (City) was incorporated on February 24, 1953. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: general government, police and fire protection, emergency ambulance service, road and traffic signal maintenance, water and wastewater operations, drainage system, parks and recreational facilities, courts, library services, planning land use, building inspection, and traffic control.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and 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 City are described as follows:

Financial Reporting Entity

As required by GAAP, these basic financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable. The blended component units, although legally separate entities, are, in substance, part of the primary government's operations. As such, data from these units is combined with data of the primary government.

Blended Component Units

The City includes three component units in the financial statements. The Euless Development Corporation (Corporation) is used to account for the accumulation of half-cent sales tax proceeds dedicated to building and improving City parks and facilities, enhancing library services, and stimulating economic development activities within the City. The Euless Crime Control and Prevention District (District) is used to account for the accumulation and use of quarter-cent sales tax proceeds dedicated for crime reduction programs. The Corporation and the District are reported as special revenue funds of the primary government. The Boards of Directors of both component units are substantively the same as the City Council. There are seven directors on each board, four of whom are council members which constitutes a voting majority of the City Council. The remaining three board members are residents of the City.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Financial Reporting Entity – Continued

Blended Component Units – Continued

Upon dissolution of the Corporation or the District, the entity's assets will be distributed to the City. Each component unit provides all of its services to the City. The financial statements for the units were obtained from the respective Boards of Directors. Financial information for both entities may be obtained from the City.

The Tax Increment Reinvestment Zone #3 - Glade Parks (TIRZ #3) is also a blended component unit of the City and is reflected in the financial statements as a special revenue fund. TIRZ #3 was created to stimulate development and enhance the value of taxable real property within the boundaries of the zone. Tarrant County and Tarrant County College District are taxing entities participating in TIRZ #3. The Board of Directors of TIRZ #3 is substantially the same as the City Council, and management of the City has operational responsibility for TIRZ #3. The Board is comprised of seven directors, four of whom are council members which constitutes a voting majority of the Board. The remaining three board members are representatives selected by the other participating taxing entities and the Tarrant County Hospital District. Financial information for TIRZ #3 may be obtained from the City.

Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City, except fiduciary funds. The effect of interfund activity, with the exception of interfund services provided or used, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate compliance with various legal provisions. Separate statements are presented for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions are typically financed. The measurement focus of governmental funds is on the sources, uses, and balances of current financial resources. The City has presented the following major governmental funds:

General Fund

The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

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 property taxes levied by the City. The fund balance of the Debt Service Fund is restricted exclusively for debt service expenditures.

Car Rental Tax Fund

The Car Rental Tax Fund is used to account for revenues received from the collection of short-term motor vehicle rental taxes and the expenditures thereof. Per contractual agreement, revenues are shared with the cities of Dallas and Fort Worth. The City's portion of the revenues is used primarily for debt reduction, one-time capital projects, and to maintain the property tax rate.

Streets Capital Improvements Project (CIP) Fund

The Streets CIP Fund is used to account for street construction and reconstruction projects and the means of financing such improvements.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets and liabilities are included on the statement of net position. The City has presented the following major proprietary funds:

Water and Wastewater Fund

Water and Wastewater Fund is used to account for the acquisition, operation and maintenance of a municipal water and wastewater utility, supported primarily by user charges.

Drainage Utility Fund

Drainage Utility Fund is used to account for the acquisition, operation, and maintenance of a municipal drainage utility, supported primarily by user charges.

Golf Course Fund

Golf Course Fund is used to account for operation and maintenance of the City's golf course, supported primarily by user charges.

Additionally, the City reports the Internal Service Funds which are used to account for equipment replacement, risk management, and self-funded health insurance coverage and disability insurance provided to employees of the City.

The City also reports four fiduciary funds in the financial statements. The Stars Center Escrow Fund accounts for investments that will be held on behalf of the Dallas Stars until the debt issued for the specific purpose of purchasing the Star Center is fully repaid. Glade Parks III Escrow agency fund and Glade Parks IV Escrow agency fund account for developer funds deposited with the City for contractor payments for public improvements in the Glade Parks Development on behalf of the developers. Both escrow projects have reached completion and excess funds have been returned to the developer. The OPEB Trust Fund accounts for the accumulation and use of resources for benefit payments related to post-employment health care.

Proprietary funds distinguish operating revenues and expenses from non-operating 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. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus and Basis of Accounting

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

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets, deferred inflows/outflows of resources, and liabilities (whether current or noncurrent) are included on the statement of net position and the operating statements present increases and decreases in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water, wastewater, and drainage services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported 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 recognized when susceptible to accrual; i.e., become 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. The City considers property taxes and other revenues as available if they are collected within 60 days of year end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and other long-term liabilities are recorded only when payment is due.

The significant revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income, and intergovernmental revenues. Sales taxes and short-term motor vehicle rental taxes collected and held by the state at year end on behalf of the City are also recognized as revenue. All other governmental fund revenues are recognized when received.

Deposits and Investments

Substantially all operating cash, deposits, and short-term investments are maintained in consolidated cash accounts or individual fund investment accounts. Related interest income is allocated to the various funds based primarily on ownership by each fund of specific investments. Cash equivalents consist of highly-liquid investments with original maturities of three months or less.

For purposes of the statement of cash flows, the City considers all highly liquid investments to be cash equivalents.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Deposits and Investments – Continued

Investments in U.S. Treasury and agency obligations with maturities of one year or less when purchased are reported at amortized cost. All other investments are reported at fair value.

State statutes authorize the City to invest in obligations of the U.S. Government or its agencies; obligations of the State of Texas or its agencies; and certain other obligations, repurchase agreements, money market mutual funds, and certificates of deposits within established criterion.

Taxes

Property taxes are levied for appropriation for the fiscal year beginning on October 1, are due October 1, attach as an enforceable lien on property as of January 1, and become delinquent on February 1. Property taxes are accrued based on the period for which they are levied and available. Delinquent taxes estimated not to be available are treated as deferred inflows of resources. Property taxes for cities, including those applicable to debt service, are limited by the Texas Constitution to \$2.50 per \$100 of assessed valuation. The City's current tax rate is \$.4675 per \$100 of assessed valuation (\$.4700 per \$100 last year) and assessed valuation is approximately 100% of estimated value.

Inventories

Inventories, which are recognized as expenditures/expenses as consumed, are stated at cost (first-in, first-out method) for the General Fund and Enterprise Funds. Inventories consist primarily of expendable supplies for the General Fund and merchandise for resale for the Enterprise Funds.

Prepaid Items

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and are recognized as expenditures utilizing the consumption method.

Interfund Receivables and Payables

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Transactions Between Funds

Interfund services provided and used are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as a reduction of expenditures or expenses in the fund reimbursed. All other interfund transactions are recorded as transfers.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are recorded at fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant, and equipment.

Assets capitalized have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	33 1/3 years
Water and wastewater system	33 1/3 years
Storm drainage system	33 1/3 years
Infrastructure	7 - 40 years
Machinery and equipment	5 - 15 years
Improvements	25 years

Compensated Absences

Employees may accumulate a maximum of two times their annual vacation accrual. The City's policy is to pay the employee accumulated vacation upon termination. The City does not pay employees for accumulated sick leave upon termination. Vacation pay accrued in the proprietary fund financial statements is reported as accrued salaries and wages (a current liability). Compensated absences are recorded in governmental funds as they mature (i.e. as taken). The liability for governmental fund compensated absences is typically liquidated in the general fund, the juvenile case fund, the half-penny sales tax fund, and the crime control and prevention district fund.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balance Classifications

Fund balances are classified as follows on the governmental fund financial statements:

	Reported in					
	General Fund	Debt Service Fund	Car Rental Tax Fund	Streets CIP Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable	\$ 47,834	\$ -	\$ -	\$ -	\$ 15,399	\$ 63,233
Restricted for						
Debt service	-	813,841	-	-	1,664,140	2,477,981
Capital projects	-	-	-	594,211	-	594,211
Developer agreements	-	-	-	-	1,857,055	1,857,055
Court technology	109,618	-	-	-	-	109,618
Juvenile case processing	-	-	-	-	190,756	190,756
PEG fees	-	-	-	-	406,885	406,885
Historical preservation	-	-	-	-	1,245	1,245
Assigned						
Capital projects	-	-	-	-	3,726,057	3,726,057
Betterments	40,370	-	-	-	-	40,370
Emergency/radio systems	47,230	-	-	-	-	47,230
Tourism and conference facilities	-	-	-	-	283,330	283,330
Parks, library, and economic development	-	-	-	-	2,481,962	2,481,962
Police department	-	-	-	-	2,174,285	2,174,285
Grants	-	-	-	-	10,316	10,316
Other	28,736	-	4,965,323	93,842	30,270	5,118,171
Unassigned	10,775,542	-	-	-	-	10,775,542
Total	\$ 11,049,330	\$ 813,841	\$ 4,965,323	\$ 688,053	\$ 12,841,700	\$ 30,358,247

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. The City has classified prepaid items and inventory as being nonspendable.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balance Classifications – Continued

The City has recorded the following restrictions at year-end:

- a. Restricted for debt service represents that portion of fund equity legally restricted for retirement of bond principal and payment of interest and related charges.
- b. Restricted for capital projects represents that portion of fund equity legally restricted by debt covenant for capital projects.
- c. Restricted for developer agreements represents the portion of fund equity that must be used for future improvements to various development areas within the City.
- d. Restricted for court technology represents funds collected from a court technology fee that must be used to upgrade court systems.
- e. Restricted for juvenile case processing represents funds collected from a fee on municipal court citations that must be used to support the expenditures associated with juvenile case processing.
- f. Restricted for PEG fees represents the portion of fund equity that must be used for the expansion of the City's public, educational, and government access channel.
- g. Restricted for historical preservation represents donations that must be used toward the preservation of Euless historical sites.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action (ordinance) of the City Council. These amounts cannot be used for any other purpose unless the City 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. The City has no committed fund balance at year-end.

Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. The City Council delegates the authority for determining this intent to the City Manager. Assignments are made at the City Manager's discretion, but generally represent items for which specific funds have been informally dedicated internally. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The City has recorded the following assignments at year-end:

- a. Assigned for capital projects represents revenue sources that are to be used for capital projects for the City.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balance Classifications – Continued

- b. Assigned for betterment represents funds donated by citizens that are to be used for the betterment of the community.
- c. Assigned for emergency/radio systems represents funding that is to be used to upgrade emergency and radio systems.
- d. Assigned for tourism and conference facilities represents funds to promote the City through tourism, conference booking, and historical preservation.
- e. Assigned for parks, libraries, and economic development represents funds from sales taxes that are to be used for park improvements, library activities, and economic development throughout the City.
- f. Assigned for the police department are funds from the Crime Control and Prevention District and the sale of assets seized in connection with drug arrests to be used for police department expenditures.
- g. Assigned for grants are funds from grant revenues that are to be spent in accordance with grant provisions.
- h. Assigned for other are funds from specific revenues that are to be spent for facility remodel, victim assistance, and injured animals.

Unassigned: This classification includes all amounts that are not included in other spendable classifications. The General Fund is the only fund that reports a positive unassigned fund balance.

When available, the City uses restricted fund balances first, followed by committed resources, assigned resources, then unassigned resources, as appropriate opportunities arise. However, the City reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources of governmental and business-type activities and proprietary funds. Net investment in capital assets consists of capital assets, net of accumulated depreciation, plus capital-related deferred outflows of resources, reduced by the outstanding balances of any borrowing and capital related deferred inflows of resources used for the acquisition, construction, or improvements of those assets, plus unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on its use, either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City'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. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 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 measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement 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 only item reported in this category is the difference in expected and actual pension expense which is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS

GASB 40 Disclosures

As of September 30, 2015, the City's portfolio contained the following investments:

Investment Type	Book Value	Fair Value	% of Portfolio	WAM	Rating	Rating Agency
Overnight pools						
TexPool	\$ 12,583,220	\$ 12,583,220	17.67%	40	AAAm	S&P
TexStar	14,080,968	14,080,968	19.77%	56	AAAm	S&P
Bank of Texas	8,108,934	8,108,934	11.39%	52	A-/A2	S&P/Moodys
Total overnight	34,773,122	34,773,122	48.83%			
Investment securities						
FFCB	12,107,886	12,120,370	17.02%	53	AA+/Aaa	S&P/Moody's
FHLB	19,259,554	19,283,090	27.08%	111	AA+/Aaa	S&P/Moody's
FHLMC	3,502,085	3,507,050	4.92%	33	AA+/Aaa	S&P/Moody's
FNMA	1,018,840	1,022,486	1.44%	11	AA+/Aaa	S&P/Moody's
FAMCA	506,558	506,430	0.71%	2		not rated
Total securities	36,394,923	36,439,426	51.17%			
Total portfolio	\$ 71,168,045	\$ 71,212,548	100.00%	187		

Weighted average maturity (WAM) of the portfolio by investment type categories reflected in the previous table is stated in days. For the investment pools, the Reset WAM is presented. Investment type acronyms displayed in the previous table are defined as follows: FFCB – Federal Farm Credit Bank, FHLB – Federal Home Loan Bank, FHLMC – Federal Home Loan Mortgage Corporation, FNMA – Federal National Mortgage Association, and FAMCA – Federal Agricultural Mortgage Corporation. The rating agency acronyms are defined as follows: S&P – Standard and Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. and Moody's – Moody's Investor Service, Inc. Additional information about the rating agency or the significance of the ratings provided may be obtained from the agency's web site.

Deposits

State statutes and the City's investment policy require that all uninsured deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies or instrumentalities or direct obligations of Texas or its agencies or instrumentalities that have a market value of not less than the principal amount of the deposits. The City's deposits were fully insured or collateralized as required by state statutes as of September 30, 2015. At year-end, the carrying amount of the City's deposits was \$269,576 with a bank balance of \$409,081.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS

GASB 40 Disclosures – Continued

Deposits – Continued

The total bank balance is covered by Federal Depository Insurance Corporation (FDIC) insurance. In addition to the insurance coverage, collateral is held by The Federal Reserve Bank in the City's name under a joint safekeeping agreement with Frost National Bank. The market value of the collateral at the close of the fiscal year was \$1,245,165.

Investments

State statutes, City bond ordinances, and City resolutions authorize the City's investments. The City is authorized to invest in obligations of the U.S. Government and its agencies and instrumentalities, obligations of the State of Texas and its agencies and instrumentalities, fully insured or collateralized certificates of deposit, fully-collateralized repurchase agreements and reverse repurchase agreements, government pools, and no-load SEC-registered money market funds consisting of any of these securities listed.

Because the City is responsible for the investment portfolio of its component units, the City's investment practices and policies disclosed herein apply equally to its component units. During the year ended September 30, 2015, the City did not own any types of securities other than those permitted by statute.

The City's investment pools are 2a7-like pools. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. This type of pool uses amortized investment costs rather than market values to compute participant share values. Furthermore, the pools in which the City is currently participating seek to maintain a stable \$1 net asset value per share or unit. Accordingly, the fair value of the City's position in these pools is substantially the same as the market value of the shares in each of the pools.

TexPool falls under the purview of the Texas Comptroller of Public Accounts (Comptroller) who is responsible for oversight of TexPool operations. Federated Investors is responsible for managing pool assets and day-to-day operations. TexStar is duly chartered and administered by First Southwest Asset Management, Inc. and JPMorgan Chase Investment Management, Inc. TexStar has established a governing board that is partially comprised of pool participants. Duties of the governing board include oversight responsibility. The Comptroller and the governing board exercise oversight of the pools' activities via daily, weekly, and monthly reporting requirements.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED

GASB 40 Disclosures – Continued

Investments – Continued

Additionally, per the requirements of the Public Funds Investment Act (PFIA), all pools will maintain an AAA or equivalent rating from at least one nationally recognized rating agency. The PFIA also requires an annual examination of the financial statements of the pools by an independent certified public accounting firm. In connection with the financial audit, a compliance audit of management controls on investments and adherence to the investment policies is also required.

Interest Rate Risk

In compliance with the City’s Investment Policy, as of September 30, 2015, the City minimized the interest rate risk, the risk relating to the decline in market value of securities in the portfolio, by: limiting the weighted average maturity to 365 days and the stated maturity to two years or less, with the exception of securities purchases related to reserve funds; structuring the investment portfolio so that securities matured to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the secondary market prior to maturity; monitoring credit ratings of portfolio positions to assure compliance with rating requirements imposed by the PFIA; and investing funds primarily in money market mutual funds, government investment pools, and shorter-term securities with a weighted average maturity of less than 200 days.

The following table details the maturity schedule for the City’s investments as of September 30, 2015.

<u>Maturity Schedule</u>	<u>Book Value</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
Overnight	\$ 34,773,122	\$ 34,773,122	48.9%
Less than 1 month	2,000,000	2,000,320	2.8%
1 to 6 months	6,759,587	6,764,190	9.5%
6 to 9 months	3,996,265	4,001,655	5.6%
9 to 12 months	5,625,867	5,628,231	7.9%
12 to 18 months	9,614,459	9,629,095	13.5%
18 to 24 months	7,898,745	7,914,690	11.1%
Over 24 months	500,000	501,245	0.7%
Total	<u>\$ 71,168,045</u>	<u>\$ 71,212,548</u>	<u>100.0%</u>

**CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED

GASB 40 Disclosures – Continued

Credit Risk

In compliance with the City’s Investment Policy, as of September 30, 2015, the City minimized credit risk losses due to default of a security issuer or backer, by: limiting investments to the safest types of securities; primarily investing in U.S. Agency Bonds rated AA+ by Standard & Poor’s; pre-qualifying financial institutions, brokers/dealers, and advisors with which the City will do business; and diversifying the investment portfolio so that the potential losses on securities are minimized.

Custodial credit risk – the risk that a government will not be able to recover (a) deposits if the depository financial institution fails or (b) the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails. To minimize such risk, the City requires collateralization of deposits in excess of FDIC coverage, utilizes the delivery vs. payment method for investment purchases, and contracts with a third-party collateral safekeeping agent.

Per the terms of its depository agreement, for bank deposits in excess of the coverage provided by the FDIC, the City requires the depository bank to pledge to the City securities (collateral) equal to the following percentages, as applicable, to the largest balances the City maintains in the bank.

Type of Collateral	Other Securities
Eligible collateral other than mortgage-backed securities	102%
Mortgage-backed securities	100%

The percentages as shown reflect the requirement based on market value of the pledged securities. The City actively monitors and manages collateral levels for all deposits. On September 30, 2015, the City’s bank balances were insured or fully collateralized.

The City’s depository bank also acts as its safekeeping agent per the terms of the depository contract. City policy dictates that all securities rendered for payment will be sent delivery vs. payment, meaning that the funds required for purchase of a security will not be released until the safekeeping agent has received the security purchased in the City’s name. No broker holds City funds. The City does not purchase securities from its depository bank or any subsidiary banks of the same bank holding company.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015, was as follows:

	Balance Beginning of Year	Increase	Decrease	Adjustment/ Transfer	Balance End of Year
Governmental activities					
Capital assets not being depreciated					
Land	\$ 26,583,787	\$ 1,523,578	\$ -	\$ -	\$ 28,107,365
Construction in progress	3,743,481	7,540,459	-	(2,116,653)	9,167,287
Total capital assets not being depreciated	30,327,268	9,064,037	-	(2,116,653)	37,274,652
Capital assets being depreciated					
Buildings	58,428,137	-	(94,500)	-	58,333,637
Improvements other than buildings	9,377,239	41,957	-	-	9,419,196
Infrastructure	71,907,490	1,243,636	-	2,116,653	75,267,779
Machinery and equipment	9,583,555	1,343,762	(828,792)	-	10,098,525
Total capital assets being depreciated	149,296,421	2,629,355	(923,292)	2,116,653	153,119,137
Less accumulated depreciation					
Buildings	(19,194,515)	(1,705,635)	70,875	163	(20,829,112)
Improvements other than buildings	(3,348,586)	(325,518)	-	-	(3,674,104)
Infrastructure	(33,514,488)	(1,973,434)	-	204	(35,487,718)
Machinery and equipment	(5,086,438)	(807,423)	727,475	41,224	(5,125,162)
Total accumulated depreciation	(61,144,027)	(4,812,010)	798,350	41,591	(65,116,096)
Total capital assets being depreciated, net	88,152,394	(2,182,655)	(124,942)	2,158,244	88,003,041
Total governmental fund capital assets, net	118,479,662	6,881,382	(124,942)	41,591	125,277,693
Internal service funds					
Capital assets being depreciated					
Machinery and equipment	9,746,769	1,107,294	(542,999)	-	10,311,064
Total internal service assets being depreciated	9,746,769	1,107,294	(542,999)	-	10,311,064
Less accumulated depreciation					
Machinery and equipment	(6,695,242)	(998,416)	534,961	21,197	(7,137,500)
Total internal service funds capital assets, net	3,051,527	108,878	(8,038)	21,197	3,173,564
Total governmental activities capital assets, net	\$ 121,531,189	\$ 6,990,260	\$ (132,980)	\$ 62,788	\$ 128,451,257

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3. CAPITAL ASSETS – CONTINUED

	Balance Beginning of Year	Increase	Decrease	Adjustment/ Transfer	Balance End of Year
Business-type activities					
Capital assets not being depreciated					
Land	\$ 3,618,545	\$ -	\$ -	\$ -	\$ 3,618,545
Construction in progress	353,219	1,447,225	-	(1,529,469)	270,975
Total assets not being depreciated	3,971,764	1,447,225	-	(1,529,469)	3,889,520
Capital assets being depreciated					
Buildings	4,109,101	-	-	-	4,109,101
Equipment	2,056,381	273,425	(118,896)	-	2,210,910
Improvements	18,681,543	113,317	-	-	18,794,860
Utility system	95,481,064	1,064,518	-	1,529,469	98,075,051
Total capital assets being depreciated	120,328,089	1,451,260	(118,896)	1,529,469	123,189,922
Less accumulated depreciation					
Buildings	(2,036,686)	(124,604)	-	-	(2,161,290)
Equipment	(1,701,740)	(117,217)	98,344	162,247	(1,558,366)
Improvements	(8,599,119)	(683,936)	-	8,182	(9,274,873)
Utility system	(46,398,393)	(2,461,014)	-	-	(48,859,407)
Total accumulated depreciation	(58,735,938)	(3,386,771)	98,344	170,429	(61,853,936)
Total capital assets being depreciated, net	61,592,151	(1,935,511)	(20,552)	-	61,335,986
Total business-type activities capital assets, net	<u>\$ 65,563,915</u>	<u>\$ (488,286)</u>	<u>\$ (20,552)</u>	<u>\$ 170,429</u>	<u>\$ 65,225,506</u>

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

Governmental activities

Culture and recreation	\$ 776,029
General administrative	2,691,541
Highways and streets	1,769,511
Public safety	573,345
Total depreciation expense - governmental activities	<u>\$ 5,810,426</u>

Business-type activities

Water and wastewater	\$ 1,935,113
Drainage utility	738,635
Golf course	403,265
Other recreation enterprises	309,758
Total depreciation expense - business-type activities	<u>\$ 3,386,771</u>

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3. CAPITAL ASSETS – CONTINUED

Outstanding commitments at September 30, 2015, under authorized construction contracts, were \$5,828,527. These outstanding commitments are to be financed by available deposit and investment balances, which include proceeds from previous bond issuances.

NOTE 4. LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2015:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due within One Year
Governmental activities					
General obligation bonds	\$ 24,070,000	\$ 5,685,000	\$ (9,100,000)	\$ 20,655,000	\$ 3,230,000
Certificates of obligation	2,780,000	5,715,000	(130,000)	8,365,000	135,000
Sales tax revenue bonds	1,175,000	-	(890,000)	285,000	165,000
Capital leases	94,196	-	(94,196)	-	-
Premium on bonds	691,906	789,428	(344,858)	1,136,476	154,342
Discount on bonds	(69,539)	(85,525)	12,736	(142,328)	(12,736)
Net pension obligation	2,415,732	-	(2,415,732)	-	-
Net pension liability	-	14,767,352	-	14,767,352	-
Compensated absences	1,776,085	470,273	(362,335)	1,884,023	188,403
Total governmental activities	32,933,380	27,341,528	(13,324,385)	46,950,523	3,860,009
Business-type activities					
Water and sewer revenue bonds	4,285,000	7,065,000	(410,000)	10,940,000	635,000
General obligation refunding bonds	6,915,000	-	(595,000)	6,320,000	625,000
Premiums on bonds	268,027	-	(27,170)	240,857	27,170
Discounts on bonds	(30,881)	-	1,625	(29,256)	(1,625)
Net pension obligation	459,112	-	(459,112)	-	-
Net pension liability	-	2,768,988	-	2,768,988	-
Compensated absences	222,691	97,471	(62,771)	257,391	25,739
Total business-type activities	12,118,949	9,931,459	(1,552,428)	20,497,980	1,311,284
Total primary government	<u>\$45,052,329</u>	<u>\$37,272,987</u>	<u>\$ (14,876,813)</u>	<u>\$67,448,503</u>	<u>\$5,171,293</u>

General Obligation Bonds

General obligation bonds and general obligation refunding bonds provide funds for the acquisition and construction of major capital equipment, City facilities, and infrastructure assets and the refunding of previously issued debt instruments. General obligation bonds require voter authorization; whereas general obligation refunding bonds do not. General obligation bonds are direct obligations of the City, payable from a continuing and direct ad valorem tax, levied within the limits prescribed by law, on all taxable property within the City as provided in the ordinances authorizing issuance of the bonds.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4. LONG-TERM DEBT – CONTINUED

General Obligation Bonds – Continued

The City is required to compute an interest and sinking fund tax rate sufficient to cover the annual debt service requirements inclusive of anticipated drawdown of reserves, transfers or revenues from self-supporting debt systems, and other miscellaneous sources.

As of September 30, 2015, general obligation bonds currently outstanding are as follows:

	Interest Rate %	Issue Date	Maturity Date	Principal Outstanding
General Obligation Bonds				
Taxable Refunding, Series 2010	.68% – 4.4%	08/15/2010	08/01/2025	\$5,735,000
Refunding, Series 2011	2% – 4%	01/15/2011	08/15/2021	4,650,000
Refunding, Series 2012	2% – 4%	12/01/2011	02/15/2024	4,240,000
Refunding, Series 2012A	2% – 4%	11/01/2012	02/15/2027	6,715,000
Refunding, Series 2014	3%	10/15/2014	02/15/2020	5,635,000
			Total	<u>\$26,975,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Fiscal Year	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2016	\$3,230,000	\$679,123	\$625,000	\$151,725	\$4,685,848
2017	2,935,000	589,874	455,000	134,675	4,114,549
2018	3,030,000	496,844	470,000	125,425	4,122,269
2019	2,655,000	406,309	475,000	113,600	3,649,909
2020	2,765,000	316,181	490,000	99,125	3,670,306
2021-2025	6,040,000	589,331	2,655,000	300,654	9,584,985
2026-2027	–	–	1,150,000	30,097	1,180,097
Total	<u>\$20,655,000</u>	<u>\$3,077,662</u>	<u>\$6,320,000</u>	<u>\$955,301</u>	<u>\$31,007,963</u>

The business-type activities general obligation refunding bonds were issued to refund previously issued golf course and softball debt. The City anticipates repayment of the debt will occur from the respective system revenues from these enterprise activities. However, these plans are subject to change.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4. LONG-TERM DEBT – CONTINUED

Certificates of Obligation

Certificates of obligation are issued for many of the same purposes as general obligation bonds, but certificates do not require voter authorization nor may they be used to refund existing debt. The certificates constitute direct obligations of the City, payable from (i) the levy and collection of a direct and continuing ad valorem tax, levied within the limits prescribed by law, on all taxable property within the City, and (ii) a limited pledge (not to exceed \$1,000) of the Net Revenues of the City’s waterworks and sanitary sewer system.

The City current has the following certificates of obligation outstanding as of the end of the fiscal year:

	Interest Rate %	Issue Date	Maturity Date	Principal Outstanding
Certificates of Obligation				
Series 2011	3% – 4.25%	01/15/2011	08/15/2030	\$2,650,000
Series 2014	0% – 5%	10/15/2014	08/15/2034	5,715,000
			Total	<u>\$8,365,000</u>

Annual debt service requirements to maturity for the certificates of obligation are as follows:

Fiscal Year	Governmental Activities		Total
	Principal	Interest	
2016	\$135,000	\$310,594	\$445,594
2017	360,000	306,544	666,544
2018	375,000	291,344	666,344
2019	390,000	275,494	665,494
2020	410,000	257,494	667,494
2021-2025	2,325,000	992,470	3,317,470
2026-2030	2,785,000	532,976	3,317,976
2031-2034	1,585,000	120,600	1,705,600
Total	<u>\$8,365,000</u>	<u>\$3,087,516</u>	<u>\$11,452,516</u>

Revenue Bonds

Each series of revenue bonds is backed by the pledged revenue sources identified in the bond ordinances authorizing issuance of the bonds. The purpose and primary pledged revenue sources of each type of revenue bond are summarized as follows.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4. LONG-TERM DEBT – CONTINUED

Revenue Bonds – Continued

Half-penny sales tax fund issues sales tax revenue bonds (STRB) to finance library, park, and economic development projects throughout the City. Sales tax revenue bonds are special obligations of the Eules Development Corporation (EDC), payable solely from and secured by a lien on and pledge of certain Pledged Revenues which includes the gross proceeds of a ½¢ sales and use tax levied within the City for the benefit of the EDC. The EDC is reflected in the financial statements of the City as a special revenue fund. Accordingly, the EDC’s debt is reflected in governmental activities debt.

Water and wastewater fund issues revenue bonds (W&WW) for the construction of and improvement to the City’s combined waterworks and sanitary sewer infrastructure or to refund previously issued revenue bonds. Water and sewer revenue bonds and refunding bonds are payable solely from and equally secured by a first lien on and pledge of the net revenues of the City’s water and wastewater system.

	Interest Rate %	Issue Date	Maturity Date	Principal Outstanding
Revenue Bonds				
STRB Refunding, Series 2012	1.43%	01/12/2012	09/15/2019	\$285,000
W&WW Refunding, Series 2012	2.03%	03/29/2012	07/15/2024	2,410,000
W&WW Improvement, Series 2013	2% – 5%	06/25/2013	07/15/2033	1,465,000
W&WW Improvement, Series 2015A	0% 1.98%	06/15/2015	07/15/2035	4,685,000
W&WW Improvement, Series 2015B	0% 1.68%	06/15/2015	07/15/2035	2,380,000
			Total	<u>\$11,225,000</u>

Annual debt service requirements to maturity for revenue bonds are as follows:

Fiscal Year	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2016	\$165,000	\$4,076	\$635,000	\$181,709	\$985,785
2017	45,000	1,716	765,000	177,600	989,316
2018	35,000	1,073	780,000	168,392	984,465
2019	40,000	572	790,000	158,829	989,401
2020	–	–	800,000	148,820	948,820
2021-2025	–	–	2,615,000	614,037	3,229,037
2026-2030	–	–	2,260,000	407,844	2,667,844
2031-2035	–	–	2,295,000	141,897	2,436,897
Total	<u>\$285,000</u>	<u>\$7,437</u>	<u>\$10,940,000</u>	<u>\$1,999,128</u>	<u>\$13,231,565</u>

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4. LONG-TERM DEBT – CONTINUED

Revenue Bonds – Continued

The gross ½¢ sales tax revenues of the EDC recognized in the year ending September 30, 2015 totaled \$4,595,916. The principal and interest payments on the EDC debt for the same period totaled \$907,103 which equates to approximately 20% of the gross ½¢ sales tax revenues.

The recognized net revenues of the water and wastewater fund totaled \$2,354,146 for the year ending September 30, 2015. Principal and interest payments on the water and sewer revenue bonds totaled \$539,703 which equates to approximately 23% of net system revenues.

Annual Requirements to Retire Debt Obligations

In accordance with the water and sewer revenue and refunding bond ordinances, the following reserves were established:

Reserve for revenue bond debt service – to be used for retirement of the current portion of principal and interest payments due.

Reserve for emergency – to be used for payment of extraordinary repairs or replacements to the system necessitated by an emergency for which no other funds are available.

Revenue bond reserve – a reserve established with a portion of the bond proceeds pursuant to the revenue bond covenants which will be used for principal and interest payments in the event of default by the issuer.

Should the reserve for revenue bond debt service and/or the revenue bond reserve prove deficient, the reserve for emergency shall be used for the purpose of meeting principal and/or interest requirements of the bonds.

All funding requirements for the above reserves were met at September 30, 2015.

Investments of funds included in the bond reserve and emergency accounts are restricted to obligations of the United States or its agencies or instrumentalities (except for mortgage pass-through securities).

Water and sewer revenue bonds authorized and unissued as of September 30, 2015, amounted to \$1,200,000. The water and sewer bonds were authorized in 1970, and currently the City Council has no intent to issue these bonds.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 5. COMMITMENTS AND CONTINGENT LIABILITIES

The City entered into a contract dated January 21, 1972, with Trinity River Authority (TRA) whereby TRA agreed to provide treated water to the City. This contract was for an original term of thirty-five (35) years and continues in effect until all bonds, or any bonds issued to refund same, have been paid in full. Additionally, on October 10, 1973, the City entered into a contract with TRA to provide wastewater treatment services to the City. The contract remains in force and effect for a period of fifty (50) years and thereafter until any bonds, or any bonds issued to refund same, have been paid in full. Payments by the City are based on metered usage at rates designed to charge the City a prorata share of TRA's annual operating and maintenance expenses and principal and interest requirements on bonds issued by TRA. Payments under these contracts approximated \$8,809,926 and are included as operating expenses of the water and wastewater fund.

The City entered into a 20-year contract dated February 2, 2010, with the City of Fort Worth (Fort Worth) whereby Fort Worth agreed to provide reclaimed water service to the City. Payments by the City are based on metered volume. Payments under this contract were \$79,441 in the year ended September 30, 2015 and are included as operating expenses of the water and wastewater fund.

The City is involved in a number of lawsuits arising in the ordinary course of business. In the opinion of the City's legal counsel and management, any liability resulting from such litigation would not be material in relation to the City's financial position.

NOTE 6. SERVICE CENTER

The water and wastewater enterprise fund historically bears the major portion of the operating costs of the City's service center, which provides services to all City departments.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. INTERFUND TRANSFERS

All interfund transfers between the various funds are approved supplements to the operations of those funds.

	Transfers in				Subtotal governmental
	<i>Major Governmental</i>			Nonmajor governmental	
	General	Debt service	Street CIP		
Transfers out					
General	\$ -	\$ -	\$ -	\$ 2,325	\$ 2,325
Debt service	-	-	285,000	-	285,000
Car rental tax	1,540,507	200,912	535,572	1,671,895	3,948,886
Water and wastewater	1,005,577	-	-	-	1,005,577
Drainage utility	35,704	-	-	-	35,704
Nonmajor governmental	-	570,297	-	50,000	620,297
Total transfers in	<u>\$2,581,788</u>	<u>\$ 771,209</u>	<u>\$ 820,572</u>	<u>\$ 1,724,220</u>	<u>\$5,897,789</u>

	Transfers in			
	<i>Major Enterprise</i>			Total transfers out
	Internal service	Golf course	Subtotal proprietary	
Transfers out				
General	\$ 225,000	\$ 14,172	\$ 239,172	\$ 241,497
Debt service	-	-	-	285,000
Car rental tax	1,021,817	-	1,021,817	4,970,703
Water and wastewater	225,000	-	225,000	1,230,577
Drainage utility	-	-	-	35,704
Nonmajor governmental	-	304,407	304,407	924,704
Total transfers in	<u>\$1,471,817</u>	<u>\$ 318,579</u>	<u>\$ 1,790,396</u>	<u>\$ 7,688,185</u>

Transfers are primarily used to move funds from:

- The general fund to the non-major governmental fund to satisfy grant matching requirements and to the golf course fund for sales tax rebates.
- The car rental tax fund, the water and wastewater fund, and the drainage utility fund to the general fund for general and administrative charges.
- The car rental tax fund to the debt service fund for the principal and interest on previously issued bonds.
- The car rental tax fund to the street CIP and non-major governmental funds for approved capital projects.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. INTERFUND TRANSFERS – CONTINUED

- The non-major governmental funds to the debt service fund for the debt service payments on previously issued debt and the other non-major governmental funds for approved projects.
- The general fund and water and wastewater fund to the internal service funds for workers' compensation and general liability insurance claims.
- The car rental fund to the internal service fund for equipment purchases and to increase insurance reserves.
- The non-major governmental funds to the golf course fund to cover a portion of the operating and debt costs associated with the conference center.
- The debt service fund to street CIP fund for the transfer of bond proceeds for approved capital projects.

NOTE 8. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in the Texas Municipal League Joint Self-Insurance Fund (TMLIF) to provide both general liability and property insurance.

The City, along with other participating entities, contributes annual amounts determined by TMLIF management. As claims arise they are submitted to and paid by TMLIF. The City is not liable for payments beyond their annual contributions to TMLIF and related deductibles.

In fiscal year 2006, the City contracted with the Texas Municipal League Intergovernmental Risk Pool to provide workers' compensation insurance and effectively discontinued being self-insured for workers' compensation claims. This policy has no deductibles, includes all claims handling, and has a fixed premium.

In fiscal years prior to 2006, the City was self-insured for workers' compensation claims. Contributions were made to a separate risk management fund by other funds and were available to pay claims, claim reserves, and administrative costs of the program. The City remains liable under its self-insurance program for any claims occurring prior to October 1, 2005.

The City provides employee health insurance coverage on a self-insured basis. Premiums are paid into a separate insurance fund by other funds, by the City's employees, and by retirees. The premiums are used to fund claims, administrative costs of the program, and claim reserves. An excess coverage insurance policy covers individual claims in excess of \$100,000 and aggregate claims in excess of \$5,829,667. During fiscal year 2015, the City and the City's employees contributed approximately \$4,402,679 and \$1,323,744 respectively, for medical coverage.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. RISK MANAGEMENT – CONTINUED

The City's contributions are accounted for as interfund services provided and used. Claims liabilities are based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported, and are accounted for in the Insurance Internal Service Fund.

Changes in the balances of health and dental claims liabilities for the years ended September 30, 2015 and 2014 are as follows:

	2015	2014
Unpaid claims, beginning of year	\$ 487,899	\$ 372,657
Incurred claims	4,415,030	4,487,700
Paid claims	(4,395,429)	(4,372,458)
Unpaid claims, end of year	\$ 507,500	\$ 487,899

Settlement amounts have not exceeded stop loss insurance coverage for the year ended September 30, 2015 or any of the three preceding years ended September 30.

NOTE 9. DEFINED BENEFIT PENSION PLAN

Plan Description

The City participates as one of 860 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 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) that can be obtained at www.tmrs.com.

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

**CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 9. DEFINED BENEFIT PENSION PLAN – CONTINUED

Benefits Provided

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

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 one of seven payments 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.

Plan provisions for the City are as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
A member is vested after	5 years
Service retirement eligibility	20 years at any age, 5 years at 60 and above
Updated service credit	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI

Members can retire at certain ages, based on the years of service in TMRS. The Service Retirement Eligibilities for the City are 5 years at 60 years of age or 20 years in TMRS at any age.

Employees Covered By Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	191
Inactive employees entitled to, but not yet receiving benefits	134
Active employees	<u>369</u>
Total	<u><u>694</u></u>

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN – CONTINUED

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution 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 of the City were required to contribute 7% of their annual gross earnings during the year ended September 30, 2015. The contribution rates for the City were 18.73% and 18.05% in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2015 were \$4,602,538 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, 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 TPL in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment rate of return	7.0%, 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 Blue Collar Adjustments, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the City, rates are multiplied by a factor of 100%.

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 Disabled Retiree Mortality Table is used, with slight adjustments.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN – CONTINUED

Actuarial Assumptions – Continued

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. 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.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

The target allocation and best estimates of arithmetic real rates of return for each major asset 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%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	<u>100.0%</u>	

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN – CONTINUED

Discount Rate

The discount rate used to measure the TPL was 7.0%. 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 TPL.

Changes in the Net Pension Liability

	Increase (Decrease)		
	TPL (a)	Plan Fiduciary Net Position (b)	NPL (a) - (b)
Balance at 12/31/2013	\$ 168,246,211	\$ 150,877,084	\$ 17,369,127
Changes for the year:			
Service cost	4,331,759	-	4,331,759
Interest	11,698,243	-	11,698,243
Change of benefit terms	-	-	-
Difference between expected and actual experience	(752,184)	-	(752,184)
Changes of assumptions	-	-	-
Contributions - employer	-	4,787,533	(4,787,533)
Contributions - employee	-	1,789,251	(1,789,251)
Net investment income	-	8,631,343	(8,631,343)
Benefit payments, including refunds of employee contributions	(6,588,671)	(6,588,671)	-
Administrative expense	-	(90,113)	90,113
Other changes	-	(7,409)	7,409
Net changes	<u>8,689,147</u>	<u>8,521,934</u>	<u>167,213</u>
Balance at 12/31/2014	<u>\$ 176,935,358</u>	<u>\$ 159,399,018</u>	<u>\$ 17,536,340</u>
Plan fiduciary net position as a percentage of the TPL			90.09%
Covered payroll			\$25,560,729
NPL as a percentage of covered payroll			68.61%

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN – CONTINUED

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
	(6.0%)	(7.0%)	(8.0%)
City’s net pension liability	\$ 43,651,087	\$ 17,536,340	\$ (3,839,152)

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.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2015, the City recognized pension expense of \$4,025,736.

At September 30, 2015, 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
Differences between expected and actual experience	\$ -	\$ (615,032)
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	1,544,043	-
Contributions subsequent to the measurement date	3,252,945	-
Total	\$ 4,796,988	\$ (615,032)

**CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 9. DEFINED BENEFIT PENSION PLAN – CONTINUED

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Continued

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date in the amount of \$3,252,945 have been recognized as a reduction of the net pension liability for the year ending September 30, 2015. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement year ended <u>December 31:</u>	
2015	\$ 248,859
2016	248,859
2017	248,859
2018	248,858
2019	<u>(66,424)</u>
Total	<u>\$ 929,011</u>

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS

Postemployment Healthcare Plan

Plan Description

The City adopted the City of Euless Post-Employment Benefits Trust (OPEB Trust) by passage of Resolution No. 09-1319 on September 8, 2009 which authorized participation in the PARS Public Agencies Post-Retirement Health Care Plan Trust, including the City of Euless Public Agencies Post-Retirement Health Care Plan (the Plan), as part of the City’s Retirement Program. Article III of the Public Agencies Post-Retirement Health Care Plan Master Plan Document as adopted provides for the determination of eligibility under the plan to each participating Employer to the extent provided in the Employer’s applicable policies.

The City’s policies with regard to post-employment healthcare coverage are governed by the City of Euless Medical and Dental Plan, the City’s group health insurance plan, the benefits of which are established by management.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Postemployment Healthcare Plan – Continued

The City provides postemployment medical, dental, life, and vision benefits under the Plan to eligible retirees and dependents qualifying as one of the eligible classes of dependents as described in the Plan. To be eligible for coverage under the Plan, an employee must retire with the City of Euless and be eligible for retirement through TMRS. TMRS retirement eligibility requirements are described in detail in Note 9. Additionally, written application to enroll himself/herself and all eligible dependents (for which coverage is elected) in the Plan must be made by the employee prior to or on the retirement date.

The Plan provides lifetime benefits or until Medicare eligibility is attained. Regardless of Medicare enrollment status, the Plan will base payment of benefits as though Medicare were responsible for primary payment of benefits inasmuch as allowed by Federal law.

The Plan is a single-employer defined benefit healthcare plan administered by the City Manager, his/her successor, or his/her designee. Separate financial statements for the Plan are not issued, but rather are included in the financial statements of the City which are available on-line at <http://www.eulesstx.gov/finance/cafr.htm>.

The OPEB Trust is an agent multiple-employer trust arrangement established to provide economies of scale and efficiency of administration to public agencies. The OPEB Trust is established as a tax-exempt trust within the meaning of Section 115 of the Internal Revenue Code and is intended to hold the assets used to fund the City's post-employment benefits offered by the City to its employees as specified in the City's policies.

The OPEB Trust is administered by Public Agency Retirement Services pursuant to the Trust Agreement adopted on September 8, 2009 by the City Council with passage of Resolution No. 09-1319. Upon adoption of the Trust Agreement, a separate Agency Account was established under the OPEB Trust for the City, and all assets of the Trust attributable to the City are held in the City's Agency Account. The assets of the Trust are available only to pay postemployment healthcare benefits of eligible employees of the City and their dependents and other associated administrative costs.

Funding Policy

A Participant in the OPEB Trust is required from time-to-time to contribute to its Agency Account an amount determined by such Participant at its sole discretion. Such amount may, but need not, equal such Participant's annual required contribution (ARC) as determined in accordance with GASB 45. However, it is currently the intent of the Plan Administrator to annually fund an amount equal to, or in excess of, the ARC. This intent is subject to change and is subject to annual appropriation.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Funding Policy – Continued

Contribution requirements of Plan members and the City are determined by the Plan Administrator and may be amended by same from time to time. Plan members contribute:

	Monthly Contribution			
	Medical Plan A	Medical Plan B	Dental	Vision
Retiree Only	\$ 722.98	\$ 624.55	\$ 26.31	\$ 7.88
Retiree plus Children	1,373.67	1,186.64	50.00	12.88
Retiree plus Spouse	1,662.87	1,436.46	60.52	15.30
Retiree plus Family	2,096.66	1,811.19	76.31	21.60

Retired employees meeting all eligibility requirements as set forth in the Plan that were hired prior to October 1, 2006 and are either:

- a) Retired and enrolled in the Plan on or prior to September 30, 2007; or
- b) Retired and not enrolled in the Plan on or prior to September 30, 2007 and meet guidelines for reinstatement to the Plan; or
- c) Employees who were not retired as September 30, 2007 that retire with at least ten years of service to the City of Euless and have a combined age and years of service equal to at least 70

will qualify for a service discount on their total premium, subject to annual appropriation, as set forth in the table below.

Retired employees meeting all eligibility requirements as set forth in the Plan that were hired after October 1, 2006 retiring with a minimum of 20 years of service with a combined age and years of service to the City of Euless equal to at least 80 qualify for a service discount on their total premium, subject to annual appropriation, as set forth in the following:

Service	Discounts on Premiums			
	Hired Pre-10/2006		Hired Post-10/2006	
	Retiree	Retiree+	Retiree	Retiree+
10 to 14 years	15%	30%	N/A	N/A
15 to 19 years	25%	40%	N/A	N/A
20 to 24 years	35%	50%	35%	50%
25 to 29 years	50%	65%	50%	65%
30+ years	60%	75%	60%	75%

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Funding Policy – Continued

Retirees are permitted to participate with active employees in the healthcare plan but retirees must pay all premiums (less applicable discounts) assigned to them. The City will continue to apply the applicable discount to surviving spouse/dependents based upon a deceased employee's years of service. Employees hired after October 1, 2014 will not be eligible for premium discounts regardless of years of service.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets, consistent with the long-term perspective of the calculations.

In the October 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 7.5% investment rate of return (compounded annually net after expenses) and an annual healthcare cost trend rate of 6.2% initially, with annual increases and decreases through 2100 to an ultimate rate of 4.5% and an annual dental cost trend rate of 4.73% initially, declining by decrements to an ultimate rate of 4.15%. The inflation rate of 2.5% is used for the calculation. The unfunded actuarial accrued liability is being amortized over a thirty year open period utilizing a level dollar amortization method.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost (expense) for the Plan is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents the level of funding that, if paid on an on-going basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Annual OPEB Cost and Net OPEB Obligation – Continued

For the year ended September 30, 2015, the City has estimated the cost of providing these benefits through an actuarial valuation as of October 1, 2014. The following table represents the components of the City’s annual OPEB cost for the fiscal year, the amount actually contributed to the Plan, and any changes in the City’s net OPEB obligation.

Annual required contribution	\$ 873,931
Interest on net OPEB obligation	(6,509)
Adjustments to annual required contribution	<u>12,007</u>
Annual OPEB cost (expense)	879,429
Contributions made	<u>(985,469)</u>
Change in OPEB obligation	(106,040)
Net OPEB obligation (asset) - beginning of year	<u>(91,445)</u>
Net OPEB obligation (asset) - end of year	<u><u>\$ (197,485)</u></u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2015 and the two previous fiscal years are as follows:

Actuarial Valuation Date	Fiscal Year Ended	Discount Rate	Annual OPEB Cost	% of Annual Cost Contributed	Net OPEB Obligation
10/1/2012	9/30/2013	7.5%	\$1,456,357	81.09%	\$ (358,773)
10/1/2013	9/30/2014	7.5%	1,103,043	75.76%	(91,445)
10/1/2014	9/30/2015	7.5%	874,770	112.65%	(197,485)

Funding Status and Funding Progress

Valuation Dated 10/01,	Fiscal Year Ended 09/30,	10/1 Actuarial Value of Assets	Discount Rate	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL % of Payroll
2012	2013	1,830,940	7.5%	14,087,206	12,256,266	13%	24,264,642	51%
2013	2014	2,454,718	7.5%	11,822,647	9,367,929	21%	25,470,582	37%
2014	2015	3,043,780	7.5%	10,640,544	7,596,764	29%	25,453,407	30%

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Funding Status and Funding Progress – Continued

As of October 1, 2014, the Plan was 71% unfunded. The value of assets was \$3,043,780, resulting in an UAAL of \$7,596,764.

Actuarial valuations of an ongoing plan involve estimates of the value of the reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include, but are not limited to, future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the Notes to the Basic Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE 11. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of September 30, 2015, the public safety grant special revenue fund had an excess of expenditures over appropriations of \$96,673 and the police drug enforcement special revenue fund had an excess of expenditures over appropriations of \$13,310.

NOTE 12. SUBSEQUENT EVENT

The City issued \$3,030,000 in Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2015 dated October 15, 2015. Payment of principal and interest is due in annual installments through 2035. Interest rates on the debt range from 3-5%. The proceeds from the Certificates will be used for (i) street improvements, including drainage, landscaping, curbs, gutters, sidewalks, entryways, signage, lighting and traffic signalization incident thereto and the acquisition of land and rights-of-way therefore, and (ii) professional services rendered in relation to such projects and the financing thereof.

The City also issued \$16,450,000 in Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2016 dated January 1, 2016. Payment of principal and interest is due in annual installments through 2038. Interest rates on the debt range from 2-4%. The proceeds from the Certificates will be used for (i) public infrastructure including demolishing dangerous structures, streets, street improvements, water and wastewater, drainage, curbs, gutters, sidewalks, entryways, signage, lighting, traffic signalization and other public improvements thereto and the acquisition of land and rights-of-way therefor, and (ii) professional services rendered in relation to such projects and the financing thereof.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 13. CHANGE IN ACCOUNTING PRINCIPLE

The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment to GASB Statement No. 68* during the fiscal year ended September 30, 2015. The implementation of GASB Statement No. 68 resulted in the following restatement:

	Government-wide Statements	
	Governmental Activities	Business- type Activities
Net position, beginning of year, prior to restatement	\$ 123,083,378	\$ 72,634,943
Cumulative effect of change in accounting principle	(9,316,062)	(1,740,278)
Net position, beginning of year, as restated	\$ 113,767,316	\$ 70,894,665

	Fund Level Statements			
	Water and Wastewater	Drainage Utility	Golf Course	Other Enterprise Funds
Net position, beginning of year, prior to restatement	\$ 43,646,831	\$ 17,587,851	\$ 2,234,945	\$ 6,936,060
Cumulative effect of change in accounting principle	(1,329,061)	(130,963)	(238,927)	(41,327)
Net position, beginning of year, as restated	\$ 42,317,770	\$ 17,456,888	\$ 1,996,018	\$ 6,894,733

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EULESS, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE MEASUREMENT YEAR ENDED DECEMBER 31, 2014

	2014*
Total pension liability	
Service cost	\$ 4,331,759
Interest (on the total pension liability)	11,698,243
Difference in expected and actual experience	(752,184)
Benefit payments, including refunds of employee contributions	(6,588,671)
Net change in total pension liability	8,689,147
Total pension liability, beginning of year	168,246,211
Total pension liability, ending of year	\$ 176,935,358
 Plan fiduciary net position	
Contributions - employer	\$ 4,787,533
Contributions - employee	1,789,251
Net investment income	8,631,343
Benefit payments, including refunds of employee contributions	(6,588,671)
Administrative expense	(90,113)
Other	(7,409)
Net change in plan fiduciary net position	8,521,934
Plan fiduciary net position - beginning	150,877,084
Plan fiduciary net position - ending	\$ 159,399,018
 Net pension liability - ending	\$ 17,536,340
Plan fiduciary net position as a % of total pension liability	90.09%
Covered employee payroll	\$ 25,560,729
Net pension liability as a % of covered employee payroll	68.61%

* The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**CITY OF EULESS, TEXAS
SCHEDULE OF FUNDING PROGRESS – OPEB TRUST
SEPTEMBER 30, 2015**

Valuation Dated 10/01,	Fiscal Year Ended 09/30,	10/1 Actuarial Value of Assets	Discount Rate	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL % of Payroll
2012	2013	1,830,940	7.5%	14,087,206	12,256,266	13%	24,264,642	51%
2013	2014	2,454,718	7.5%	11,822,647	9,367,929	21%	25,470,582	37%
2014	2015	3,043,780	7.5%	10,640,544	7,596,764	29%	25,453,407	30%

The Schedule of Funding Progress summarizes the actuarial value of the plan’s assets and actuarial accrued liability as of October 1, 2014 and the two preceding actuarial valuations for which the trust has been in effect.

The schedule is presented to provide a consistent basis for measuring the plan’s annual progress toward funding its actuarial accrued liability in accordance with its actuarial funding method. The primary measure of funding progress is the plan’s funded ratio (i.e. actuarial value of assets expressed as a percentage of the actuarial accrued liability). An increase in the funded ratio indicates an improvement in the plan’s ability to pay all projected benefits as they come due. The plan is fully funded if the funded ratio is greater than or equal to 100%. At October 1, 2014, the plan’s funded ratio was 29%.

For more information concerning the plan and the actuarial method and assumptions, see Note 10 Other Post Employment Benefits in the Notes to the Financial Statements.

CITY OF EULESS, TEXAS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
SEPTEMBER 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
General property tax				
Current and delinquent taxes	\$ 10,839,160	\$ 10,839,160	\$ 10,794,908	\$ (44,252)
Penalty and interest	60,000	60,000	60,104	104
Total property tax	10,899,160	10,899,160	10,855,012	(44,148)
Gross receipts and mixed beverage tax				
Telephone line access fee	317,950	317,950	294,921	(23,029)
Electric company	1,625,000	1,625,000	1,663,483	38,483
Gas company	325,000	325,000	418,057	93,057
Cable TV	645,000	645,000	787,037	142,037
City garbage service	196,200	196,200	216,644	20,444
Water and wastewater system	1,051,824	1,051,824	1,005,577	(46,247)
Others	89,000	89,000	102,162	13,162
Total gross receipts and mixed beverage tax	4,249,974	4,249,974	4,487,881	237,907
General sales tax	11,038,642	11,038,642	11,452,731	414,089
Fines and fees				
Municipal court fines	3,201,080	3,201,080	2,787,842	(413,238)
Jail income	290,000	290,000	260,535	(29,465)
Dog licenses and pound fees	3,800	3,800	2,422	(1,378)
Ambulance fees	910,000	910,000	1,039,545	129,545
Library fees	35,100	35,100	17,502	(17,598)
Zoning fees	20,000	15,000	23,044	8,044
Deferred adjudication fee	167,550	167,550	158,791	(8,759)
Total fines and fees	4,627,530	4,622,530	4,289,681	(332,849)
Licenses and permits				
Building permits	590,000	590,000	905,832	315,832
Miscellaneous permits	220,200	220,200	288,688	68,488
Minimum housing	200,000	200,000	184,812	(15,188)
Total licenses and permits	1,010,200	1,010,200	1,379,332	369,132
Investment income	30,000	30,000	55,022	25,022
Intergovernmental	388,650	388,650	415,172	26,522
Other revenues				
Rental income	430,458	430,458	530,287	99,829
Swimming pools	183,600	183,600	276,518	92,918
Miscellaneous income	255,750	255,750	249,561	(6,189)
Total other revenues	869,808	869,808	1,056,366	186,558
Total revenues	33,113,964	33,108,964	33,991,197	882,233

**CITY OF EULESS, TEXAS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Current				
Culture and recreation	\$ 3,100,042	\$ 3,100,042	\$ 2,840,022	\$ 260,020
Development services	704,962	704,962	669,245	35,717
General and administrative	8,167,190	8,419,745	8,393,425	26,320
Highways and streets	1,538,892	1,538,892	1,456,054	82,838
Public safety	21,895,338	21,895,338	21,270,813	624,525
Debt service	97,720	97,720	97,720	-
Capital outlay	2,773,890	2,773,890	1,405,336	1,368,554
Total expenditures	<u>38,278,034</u>	<u>38,530,589</u>	<u>36,132,615</u>	<u>2,397,974</u>
Excess (deficiency) of revenues over (under) expenditures	(5,164,070)	(5,421,625)	(2,141,418)	3,280,207
Other financing sources (uses)				
Transfers in	2,627,331	2,627,331	2,581,788	(45,543)
Transfers out	(317,834)	(317,834)	(241,497)	76,337
Total other financing sources (uses), net	<u>2,309,497</u>	<u>2,309,497</u>	<u>2,340,291</u>	<u>30,794</u>
Net change in fund balance	(2,854,573)	(3,112,128)	198,873	3,311,001
Fund balance, beginning of year	<u>10,850,457</u>	<u>10,850,457</u>	<u>10,850,457</u>	<u>-</u>
Fund balance, end of year	<u>\$ 7,995,884</u>	<u>\$ 7,738,329</u>	<u>\$ 11,049,330</u>	<u>\$ 3,311,001</u>

**CITY OF EULESS, TEXAS
BUDGETARY COMPARISON SCHEDULE
CAR RENTAL SPECIAL REVENUE FUND
SEPTEMBER 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Car rental tax	\$ 13,864,560	\$ 13,864,560	\$ 14,112,552	\$ 247,992
Investment income	15,000	15,000	25,747	10,747
Total revenues	13,879,560	13,879,560	14,138,299	258,739
Expenditures				
General and administrative	9,243,040	9,420,386	9,594,864	(174,478)
Capital outlay	2,780,320	2,780,320	-	2,780,320
Total expenditures	12,023,360	12,200,706	9,594,864	2,605,842
Excess of revenues over expenditures	1,856,200	1,678,854	4,543,435	2,864,581
Other financing uses				
Transfers out	(4,970,703)	(5,006,172)	(4,970,703)	35,469
Total other financing uses	(4,970,703)	(5,006,172)	(4,970,703)	35,469
Net change in fund balance	(3,114,503)	(3,327,318)	(427,268)	2,900,050
Fund balance, beginning of year	5,392,591	5,392,591	5,392,591	-
Fund balance, end of year	<u>\$ 2,278,088</u>	<u>\$ 2,065,273</u>	<u>\$ 4,965,323</u>	<u>\$2,900,050</u>

CITY OF EULESS, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1. BUDGET BASIS OF ACCOUNTING

The City Council adheres to the following procedures in establishing budgetary data reflected in the financial statements:

1. Prior to August 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and expenses and means of financing them.
2. Public hearings are conducted to obtain taxpayers' comments.
3. Prior to September 30, the budget is legally enacted through passage of an ordinance and a budgetary report is prepared.
4. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revision that alters the total expenditures of any fund must be approved by the City Council. The budget presented reflects revisions made during the year. The legal level of control is at the fund level.
5. A budget is legally adopted for the general fund and special revenue funds on a basis consistent with accounting principles generally accepted in the United States of America. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds. Appropriations and encumbrances lapse at year-end.
6. Formal budgetary integration is not employed for the debt service funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.
7. Budgetary data for the capital projects funds has not been presented in the accompanying basic financial statements as such funds are budgeted over the life of the respective project and not on an annual basis. Accordingly, formal budgetary integration of the capital projects funds is not employed and comparison of actual results of operations to budgetary data for such funds is not presented.
8. Appropriated budgets for the proprietary funds are also adopted but have not been presented since reporting on such budgets is not legally required.

The Budgetary Comparison Schedules — general fund and car rental tax special revenue fund present a comparison of budgetary data to actual results. These funds utilize the same basis of accounting for both budgetary purposes and actual results.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Hotel/Motel Fund – to account for the operations and expenditures for which hotel/motel occupancy taxes are used. Occupancy tax revenues are used primarily for advertising and promotion of the City.

Half-Penny Sales Tax Fund – to account for the sales tax revenues and expenditures of the Eules Development Corp, a component unit of the City of Eules. The revenues can only be spent on parks, library, debt service, and economic development activities with the City of Eules.

Police Drug Enforcement Fund – to account for proceeds from the sale of assets seized in connection with drug arrests. Revenues are used solely for police department expenditures.

Crime Control and Prevention District Fund – to account for the revenues and expenditures of this component unit of the City of Eules. The revenues are collected from sales taxes and expenditures can only be spent for police department operations and capital as approved by the Crime Control and Prevention District Board.

Public Safety Grant Fund – to account for grant revenues received by the police department which must be spent in accordance with the grant provisions.

Police Seized Asset Fund – to account for resources received from asset forfeiture pursuant to court judgment File No. 09-13-640 to be administered in compliance with Chapter 59, Texas Code of Criminal Procedure.

Juvenile Case Fund – to account for a fee added to municipal court citations. This fee is used to support the expenditures associated with juvenile case processing.

Glade Parks Public Improvement District (PID) Fund – to account for the accumulation of resources from an assessment levied upon properties within the district boundaries. The resources are utilized for the repayment of debt issued to fund public improvements within the district. The district assesses property owners only for the portion of the debt payment not covered with resources of the Glade Parks TIRZ #3.

Tax Increment Reinvestment Zone #3 - Glade Parks Fund (TIRZ #3) – to account for the accumulation of a portion of the incremental property taxes from taxing entities participating in the tax increment reinvestment zone. The resources are used for the repayment of debt issued to fund public improvements within the district.

Cable PEG Fees Fund – to account for a 1% fee collected from cable channel providers for expansion of the city's public, educational, and governmental access channel.

NON-MAJOR GOVERNMENTAL FUNDS – Continued

CAPITAL PROJECTS

Half-Penny Sales Tax CIP Fund – to account for bond proceeds and sales tax receipts to be expended for capital projects funded by the Eules Development Corporation, a component unit of the City of Eules.

Developers' Contribution Fund – to account for funds received for the purpose of making new and future improvements to various development areas within the City.

Police Facility CIP Fund – to account for the construction of a police facility.

General CIP Fund – to account for various general construction projects within the City.

Redevelopment CIP Fund – to account for land acquisition and revitalization projects designed to enhance development and promote redevelopment throughout the community.

Car Rental CIP Fund – to account for the building and infrastructure projects that are funded from the short-term motor vehicle rental tax.

**CITY OF EULESS, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

	Special Revenue Funds							
	Hotel/ Motel Fund	Half-Penny Sales Tax Fund	Police Drug Enforce- ment Fund	Crime Control and Prevention District Fund	Public Safety Grant Fund	Police Seized Assets Fund	Juvenile Case Fund	Glade Parks PID Fund
ASSETS								
Deposits and investments	\$ 181,575	\$ 2,806,634	\$ 482,416	\$ 669,332	\$ -	\$ 683,202	\$ 198,299	\$ 750,000
Accounts receivable	158,841	-	-	-	108,351	-	5,615	-
Accrued interest receivable	-	548	-	-	-	-	-	-
Due from other governments	-	894,839	-	432,698	-	-	-	-
Prepays	-	7,649	-	7,750	-	-	-	-
Total assets	\$ 340,416	\$ 3,709,670	\$ 482,416	\$ 1,109,780	\$ 108,351	\$ 683,202	\$ 203,914	\$ 750,000
LIABILITIES								
Liabilities								
Accounts payable	\$ -	\$ 236,896	\$ -	\$ 15,495	\$ 94,155	\$ -	\$ 4,590	\$ -
Accrued salaries and wages	-	69,023	-	70,319	3,880	7,549	2,953	-
Unearned revenue	55,841	-	-	-	-	-	-	-
Total liabilities	55,841	305,919	-	85,814	98,035	7,549	7,543	-
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	-	-	-	5,615	-
Total deferred inflows of resources	-	-	-	-	-	-	5,615	-
FUND BALANCES								
Fund Balances								
Nonspendable	-	7,649	-	7,750	-	-	-	-
Restricted, debt service	-	914,140	-	-	-	-	-	750,000
Restricted, historical preservation	1,245	-	-	-	-	-	-	-
Restricted, juvenile case management	-	-	-	-	-	-	190,756	-
Restricted, PEG fees	-	-	-	-	-	-	-	-
Restricted, developer agreements	-	-	-	-	-	-	-	-
Assigned	283,330	2,481,962	482,416	1,016,216	10,316	675,653	-	-
Total fund balances	284,575	3,403,751	482,416	1,023,966	10,316	675,653	190,756	750,000
Total liabilities, deferred inflows of resources, and fund balances	\$ 340,416	\$ 3,709,670	\$ 482,416	\$ 1,109,780	\$ 108,351	\$ 683,202	\$ 203,914	\$ 750,000

Special Revenue Funds			Capital Projects Funds							
TIRZ #3 Glade Parks Fund	Cable PEG Fees Fund	Special Revenue Funds Total	Half-Penny Sales Tax CIP Fund	Developers' Contribution Fund	Police CIP Fund	General CIP Fund	Redevelopment CIP Fund	Car Rental CIP Fund	Capital Project Funds Totals	Total Non-major Governmental Funds
\$ 13,343	\$ 379,067	\$ 6,163,868	\$ 896,414	\$ 1,855,430	\$ 454	\$ 1,028,360	\$ 202,286	\$ 1,592,882	\$ 5,575,826	\$ 11,739,694
16,927	38,000	327,734	-	-	-	27,322	-	-	27,322	355,056
-	-	548	-	1,625	-	-	-	292	1,917	2,465
-	-	1,327,537	-	-	-	-	-	-	-	1,327,537
-	-	15,399	-	-	-	-	-	-	-	15,399
<u>\$ 30,270</u>	<u>\$ 417,067</u>	<u>\$ 7,835,086</u>	<u>\$ 896,414</u>	<u>\$ 1,857,055</u>	<u>\$ 454</u>	<u>\$ 1,055,682</u>	<u>\$ 202,286</u>	<u>\$ 1,593,174</u>	<u>\$ 5,605,065</u>	<u>\$ 13,440,151</u>
\$ -	\$ 10,182	\$ 361,318	\$ 1,342	\$ -	\$ -	\$ -	\$ 18,569	\$ 2,042	\$ 21,953	\$ 383,271
-	-	153,724	-	-	-	-	-	-	-	153,724
-	-	55,841	-	-	-	-	-	-	-	55,841
-	10,182	570,883	1,342	-	-	-	18,569	2,042	21,953	592,836
-	-	5,615	-	-	-	-	-	-	-	5,615
-	-	5,615	-	-	-	-	-	-	-	5,615
-	-	15,399	-	-	-	-	-	-	-	15,399
-	-	1,664,140	-	-	-	-	-	-	-	1,664,140
-	-	1,245	-	-	-	-	-	-	-	1,245
-	-	190,756	-	-	-	-	-	-	-	190,756
-	406,885	406,885	-	-	-	-	-	-	-	406,885
-	-	-	-	1,857,055	-	-	-	-	1,857,055	1,857,055
30,270	-	4,980,163	895,072	-	454	1,055,682	183,717	1,591,132	3,726,057	8,706,220
30,270	406,885	7,258,588	895,072	1,857,055	454	1,055,682	183,717	1,591,132	5,583,112	12,841,700
<u>\$ 30,270</u>	<u>\$ 417,067</u>	<u>\$ 7,835,086</u>	<u>\$ 896,414</u>	<u>\$ 1,857,055</u>	<u>\$ 454</u>	<u>\$ 1,055,682</u>	<u>\$ 202,286</u>	<u>\$ 1,593,174</u>	<u>\$ 5,605,065</u>	<u>\$ 13,440,151</u>

CITY OF EULESS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2015

	Special Revenue Funds							
	Hotel/ Motel Fund	Half-Penny Sales Tax Fund	Police Drug Enforce- ment Fund	Crime Control and Prevention District Fund	Public Safety Grant Fund	Police Seized Asset Fund	Juvenile Case Fund	Glade Parks PID Fund
Revenues								
General property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts tax	391,991	-	-	-	-	-	-	-
General sales tax	-	4,595,916	-	2,274,012	-	-	-	-
Investment income	105	13,731	118	245	-	510	91	5
DEA revenues	-	-	39,292	-	-	-	-	-
Intergovernmental	-	-	229,435	-	-	-	-	-
Rents and royalties	-	-	-	-	-	-	-	-
Other revenues	4	-	-	-	193,102	-	103,053	93,258
Total revenues	392,100	4,609,647	268,845	2,274,257	193,102	510	103,144	93,263
Expenditures								
Culture and recreation	-	2,794,959	-	-	-	-	-	-
Development services	-	212,967	-	-	-	-	-	-
General and administrative	9,104	230,658	-	-	-	-	77,210	-
Public safety	-	-	-	1,936,467	146,071	164,309	-	-
Debt service								
Principal	-	890,000	-	-	-	-	-	-
Interest and fiscal charges	-	17,103	-	-	-	-	-	-
Capital outlay	47,810	50,992	14,310	-	114,547	-	-	-
Total expenditures	56,914	4,196,679	14,310	1,936,467	260,618	164,309	77,210	-
Excess (deficiency) of revenues over (under) expenditures	335,186	412,968	254,535	337,790	(67,516)	(163,799)	25,934	93,263
Other financing sources (uses)								
Transfers in	-	-	-	-	2,325	-	-	-
Transfers out	(304,407)	(234,629)	-	-	-	-	-	-
Total other financing sources (uses)	(304,407)	(234,629)	-	-	2,325	-	-	-
Net change in fund balances	30,779	178,339	254,535	337,790	(65,191)	(163,799)	25,934	93,263
Fund balance, beginning of year	253,796	3,225,412	227,881	686,176	75,507	839,452	164,822	656,737
Fund balance, end of year	\$284,575	\$3,403,751	\$482,416	\$1,023,966	\$10,316	\$675,653	\$190,756	\$750,000

Special Revenue Funds			Capital Projects Funds							
TIRZ #3 Glade Parks Fund	Cable PEG Fees Fund	Special Revenue Funds Totals	Half-Penny Sales Tax CIP Fund	Developers' Contribution Fund	Police CIP Fund	General CIP Fund	Redevelopment CIP Fund	Car Rental CIP Fund	Capital Project Funds Totals	Total Non-major Governmental Funds
\$ 368,275	\$ -	\$ 368,275	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 368,275
-	153,007	544,998	-	-	-	-	-	-	-	544,998
37,058	-	6,906,986	-	-	-	-	-	-	-	6,906,986
3	183	14,991	573	3,763	2	560	163	2,898	7,959	22,950
-	-	39,292	-	-	-	-	-	-	-	39,292
-	-	229,435	-	-	-	-	-	-	-	229,435
-	-	-	-	-	-	112,196	-	-	112,196	112,196
-	-	389,417	-	334,781	-	-	-	-	334,781	724,198
405,336	153,190	8,493,394	573	338,544	2	112,756	163	2,898	454,936	8,948,330
-	-	2,794,959	69,539	-	-	-	-	-	69,539	2,864,498
-	-	212,967	-	-	-	-	-	-	-	212,967
-	20,117	337,089	-	-	-	-	17,202	14,848	32,050	369,139
-	-	2,246,847	-	-	3,620	-	-	-	3,620	2,250,467
-	-	890,000	-	-	-	-	-	-	-	890,000
-	-	17,103	-	-	-	-	-	-	-	17,103
-	131,345	359,004	73,195	-	-	-	266,981	149,004	489,180	848,184
-	151,462	6,857,969	142,734	-	3,620	-	284,183	163,852	594,389	7,452,358
405,336	1,728	1,635,425	(142,161)	338,544	(3,618)	112,756	(284,020)	(160,954)	(139,453)	1,495,972
-	-	2,325	50,000	-	-	-	400,000	1,271,895	1,721,895	1,724,220
(385,668)	-	(924,704)	-	-	-	-	-	-	-	(924,704)
(385,668)	-	(922,379)	50,000	-	-	-	400,000	1,271,895	1,721,895	799,516
19,668	1,728	713,046	(92,161)	338,544	(3,618)	112,756	115,980	1,110,941	1,582,442	2,295,488
10,602	405,157	6,545,542	987,233	1,518,511	4,072	942,926	67,737	480,191	4,000,670	10,546,212
\$ 30,270	\$ 406,885	\$ 7,258,588	\$ 895,072	\$ 1,857,055	\$ 454	\$ 1,055,682	\$ 183,717	\$ 1,591,132	\$ 5,583,112	\$ 12,841,700

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES –
BUDGET AND ACTUAL
HOTEL / MOTEL SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Gross receipts tax	\$ 315,000	\$ 315,000	\$ 391,991	\$ 76,991
Investment income	50	50	105	55
Other revenues	-	-	4	4
Total revenues	315,050	315,050	392,100	77,050
Expenditures				
General and administrative	-	-	9,104	(9,104)
Capital outlay	68,398	68,398	47,810	20,588
Total expenditures	68,398	68,398	56,914	11,484
Other financing uses				
Transfers out	(304,407)	(304,407)	(304,407)	-
Total other financing uses	(304,407)	(304,407)	(304,407)	-
Net change in fund balance	(57,755)	(57,755)	30,779	88,534
Fund balance, beginning of year	253,796	253,796	253,796	-
Fund balance, end of year	\$ 196,041	\$ 196,041	\$ 284,575	\$ 88,534

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL
HALF-PENNY SALES TAX SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
General sales tax	\$ 4,434,018	\$ 4,434,018	\$ 4,595,916	\$ 161,898
Investment income	10,020	10,020	13,731	3,711
Total revenues	4,444,038	4,444,038	4,609,647	165,609
Expenditures				
Culture and recreation	2,920,572	2,920,572	2,794,959	125,613
Development services	281,137	281,137	212,967	68,170
General and administrative	278,372	278,372	230,658	47,714
Debt service				
Principal	890,000	890,000	890,000	-
Interest and fiscal charges	17,103	17,103	17,103	-
Capital outlay	843,316	843,316	50,992	792,324
Total expenditures	5,230,500	5,230,500	4,196,679	1,033,821
Excess (deficiency) of revenues over (under) expenditures	(786,462)	(786,462)	412,968	1,199,430
Other financing uses				
Transfers out	(265,065)	(265,065)	(234,629)	30,436
Total other financing uses	(265,065)	(265,065)	(234,629)	30,436
Net change in fund balance	(1,051,527)	(1,051,527)	178,339	1,229,866
Fund balance, beginning of year	3,225,412	3,225,412	3,225,412	-
Fund balance, end of year	<u>\$ 2,173,885</u>	<u>\$ 2,173,885</u>	<u>\$ 3,403,751</u>	<u>\$ 1,229,866</u>

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES –
BUDGET AND ACTUAL
POLICE DRUG ENFORCEMENT SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ 1,000	\$ 1,000	\$ 118	\$ (882)
Intergovernmental	-	-	229,435	229,435
DEA revenues	-	-	39,292	39,292
Total revenues	1,000	1,000	268,845	267,845
Expenditures				
Public safety	1,000	1,000	14,310	(13,310)
Total expenditures	1,000	1,000	14,310	(13,310)
Net change in fund balance	-	-	254,535	254,535
Fund balance, beginning of year	227,881	227,881	227,881	-
Fund balance, end of year	<u>\$ 227,881</u>	<u>\$ 227,881</u>	<u>\$ 482,416</u>	<u>\$ 254,535</u>

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES –BUDGET AND ACTUAL
CRIME CONTROL AND PREVENTION DISTRICT SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
General sales tax	\$ 2,183,194	\$ 2,183,194	\$ 2,274,012	\$ 90,818
Investment income	100	100	245	145
Total revenues	2,183,294	2,183,294	2,274,257	90,963
Expenditures				
Public safety	2,323,334	2,323,334	1,936,467	386,867
Total expenditures	2,323,334	2,323,334	1,936,467	386,867
Net change in fund balance	(140,040)	(140,040)	337,790	477,830
Fund balance, beginning of year	686,176	686,176	686,176	-
Fund balance, end of year	<u>\$ 546,136</u>	<u>\$ 546,136</u>	<u>\$ 1,023,966</u>	<u>\$ 477,830</u>

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES –BUDGET AND ACTUAL
PUBLIC SAFETY GRANT SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other revenues	\$ 70,000	\$ 70,000	\$ 193,102	\$ 123,102
Total revenues	70,000	70,000	193,102	123,102
Expenditures				
Public safety	145,212	145,212	146,071	(859)
Capital outlay	18,733	18,733	114,547	(95,814)
Total expenditures	163,945	163,945	260,618	(96,673)
Other financing sources				
Transfers in	76,439	76,439	2,325	(74,114)
Total other financing sources	76,439	76,439	2,325	(74,114)
Net change in fund balance	(17,506)	(17,506)	(65,191)	(47,685)
Fund balance, beginning of year	75,507	75,507	75,507	-
Fund balance, end of year	<u>\$ 58,001</u>	<u>\$ 58,001</u>	<u>\$ 10,316</u>	<u>\$ (47,685)</u>

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES –BUDGET AND ACTUAL
POLICE SEIZED ASSETS SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ -	\$ -	\$ 510	\$ 510
Total revenues	-	-	510	510
Expenditures				
Public safety	309,228	309,228	164,309	144,919
Total expenditures	309,228	309,228	164,309	144,919
Net change in fund balance	(309,228)	(309,228)	(163,799)	145,429
Fund balance, beginning of year	839,452	839,452	839,452	-
Fund balance, end of year	<u>\$ 530,224</u>	<u>\$ 530,224</u>	<u>\$ 675,653</u>	<u>\$ 145,429</u>

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES –BUDGET AND ACTUAL
JUVENILE CASE SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ 30	\$ 30	\$ 91	\$ 61
Other revenues	<u>115,000</u>	<u>115,000</u>	<u>103,053</u>	<u>(11,947)</u>
Total revenues	115,030	115,030	103,144	(11,886)
Expenditures				
General and administrative	<u>84,927</u>	<u>84,927</u>	<u>77,210</u>	<u>7,717</u>
Total expenditures	<u>84,927</u>	<u>84,927</u>	<u>77,210</u>	<u>7,717</u>
Net change in fund balance	30,103	30,103	25,934	(4,169)
Fund balance, beginning of year	<u>164,822</u>	<u>164,822</u>	<u>164,822</u>	<u>-</u>
Fund balance, end of year	<u>\$ 194,925</u>	<u>\$ 194,925</u>	<u>\$ 190,756</u>	<u>\$ (4,169)</u>

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES –BUDGET AND ACTUAL
GLADE PARKS PID SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ -	\$ -	\$ 5	\$ 5
Other revenues	93,263	93,263	93,258	(5)
Total revenues	93,263	93,263	93,263	-
Other financing uses				
Transfers out	(31,381)	(31,381)	-	31,381
Total other financing uses	(31,381)	(31,381)	-	31,381
Net change in fund balance	61,882	61,882	93,263	31,381
Fund balance, beginning of year	656,737	656,737	656,737	-
Fund balance, end of year	<u>\$ 718,619</u>	<u>\$ 718,619</u>	<u>\$ 750,000</u>	<u>\$ 31,381</u>

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES –BUDGET AND ACTUAL
TIRZ #3 GLADE PARKS SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
General property tax	\$ 368,276	\$ 368,276	\$ 368,275	\$ (1)
General sales tax	23,989	23,989	37,058	13,069
Investment income	-	-	3	3
	<hr/>		<hr/>	
Total revenues	392,265	392,265	405,336	13,071
Other financing uses				
Transfers out	(392,265)	(392,265)	(385,668)	6,597
	<hr/>		<hr/>	
Total other financing uses	(392,265)	(392,265)	(385,668)	6,597
	<hr/>		<hr/>	
Net change in fund balance	-	-	19,668	19,668
Fund balance, beginning of year	10,602	10,602	10,602	-
	<hr/>		<hr/>	
Fund balance, end of year	<u>\$ 10,602</u>	<u>\$ 10,602</u>	<u>\$ 30,270</u>	<u>\$ 19,668</u>

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES –BUDGET AND ACTUAL
CABLE PEG FEES SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Gross receipts tax	\$ 120,000	\$ 120,000	\$ 153,007	\$ 33,007
Investment income	-	-	183	183
Total revenues	120,000	120,000	153,190	33,190
Expenditures				
General and administrative	30,000	30,000	20,117	9,883
Capital outlay	140,000	140,000	131,345	8,655
Total expenditures	170,000	170,000	151,462	18,538
Net change in fund balance	(50,000)	(50,000)	1,728	51,728
Fund balance, beginning of year	405,157	405,157	405,157	-
Fund balance, end of year	<u>\$ 355,157</u>	<u>\$ 355,157</u>	<u>\$ 406,885</u>	<u>\$ 51,728</u>

NON-MAJOR PROPRIETARY FUNDS

Enterprise funds are used to account for operations financed and operated in a manner similar to private business enterprises where the intent of the government's council is to recover the costs of providing goods or services to the general public on a continuing basis primarily through user charges; or where the government's council has decided that periodic determination of net income is appropriate for accountability purposes.

Recreation Classes – to account for the operation of recreational programs and activities which are offered to groups and individuals on a fee basis.

Texas Star Sports Complex – to account for the operation and maintenance of Softball World and The Parks at Texas Star Complexes, supported primarily by user charges.

Arbor Daze Fund – to account for the receipts and disbursements of the annual Arbor Daze Festival, supported primarily by user charges.

**CITY OF EULESS, TEXAS
COMBINING STATEMENT OF NET POSITION
NON-MAJOR PROPRIETARY FUNDS
SEPTEMBER 30, 2015**

(1 of 2)

	<u>Recreation Classes</u>	<u>Texas Star Sports Complex</u>	<u>Arbor Daze</u>	<u>Totals</u>
ASSETS				
Current assets				
Deposits and investments	\$ 335,194	\$ 1,828,644	\$ 16,435	\$ 2,180,273
Accounts receivable and unbilled revenue	2,595	13,944	-	16,539
Interest receivable	-	1,025	-	1,025
Prepays and deposits	3,500	18,167	-	21,667
Inventory	-	89,615	-	89,615
Total current assets	341,289	1,951,395	16,435	2,309,119
Non-current assets				
Net OPEB asset	555	3,487	-	4,042
Total non-current assets	555	3,487	-	4,042
Property, plant, and equipment, at cost				
Land	-	584,532	-	584,532
Building	-	488,275	-	488,275
Equipment	88,811	116,998	-	205,809
Improvements	-	8,150,654	-	8,150,654
Total property, plant, and equipment	88,811	9,340,459	-	9,429,270
Less accumulated depreciation	73,313	4,638,406	-	4,711,719
Net property, plant, and equipment	15,498	4,702,053	-	4,717,551
Total non-current assets	16,053	4,705,540	-	4,721,593
Total assets	357,342	6,656,935	16,435	7,030,712
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	-	19,188	-	19,188
Deferred charges on refunding	-	6,645	-	6,645
Total deferred outflows of resources	-	25,833	-	25,833

**CITY OF EULESS, TEXAS
COMBINING STATEMENT OF NET POSITION
NON-MAJOR PROPRIETARY FUNDS
SEPTEMBER 30, 2015**

(2 of 2)

	<u>Recreation Classes</u>	<u>Texas Star Sports Complex</u>	<u>Arbor Daze</u>	<u>Totals</u>
LIABILITIES				
Current liabilities				
Payable from current assets				
Accounts payable	\$ 11,177	\$ 28,993	\$ -	\$ 40,170
Accrued salaries and wages	4,448	23,592	-	28,040
Current portion of bonds payable	-	160,000	-	160,000
Accrued interest	-	800	-	800
Total current liabilities	15,625	213,385	-	229,010
Non-current liabilities				
Net pension liability	-	66,638	-	66,638
Bonds payable	-	7,924	-	7,924
Total non-current liabilities	-	74,562	-	74,562
Total liabilities	15,625	287,947	-	303,572
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	-	2,460	-	2,460
Total deferred inflows of resources	-	2,460	-	2,460
NET POSITION				
Net investment in capital assets	15,498	4,534,129	-	4,549,627
Unrestricted	326,219	1,858,232	16,435	2,200,886
Total net position	<u>\$ 341,717</u>	<u>\$ 6,392,361</u>	<u>\$ 16,435</u>	<u>\$ 6,750,513</u>

CITY OF EULESS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION
NON-MAJOR PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2015

	<u>Recreation Classes</u>	<u>Texas Star Sports Complex</u>	<u>Arbor Daze</u>	<u>Totals</u>
Operating revenues				
Recreation fees	\$ 584,858	\$ -	\$ -	\$ 584,858
Service fees and miscellaneous	-	1,215,468	48,108	1,263,576
Total operating revenues	584,858	1,215,468	48,108	1,848,434
Operating expenses				
Recreation classes	568,022	-	-	568,022
Texas Star Sports Complex	-	1,066,558	-	1,066,558
Arbor Daze	-	-	58,771	58,771
Depreciation	4,558	295,772	-	300,330
Amortization	-	(1,279)	-	(1,279)
Total operating expenses	572,580	1,361,051	58,771	1,992,402
Operating income (loss)	12,278	(145,583)	(10,663)	(143,968)
Nonoperating revenues (expenses)				
Gain on sale of capital asset	5,435	-	-	5,435
Investment income	162	2,801	-	2,963
Interest expense	-	(8,650)	-	(8,650)
Total nonoperating revenues (expenses), net	5,597	(5,849)	-	(252)
Change in net position	17,875	(151,432)	(10,663)	(144,220)
Net position, beginning, as restated	323,842	6,543,793	27,098	6,894,733
Net position, end of year	<u>\$ 341,717</u>	<u>\$ 6,392,361</u>	<u>\$ 16,435</u>	<u>\$ 6,750,513</u>

CITY OF EULESS, TEXAS
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2015

	<u>Recreation Classes</u>	<u>Texas Star Sports Complex</u>	<u>Arbor Daze</u>	<u>Totals</u>
OPERATING ACTIVITIES				
Cash received from customers	\$ 582,346	\$ 1,231,113	\$ 48,108	\$ 1,861,567
Cash payments to suppliers for goods and services	(360,456)	(850,667)	(58,771)	(1,269,894)
Cash payments to employees for services	(206,737)	(251,141)	-	(457,878)
Net cash provided by (used in) operating activities	15,153	129,305	(10,663)	133,795
CAPITAL AND RELATED FINANCING ACTIVITIES				
Interest paid on bonds	-	(9,400)	-	(9,400)
Reduction in bonds payable	-	(150,000)	-	(150,000)
Proceeds from sale of capital assets	5,434	-	-	5,434
Net cash provided by (used in) capital and related financing activities	5,434	(159,400)	-	(153,966)
INVESTING ACTIVITIES				
Interest received on investments	162	1,776	-	1,938
Net cash provided by investing activities	162	1,776	-	1,938
Net change in cash and cash equivalents	20,749	(28,319)	(10,663)	(18,233)
Cash and cash equivalents, beginning of year	314,445	1,856,963	27,098	2,198,506
Cash and cash equivalents, end of year	<u>\$ 335,194</u>	<u>\$ 1,828,644</u>	<u>\$ 16,435</u>	<u>\$ 2,180,273</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 12,278	\$ (145,583)	\$ (10,663)	\$ (143,968)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization	4,558	294,493	-	299,051
Changes in assets and liabilities				
Accounts receivable and unbilled revenue	(2,512)	13,185	-	10,673
Prepays and deposits	(3,115)	(3,841)	-	(6,956)
Inventory	110	(13,962)	-	(13,852)
Net OPEB asset	-	(438)	-	(438)
Net pension liability	-	635	-	635
Deferred outflows	-	(5,436)	-	(5,436)
Deferred inflows	-	2,460	-	2,460
Accounts payable	1,365	(14,099)	-	(12,734)
Accrued salaries and wages	2,469	1,891	-	4,360
Net cash provided by (used in) operating activities	<u>\$ 15,153</u>	<u>\$ 129,305</u>	<u>\$ (10,663)</u>	<u>\$ 133,795</u>

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the City and to other government units on a cost reimbursement basis.

Equipment Replacement Fund – to account for the accumulation of funds to be used for replacement of existing equipment. Funding is provided annually by the user departments.

Insurance Fund – to account for the revenues and expenses resulting from providing health insurance to the City's employees.

Risk Management/Workers' Compensation (Risk/WC) Fund – to account for the revenue and expenses applicable to providing workers' compensation coverage for all City employees, as well as, general liability and property coverage.

**CITY OF EULESS, TEXAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2015**

	Equipment Replacement Fund	Insurance Fund	Risk/WC Fund	Total
ASSETS				
Deposits and investments	\$ 2,956,102	\$ 3,723,219	\$ 2,075,868	\$ 8,755,189
Accounts receivable	-	111,715	-	111,715
Accrued interest receivable	885	3,065	834	4,784
Total current assets	2,956,987	3,837,999	2,076,702	8,871,688
Property, plant, and equipment, at cost				
Equipment	10,240,850	-	70,214	10,311,064
Less accumulated depreciation	7,117,458	-	20,042	7,137,500
Net property, plant, and equipment	3,123,392	-	50,172	3,173,564
Total assets	6,080,379	3,837,999	2,126,874	12,045,252
LIABILITIES				
Accounts payable	-	8,370	365,123	373,493
Accrued salary and wages	-	-	4,057	4,057
Accrued insurance claims	-	507,500	328,745	836,245
Total liabilities	-	515,870	697,925	1,213,795
NET POSITION				
Net investment in capital assets	3,123,392	-	50,172	3,173,564
Unrestricted	2,956,987	3,322,129	1,378,777	7,657,893
Total net position	<u>\$ 6,080,379</u>	<u>\$ 3,322,129</u>	<u>\$ 1,428,949</u>	<u>\$ 10,831,457</u>

CITY OF EULESS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2015

	Equipment Replacement Fund	Insurance Fund	Risk/WC Fund	Total
Operating revenues				
Insurance premiums	\$ -	\$ 5,780,899	\$ 352,331	\$ 6,133,230
Service fees and miscellaneous	1,028,300	20,293	-	1,048,593
Total operating revenues	1,028,300	5,801,192	352,331	7,181,823
Operating expenses				
General and administrative	127,952	954,023	98,745	1,180,720
Insurance costs	-	4,404,071	737,495	5,141,566
Depreciation	970,842	-	6,397	977,239
Total operating expenses	1,098,794	5,358,094	842,637	7,299,525
Operating income (loss)	(70,494)	443,098	(490,306)	(117,702)
Nonoperating revenues				
Gain on sale of capital assets	90,583	-	-	90,583
Investment income	4,792	12,769	4,364	21,925
Total nonoperating revenues	95,375	12,769	4,364	112,508
Income (loss) before transfers	24,881	455,867	(485,942)	(5,194)
Transfers				
Transfers in	671,817	350,000	450,000	1,471,817
Change in net position	696,698	805,867	(35,942)	1,466,623
Net position, beginning of year	5,383,681	2,516,262	1,464,891	9,364,834
Net position, end of year	\$ 6,080,379	\$ 3,322,129	\$ 1,428,949	\$ 10,831,457

CITY OF EULESS, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2015

	Equipment Replacement Fund	Insurance Fund	Risk/WC Fund	Total
OPERATING ACTIVITIES				
Cash received from customers	\$ 1,243,900	\$ 5,792,058	\$ 352,331	\$ 7,388,289
Cash payments to suppliers for goods and services	(516,973)	(5,332,488)	(712,863)	(6,562,324)
Cash payments to employees for services	-	(3,219)	(49,163)	(52,382)
Net cash provided by (used in) operating activities	726,927	456,351	(409,695)	773,583
NONCAPITAL FINANCING ACTIVITIES				
Transfers in	671,817	350,000	450,000	1,471,817
Net cash provided by noncapital financing activities	671,817	350,000	450,000	1,471,817
CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(1,107,294)	-	-	(1,107,294)
Proceeds from sale of capital assets	98,601	-	-	98,601
Net cash used in capital and related financing activities	(1,008,693)	-	-	(1,008,693)
INVESTING ACTIVITIES				
Interest received on investments	4,203	16,137	3,841	24,181
Net cash provided by investing activities	4,203	16,137	3,841	24,181
Net increase (decrease) in cash and cash equivalents	394,254	822,488	44,146	1,260,888
Cash and cash equivalents, beginning of year	2,561,848	2,900,731	2,031,722	7,494,301
Cash and cash equivalents, end of year	\$ 2,956,102	\$ 3,723,219	\$ 2,075,868	\$ 8,755,189
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ (70,494)	\$ 443,098	\$ (490,306)	\$ (117,702)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	970,842	-	6,397	977,239
Change in assets and liabilities				
Receivables	215,600	(9,134)	-	206,466
Prepays	-	-	-	-
Accounts payable	(389,021)	4,974	(4,885)	(388,932)
Accrued salaries and wages	-	(2,188)	(80)	(2,268)
Accrued insurance claims	-	19,601	79,179	98,780
Net cash provided by (used in) operating activities	\$ 726,927	\$ 456,351	\$ (409,695)	\$ 773,583

CITY OF EULESS, TEXAS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ESCROW AGENCY FUNDS
YEAR ENDED SEPTEMBER 30, 2015

	Balance October 1, 2014	Additions	Deductions	Balance September 30, 2015
Stars Center Escrow Fund				
Assets				
Investments at fair value	\$ 1,420,666	\$ 735	\$ (592)	\$ 1,420,809
Total assets	<u>\$ 1,420,666</u>	<u>\$ 735</u>	<u>\$ (592)</u>	<u>\$ 1,420,809</u>
Liabilities				
Due to other entities	\$ 1,420,547	\$ -	\$ -	\$ 1,420,547
Refunds payable	119	261	(118)	262
Total liabilities	<u>\$ 1,420,666</u>	<u>\$ 261</u>	<u>\$ (118)</u>	<u>\$ 1,420,809</u>
Glade Parks III Escrow Fund				
Assets				
Investments at fair value	\$ 2,148,648	\$ 290	\$ (2,148,938)	\$ -
Total assets	<u>\$ 2,148,648</u>	<u>\$ 290</u>	<u>\$ (2,148,938)</u>	<u>\$ -</u>
Liabilities				
Due to other entities	\$ 2,148,648	\$ 290	\$ (2,148,938)	\$ -
Total liabilities	<u>\$ 2,148,648</u>	<u>\$ 290</u>	<u>\$ (2,148,938)</u>	<u>\$ -</u>
Glade Parks IV Escrow Fund				
Assets				
Investments at fair value	\$ 1,439,788	\$ 140,003	\$ (1,579,791)	\$ -
Total assets	<u>\$ 1,439,788</u>	<u>\$ 140,003</u>	<u>\$ (1,579,791)</u>	<u>\$ -</u>
Liabilities				
Due to other entities	\$ 1,439,788	\$ 140,003	\$ (1,579,791)	\$ -
Total liabilities	<u>\$ 1,439,788</u>	<u>\$ 140,003</u>	<u>\$ (1,579,791)</u>	<u>\$ -</u>
Total Agency Funds				
Assets				
Investments at fair value	\$ 5,009,102	\$ 141,028	\$ (3,729,321)	\$ 1,420,809
Total assets	<u>\$ 5,009,102</u>	<u>\$ 141,028</u>	<u>\$ (3,729,321)</u>	<u>\$ 1,420,809</u>
Liabilities				
Due to other entities	\$ 5,008,983	\$ 140,293	\$ (3,728,729)	\$ 1,420,547
Refunds payable	119	261	(118)	262
Total liabilities	<u>\$ 5,009,102</u>	<u>\$ 140,554</u>	<u>\$ (3,728,847)</u>	<u>\$ 1,420,809</u>

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STATISTICAL SECTION
(Unaudited)

STATISTICAL SECTION

(Unaudited)

The statistical section of the City of Euless' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Tables
Financial Trends	1-4
The financial trend schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	5-8
The revenue capacity schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	9-13
The debt capacity schedules present information to help the reader assess the affordability of the City's current level of outstanding debt (including that of its blended component units) and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	14-15
The demographic and economic schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities occur.	
Operating Information	16-18
The operating information schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services it provides and the activities it performs.	

CITY OF EULESS, TEXAS
NET POSITION BY COMPONENT – LAST TEN FISCAL YEARS
(Accrual Basis of Accounting – Unaudited)

Table 1

	Fiscal Year									
	2006	2007	2008	2009	2010*	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 49,883,218	\$ 58,251,542	\$ 60,799,897	\$ 66,241,593	\$ 73,815,504	\$ 71,051,094	\$ 77,828,950	\$ 88,228,282	\$ 94,162,906	\$ 99,539,958
Restricted	1,448,741	1,725,998	1,813,871	1,845,987	1,375,950	1,818,957	4,426,819	4,138,774	4,999,085	5,666,450
Unrestricted	25,497,497	27,104,410	31,041,434	29,885,070	24,933,443	31,448,528	27,192,202	24,910,579	23,921,367	17,302,574
Total governmental activities net position	\$ 76,829,456	\$ 87,081,950	\$ 93,655,202	\$ 97,972,650	\$ 100,124,897	\$ 104,318,579	\$ 109,447,971	\$ 117,277,635	\$ 123,083,358	\$ 122,508,982
Business-type activities										
Net investment in capital assets	\$ 48,278,044	\$ 50,186,697	\$ 52,155,251	\$ 53,569,070	\$ 53,318,214	\$ 53,132,882	\$ 52,202,849	\$ 52,334,570	\$ 55,160,900	\$ 55,396,268
Restricted for debt service	-	-	-	3,963,919	438,340	438,948	309,595	314,171	317,758	733,562
Restricted for capital projects	-	-	-	-	-	-	-	-	232,300	1,183,350
Restricted for impact fees and debt service	-	-	-	-	2,999,156	2,649,336	2,401,217	2,740,656	1,876,393	1,966,315
Unrestricted	19,099,883	16,421,971	16,900,637	12,980,130	13,987,730	16,947,928	17,703,257	18,150,441	15,047,592	12,554,695
Total business-type activities net position	\$ 67,377,927	\$ 66,608,668	\$ 69,055,888	\$ 70,513,119	\$ 70,743,440	\$ 73,169,094	\$ 72,616,918	\$ 73,539,838	\$ 72,634,943	\$ 71,834,190
Primary government										
Net investment in capital assets	\$ 98,161,262	\$ 108,438,239	\$ 112,955,148	\$ 119,810,663	\$ 127,133,718	\$ 124,183,976	\$ 130,031,799	\$ 140,562,852	\$ 149,323,806	\$ 154,936,226
Restricted	1,448,741	1,725,998	1,813,871	5,809,906	4,813,446	4,907,241	7,137,631	7,193,601	7,425,536	9,549,677
Unrestricted	44,597,380	43,526,381	47,942,071	42,865,200	38,921,173	48,396,456	44,895,459	43,061,020	38,968,979	29,857,269
Total primary government net position	\$ 144,207,383	\$ 153,690,618	\$ 162,711,090	\$ 168,485,769	\$ 170,868,337	\$ 177,487,673	\$ 182,064,889	\$ 190,817,473	\$ 195,718,321	\$ 194,343,172

Source: Comprehensive Annual Financial Reports

* Recalculated

CITY OF EULESS, TEXAS
CHANGES IN NET POSITION – LAST TEN FISCAL YEARS
(Accrual Basis of Accounting – Unaudited)

Table 2

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
Culture and recreation	\$ 4,892,346	\$ 5,002,569	\$ 4,862,749	\$ 4,892,936	\$ 5,004,580	\$ 5,091,589	\$ 5,680,772	\$ 6,025,540	\$ 6,424,683	\$ 6,468,332
Development services	1,169,285	1,487,102	1,420,477	1,707,421	1,692,845	1,707,148	972,770	1,155,089	1,367,005	877,713
General and administrative	15,122,831	16,495,449	17,733,714	17,267,094	14,571,600	15,698,832	15,910,313	17,145,752	18,017,535	19,949,733
Highways and streets	2,211,083	2,206,697	2,534,856	2,057,123	2,662,949	2,923,241	2,968,770	3,334,188	3,578,341	3,374,422
Public safety	16,252,071	17,047,334	18,708,849	19,379,290	21,416,966	20,754,733	22,316,429	23,324,328	24,278,144	23,807,143
Interest on long-term debt	2,741,754	2,664,658	3,151,039	2,377,564	1,885,177	1,618,420	1,327,482	1,227,084	1,126,017	1,136,786
Total governmental activities expenses	42,389,370	44,903,809	48,411,684	47,681,428	47,234,117	47,793,963	49,176,536	52,211,981	54,791,725	55,614,129
Business-type activities:										
Water and wastewater	15,285,026	15,418,299	16,462,599	15,623,464	17,035,520	17,827,272	17,813,199	18,554,761	20,298,024	19,970,346
Drainage utility	884,763	1,059,272	932,771	947,869	1,107,206	1,177,938	1,283,617	1,245,838	1,373,036	1,319,999
Golf	4,003,035	4,250,866	4,421,256	4,690,701	4,460,627	4,483,252	4,599,099	4,750,359	4,152,015	4,155,834
Other recreation enterprises	1,842,550	2,109,291	2,155,131	2,016,273	1,866,786	1,982,613	2,115,730	2,312,949	2,288,337	2,009,582
Total business-type activities expenses	22,015,374	22,837,728	23,971,757	23,278,307	24,470,139	25,471,075	25,811,645	26,863,907	28,111,412	27,455,761
Total primary government expenses	64,404,744	67,741,537	72,383,441	70,959,735	71,704,256	73,265,038	74,988,181	79,075,888	82,903,137	83,069,890
Program Revenues										
Governmental activities:										
Fees, fines, and charges for services										
Culture and recreation	92,837	83,084	65,349	67,283	66,368	69,950	65,912	297,361	304,283	317,024
Development services	841,033	833,822	688,348	783,955	751,323	779,939	1,263,477	1,186,347	1,321,040	1,409,703
General and administrative	1,706,000	1,252,030	1,391,437	4,092,387	1,548,497	1,707,890	1,760,023	1,383,779	1,347,600	1,342,091
Highways and streets	6,300	(8,026)	722,334	11,008	-	-	54,622	112,736	218,012	93,258
Public safety	4,505,202	4,423,564	5,439,171	4,030,566	4,345,101	3,271,115	3,097,141	3,355,604	3,567,917	3,452,086
Operating grants and contributions	592,231	411,857	486,862	487,059	511,093	469,404	481,655	2,978,933	633,080	597,437
Capital grants and contributions	8,706	2,199,106	1,885,266	268,130	602,372	1,015,402	689,642	1,213,341	1,552,118	3,228,945
Total governmental activities program revenues	7,752,309	9,195,437	10,678,767	9,740,388	7,824,754	7,313,700	7,412,472	10,528,101	8,944,050	10,440,544
Business-type activities:										
Charges for services										
Water and wastewater	16,065,814	13,730,467	15,849,209	16,381,801	17,321,670	19,978,802	18,437,963	19,183,198	19,353,144	20,593,262
Drainage utility	658,231	701,476	661,725	689,889	691,800	694,751	705,474	708,984	712,971	716,595
Golf	3,777,018	3,825,486	3,904,008	4,069,151	5,279,259	4,746,242	4,335,149	4,520,224	3,622,952	4,168,578
Other recreation enterprises	1,518,386	1,636,883	1,819,459	1,703,196	1,937,416	2,684,905	2,041,878	2,138,600	2,241,920	1,848,434
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	312,835.00	1,012,919	2,183,600	1,705,746	26,400	772,714	368,882	1,847,097	2,037,263	1,746,638
Total business-type activities program revenues	22,332,284	20,907,231	24,418,001	24,549,783	25,256,545	28,877,414	25,889,346	28,398,103	27,968,250	29,073,507
Total primary government program revenues	30,084,593	30,102,668	35,096,768	34,290,171	33,081,299	36,191,114	33,301,818	38,926,204	36,912,300	39,514,051
	(Continued)									

CITY OF EULESS, TEXAS
CHANGES IN NET POSITION – LAST TEN FISCAL YEARS
(Accrual Basis of Accounting – Unaudited) – Continued

Table 2

Net (Expense) Revenue											
Governmental activities	\$ (34,637,061)	\$ (35,708,372)	\$ (37,732,917)	\$ (37,941,040)	\$ (39,409,363)	\$ (40,480,263)	\$ (41,764,064)	\$ (41,683,880)	\$ (45,847,675)	\$ (45,173,585)	
Business-type activities	316,910	(1,930,497)	446,244	1,271,476	786,406	3,406,339	77,701	1,534,196	(143,162)	1,617,746	
Total primary government net expense	<u>(34,320,151)</u>	<u>(37,638,869)</u>	<u>(37,286,673)</u>	<u>(36,669,564)</u>	<u>(38,622,957)</u>	<u>(37,073,924)</u>	<u>(41,686,363)</u>	<u>(40,149,684)</u>	<u>(45,990,837)</u>	<u>(43,555,839)</u>	
General Revenues											
and Other Changes in Net Position											
Governmental activities:											
Taxes											
Property taxes, levied for general purposes	11,188,598	12,343,359	12,231,294	12,685,268	12,306,387	11,855,993	12,451,543	12,744,753	13,488,816	14,358,074	
Sales taxes	12,303,965	13,990,652	14,319,938	12,602,345	12,337,598	13,252,805	14,957,757	16,142,357	17,525,123	18,359,717	
Car rental taxes	12,580,371	12,955,882	12,832,458	11,632,215	11,480,736	12,457,910	12,933,884	13,592,255	14,082,518	14,112,552	
Mixed beverage taxes	85,659	87,400	84,653	76,433	71,653	66,383	54,138	60,823	69,160	84,533	
Hotel/motel occupancy taxes	216,591	240,457	234,780	185,417	237,429	272,809	292,931	329,368	343,312	391,991	
Gross receipts taxes	4,116,704	3,619,955	3,816,501	4,074,355	3,967,036	4,174,627	4,276,136	4,209,564	4,458,682	4,556,355	
Investment income	1,611,815	2,031,580	1,727,542	863,225	292,761	168,929	132,607	106,521	70,374	127,367	
Contributions from property owners	-	-	-	-	-	-	-	-	-	-	
Rents and royalties	-	-	-	-	-	-	397,527	1,481,305	1,390,283	1,166,832	
Gain/(loss) on disposal of assets	24,866	74,163	71,143	37,909	116,978	100,110	68,329	117,763	84,664	-	
Miscellaneous	-	-	-	11,018	103,569	1,419,512	637,975	35,884	48,773	35,128	
Transfers	709,969	617,418	(1,012,140)	90,303	647,463	904,867	690,629	692,951	531,974	722,702	
Total governmental activities	<u>42,838,538</u>	<u>45,960,866</u>	<u>44,306,169</u>	<u>42,258,488</u>	<u>41,561,610</u>	<u>44,673,945</u>	<u>46,893,456</u>	<u>49,513,544</u>	<u>52,093,679</u>	<u>53,915,251</u>	
Business-type activities:											
Investment income	771,888	1,023,865	726,385	254,071	87,799	66,161	60,752	40,045	34,063	40,282	
Contributions from property owners	271,707	253,786	252,045	-	-	-	-	-	-	-	
Gain/(loss) on disposal of assets	-	277,004	-	-	3,579	(141,979)	-	41,630	-	4,199	
Miscellaneous	2,908,437	224,001	10,406	21,987	-	-	-	-	-	-	
Transfers	(709,969)	(617,418)	1,012,140	(90,303)	(647,463)	(904,867)	(690,629)	(692,951)	(531,974)	(722,702)	
Total business-type activities	<u>3,242,063</u>	<u>1,161,238</u>	<u>2,000,976</u>	<u>185,755</u>	<u>(556,085)</u>	<u>(980,685)</u>	<u>(629,877)</u>	<u>(611,276)</u>	<u>(497,911)</u>	<u>(678,221)</u>	
Total primary government	<u>46,080,601</u>	<u>47,122,104</u>	<u>46,307,145</u>	<u>42,444,243</u>	<u>41,005,525</u>	<u>43,693,260</u>	<u>46,263,579</u>	<u>48,902,268</u>	<u>51,595,768</u>	<u>53,237,030</u>	
Change in Net Position											
Governmental activities	8,201,477	10,252,494	6,573,252	4,317,448	2,152,247	4,193,682	5,129,392	7,829,664	6,246,004	8,741,666	
Business-type activities	3,558,973	(769,259)	2,447,220	1,457,231	230,321	2,425,654	(552,176)	922,920	(641,073)	939,525	
Total primary government	<u>\$ 11,760,450</u>	<u>\$ 9,483,235</u>	<u>\$ 9,020,472</u>	<u>\$ 5,774,679</u>	<u>\$ 2,382,568</u>	<u>\$ 6,619,336</u>	<u>\$ 4,577,216</u>	<u>\$ 8,752,584</u>	<u>\$ 5,604,931</u>	<u>\$ 9,681,191</u>	
	(concluded)	(concluded)	(concluded)	(concluded)	(concluded)	(concluded)	(concluded)	(concluded)	(concluded)	(concluded)	

Source: Comprehensive Annual Financial Reports

CITY OF EULESS, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS – LAST TEN FISCAL YEARS
(Modified accrual basis of accounting – Unaudited)

Table 3

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved for other	\$ 310,956	\$ 392,950	\$ 362,018	\$ 354,882	\$ 492,776	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	-	-	-	19,344	28,796	49,262	48,072	47,834
Restricted	-	-	-	-	-	311,076	258,765	124,312	120,093	109,618
Assigned	-	-	-	-	-	103,423	111,096	121,542	121,334	116,336
Unreserved/Unassigned	8,989,805	10,594,492	8,355,946	7,288,976	7,121,683	7,296,719	8,913,078	9,595,558	10,560,958	10,775,542
Total general fund	\$ 9,300,761	\$ 10,987,442	\$ 8,717,964	\$ 7,643,858	\$ 7,614,459	\$ 7,730,562	\$ 9,311,735	\$ 9,890,674	\$ 10,850,457	\$ 11,049,330
All Other Governmental Funds										
Reserved for:										
Debt service	\$ 1,587,754	\$ 1,893,893	\$ 1,967,502	\$ 1,987,783	\$ 1,622,584	\$ -	\$ -	\$ -	\$ -	\$ -
Development Agreements	1,535,647	1,598,658	1,671,038	1,553,876	1,454,496	-	-	-	-	-
Other	1,245	1,245	1,245	1,245	7,677	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	7,643,232	11,330,717	5,741,072	6,020,996	7,780,378	-	-	-	-	-
Capital funds	7,482,417	4,627,428	10,940,619	10,918,516	5,792,872	-	-	-	-	-
Nonspendable	-	-	-	-	-	5,665	5,803	9,464	34,704	15,399
Restricted for:										
Debt service	-	-	-	-	-	1,818,957	1,867,971	1,776,644	2,377,710	2,477,981
Capital projects	-	-	-	-	-	2,168,956	606,505	365,641	398,756	594,211
Other	-	-	-	-	-	87,972	1,694,821	1,872,178	2,089,735	2,455,941
Assigned	-	-	-	-	-	14,855,820	15,802,863	13,504,412	12,692,185	13,765,385
Total all other governmental funds	\$ 18,250,295	\$ 19,451,941	\$ 20,321,476	\$ 20,482,416	\$ 16,658,007	\$ 18,937,370	\$ 19,977,963	\$ 17,528,339	\$ 17,593,090	\$ 19,308,917

Note: The City of Euless first applied GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011. Reclassification of fund balances for prior years was not required.

Source: Comprehensive Annual Financial Reports

CITY OF EULESS, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting – Unaudited)

Table 4

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
General property tax	\$ 11,266,615	\$ 12,482,090	\$ 12,200,974	\$ 12,735,324	\$ 12,277,457	\$ 11,786,579	\$ 12,382,757	\$ 12,893,583	\$ 13,468,394	\$ 14,351,598
Gross receipts tax	4,418,954	3,947,812	4,135,934	4,336,205	4,276,110	4,513,819	4,623,205	4,599,755	4,871,154	5,032,879
General sales tax	12,303,965	13,990,652	14,319,938	12,602,345	12,337,598	13,252,805	14,957,757	16,142,357	17,525,123	18,359,717
Car rental tax	12,580,371	12,955,882	12,832,458	11,632,215	11,480,736	12,457,910	12,933,884	13,592,255	14,082,518	14,112,552
Fines and fees	4,089,056	4,348,839	4,297,304	4,086,594	4,336,063	4,033,868	4,278,738	4,627,199	4,646,390	4,289,681
Licenses and permits	806,476	804,404	752,421	783,955	719,918	744,978	1,233,465	1,152,875	1,286,753	1,379,332
Investment income	1,468,812	1,784,492	1,512,898	742,444	253,302	143,564	107,195	92,118	57,880	105,443
DEA revenues	77,461	5,360	26,580	14,883	15,350	6,589	12,488	3,571	15,316	39,292
Intergovernmental	315,487	334,979	353,567	379,503	376,512	377,660	1,012,673	2,839,545	461,484	906,695
Rents and royalties	-	-	-	-	1,620,210	1,233,686	1,111,873	1,024,021	1,390,283	637,196
Other revenues	2,015,047	1,513,511	2,924,573	4,300,564	978,179	1,194,966	1,206,611	1,383,172	1,210,086	1,795,395
Total Revenues	49,342,244	52,168,021	53,356,647	51,614,032	48,671,435	49,746,424	53,860,646	58,350,451	59,015,381	61,009,780
Expenditures:										
Culture and recreation	4,079,825	4,500,202	4,461,329	4,350,573	4,120,435	4,335,786	4,676,100	5,171,477	5,558,463	5,704,520
Development services	1,117,614	1,461,222	1,232,277	1,355,105	1,251,706	1,340,898	688,296	806,275	1,017,903	882,212
General and administrative	14,860,076	16,377,711	17,660,608	16,230,408	14,796,474	15,610,772	15,539,673	17,207,934	17,711,441	18,357,428
Highways and streets	656,964	693,711	943,171	861,885	610,996	713,742	861,748	1,144,223	1,351,404	1,606,372
Public safety	15,334,138	16,958,988	17,930,526	18,560,852	19,011,663	19,492,862	21,074,399	22,192,488	23,121,457	23,521,280
Debt Service:										
Principal	2,790,000	3,030,000	3,010,000	2,990,000	3,110,000	3,445,000	8,210,000	3,975,000	5,567,404	4,284,197
Interest and fiscal charges	2,596,934	2,577,106	2,437,894	2,312,734	2,189,070	1,798,615	1,361,259	1,241,776	1,148,069	1,243,589
Issuance costs	97,810	5,946	-	-	95,000	178,229	184,966	26,064	-	-
Capital outlay	7,997,263	3,777,225	5,843,641	5,730,944	6,865,802	4,805,147	3,727,193	10,390,582	2,672,010	9,086,345
Total expenditures	49,530,624	49,382,111	53,519,446	52,392,501	52,051,146	51,721,051	56,323,634	62,155,819	58,148,151	64,685,943
Excess (deficiency) of revenues over (under) expenditures	(188,380)	2,785,910	(162,799)	(778,469)	(3,379,711)	(1,974,627)	(2,462,988)	(3,805,368)	867,230	(3,676,163)
Other Financing Sources (Uses):										
Proceeds from capital lease	-	-	-	-	-	494,322	-	1,446,603	-	-
Proceeds from issuance of debt	6,710,000	-	-	-	8,110,000	9,610,000	9,740,000	1,160,000	-	11,400,000
Payment of escrow for refunding	(6,879,482)	-	-	-	(8,443,763)	(6,804,790)	(5,381,310)	(1,190,252)	-	(6,074,450)
Bond premium	-	-	-	-	-	390,694	260,435	79,046	-	789,428
Bond discount	-	-	-	-	(94,828)	-	-	-	-	-
Transfers in	5,536,285	2,920,599	12,313,757	4,461,419	3,371,742	5,696,323	8,134,018	6,278,531	4,366,649	5,897,789
Transfers out	(6,541,319)	(2,818,181)	(13,550,897)	(4,596,116)	(3,417,248)	(5,016,456)	(7,668,389)	(5,839,245)	(4,209,345)	(6,421,904)
Total other financing sources	(1,174,516)	102,418	(1,237,140)	(134,697)	(474,097)	4,370,093	5,084,754	1,934,683	157,304	5,590,863
Net change in fund balances	\$ (1,362,896)	\$ 2,888,328	\$ (1,399,939)	\$ (913,166)	\$ (3,853,808)	\$ 2,395,466	\$ 2,621,766	\$ (1,870,685)	\$ 1,024,534	\$ 1,914,700
Debt service as a percentage of noncapital expenditures	13.2%	12.3%	11.4%	11.4%	11.9%	11.6%	18.5%	10.1%	12.1%	9.9%

Source: Comprehensive Annual Financial Reports

CITY OF EULESS, TEXAS
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY – LAST TEN FISCAL YEARS
(Unaudited)

Table 5

Fiscal Year	Estimated Market Value		Total Market Value	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property				
2006	2,190,313,348	375,328,844	2,565,642,192	312,107,619	2,253,534,573	0.491777
2007	2,324,055,440	424,995,712	2,749,051,152	308,569,035	2,440,482,117	0.489500
2008	2,438,826,320	464,735,670	2,903,561,990	320,650,590	2,582,911,400	0.470000
2009	2,477,673,867	508,213,527	2,985,887,394	325,886,654	2,660,000,740	0.470000
2010	2,470,282,654	449,954,489	2,920,237,143	330,392,987	2,589,844,156	0.470000
2011	2,473,997,250	390,731,885	2,864,729,135	341,730,427	2,522,998,708	0.470000
2012	2,610,172,289	389,778,962	2,999,951,251	348,227,246	2,651,724,005	0.470000
2013	2,661,959,213	445,909,463	3,107,868,676	351,726,906	2,756,141,770	0.470000
2014	2,759,268,619	461,065,240	3,220,333,859	356,283,956	2,864,049,903	0.470000
2015	2,898,868,131	424,401,282	3,323,269,413	364,927,065	2,958,342,348	0.467500

Source: Tarrant Appraisal District

CITY OF EULESS, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES (per \$100 of Assessed Value) – LAST TEN FISCAL YEARS
(Unaudited)

Table 6

Fiscal Year	City Direct Rates			Overlapping Rates				
	Operating / General Rate	General Obligation Debt Service	Total Direct Rate	Hurst-Eules-Bedford ISD	Grapevine-Colleyville ISD	Tarrant County	Tarrant County Hospital District	Tarrant County Community College
2006	0.340321	0.151456	0.491777	1.7230	1.7000	0.2725	0.2354	0.1394
2007	0.343227	0.146273	0.489500	1.5975	1.5743	0.2715	0.2354	0.1394
2008	0.340341	0.129659	0.470000	1.3037	1.2900	0.2665	0.2304	0.1394
2009	0.351937	0.118063	0.470000	1.2950	1.2900	0.2640	0.2279	0.1380
2010	0.360791	0.109209	0.470000	1.2955	1.2900	0.2640	0.2280	0.1377
2011	0.343905	0.126095	0.470000	1.2882	1.2900	0.2640	0.2279	0.1376
2012	0.345388	0.124612	0.470000	1.4140	1.3100	0.2640	0.2280	0.1490
2013	0.355130	0.114870	0.470000	1.4075	1.3201	0.2640	0.2279	0.1490
2014	0.360619	0.109381	0.470000	1.3875	1.3201	0.2640	0.2279	0.1495
2015	0.364505	0.102995	0.467500	0.1375	1.3201	0.2640	0.2279	0.1495

Sources: City of Euless Budget Office, Tarrant Appraisal District

**CITY OF EULESS, TEXAS
PRINCIPAL PROPERTY TAX PAYERS
Current Year and Nine Years Ago
(Unaudited)**

Table 7

Taxpayer	Fiscal Year 2015		Taxpayer	Fiscal Year 2006	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value (1)		Taxable Assessed Value	Percentage of Total City Taxable Assessed Value (2)
Ean Holdings, LLC	\$ 70,545,871	2.38 %	Hertz Corp	\$ 63,707,382	2.83 %
JLB Glade Road LP	56,970,000	1.93	Avis Rent a Car System, LLC	51,681,659	2.29
Westdale Hills 2013 LP	56,777,649	1.92	Vanguard Car Rental USA, Inc.	49,438,047	2.19
UDR The Mandolin, LLC	52,839,810	1.79	TXU Electric Delivery Co.	37,957,143	1.68
Hertz Corp	50,643,127	1.71	Cingular Wireless, LLC	37,714,317	1.67
Avis Rent a Car System, LLC	45,397,075	1.53	Colonial Realty LP	37,400,000	1.66
Stoneleigh at Bear Creek Apts.	45,200,000	1.53	IRA Stoneleigh FEECO LLC	37,300,000	1.66
AT&T Mobility, LLC	45,106,267	1.52	Somerset Village Partners LP	30,299,136	1.34
AP WP Vineyard Reit, LLC	43,000,000	1.45	Budget Rent A Car System Inc.	29,855,770	1.32
AP WP Seramont Reit, LLC	40,300,000	1.36	Seramont II LP	29,500,000	1.31
Total	\$ 506,779,799	17.12 %	Total	\$ 404,853,454	17.95 %

Source: Tarrant County Tax Office

Note:

- (1) Total Taxable Assessed Value including real and personal property for tax year 2014 (fiscal year 2015) is \$2,958,342,348.
- (2) Total Taxable Assessed Value including real and personal property for tax year 2005 (fiscal year 2006) is \$2,253,534,573.

CITY OF EULESS, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS – LAST TEN FISCAL YEARS
(Unaudited)

Table 8

Fiscal Year	Taxes Levied Within the Fiscal Year of the Levy	Adjustments to Levy in Subsequent Years	Adjusted Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collection		Delinquent Taxes	
				Amount	Percentage of Levy		Amount	Percentage of Levy	Amount	Percentage of Levy
2006	11,194,338	1,246	11,195,584	11,007,368	98.32%	170,663	11,178,031	99.84%	17,553	0.16%
2007	11,908,489	(9,276)	11,899,213	11,801,183	99.18%	85,029	11,886,212	99.89%	13,001	0.11%
2008	12,083,956	(39,312)	12,044,644	11,986,396	99.52%	44,501	12,030,897	99.89%	13,747	0.11%
2009	12,747,343	(125,503)	12,621,840	12,556,281	99.48%	20,484	12,576,765	99.64%	45,075	0.36%
2010	12,318,061	(12,857)	12,305,204	12,182,266	99.00%	106,994	12,289,260	99.87%	15,944	0.13%
2011	11,796,659	(39,928)	11,756,731	11,637,719	98.99%	102,477	11,740,196	99.86%	16,535	0.14%
2012	12,436,816	(88,716)	12,348,100	12,252,510	99.23%	74,202	12,326,712	99.83%	21,388	0.17%
2013	12,926,215	(220,135)	12,706,080	12,648,635	99.55%	29,314	12,677,949	99.78%	28,131	0.22%
2014	13,426,248	(66,143)	13,360,105	13,303,694	99.58%	21,441	13,325,135	99.74%	34,970	0.26%
2015	14,245,865	(112,947)	14,132,918	14,049,020	99.41%	-	14,049,020	99.41%	83,898	0.59%

Source: Tarrant County Tax Office and Tarrant Appraisal District

CITY OF EULESS, TEXAS
RATIO OF OUTSTANDING DEBT BY TYPE – LAST TEN FISCAL YEARS
(Unaudited)

Table 9

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Certificates of Obligation	Taxable Certificates of Obligation	Sales Tax Revenue Bonds	Capital Leases	W&S Revenue Bonds	Drainage Revenue Bonds	Certificates of Obligation	General Obligation Refunding Bonds				
2006	28,820,000	7,175,000	9,305,000	7,175,000	-	4,805,000	785,000	-	11,005,000	69,070,000	4.86%	\$ 1,361	
2007	27,350,000	6,475,000	9,080,000	6,540,000	-	4,585,000	600,000	-	10,560,000	65,190,000	4.40%	\$ 1,232	
2008	25,985,000	5,735,000	8,840,000	5,875,000	-	4,350,000	410,000	-	10,105,000	61,300,000	4.15%	\$ 1,148	
2009	24,350,000	5,330,000	8,580,000	5,185,000	-	4,105,000	210,000	-	9,640,000	57,400,000	3.78%	\$ 1,062	
2010	30,765,000	4,910,000	-	4,470,000	438,227	3,850,000	-	-	9,160,000	53,593,227	3.39%	\$ 989	
2011	29,235,000	6,590,000	-	3,715,000	356,897	3,580,000	-	-	8,675,000	52,151,897	3.69%	\$ 1,017	
2012	29,915,000	3,230,000	-	2,910,000	272,526	3,435,000	-	-	8,165,000	47,927,526	3.47%	\$ 931	
2013	27,095,000	2,910,000	-	2,050,000	1,631,602	4,690,000	-	-	7,495,000	45,871,602	3.37%	\$ 886	
2014	24,070,000	2,780,000	-	1,175,000	94,196	4,285,000	-	-	6,915,000	39,319,196	2.53%	\$ 731	
2015	20,655,000	8,365,000	-	285,000	-	10,940,000	-	-	6,320,000	46,565,000	2.91%	\$ 862	

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

(1) See Table 14 for personal income and population data.

CITY OF EULESS, TEXAS
RATIO OF NET GENERAL BONDED DEBT TO TAXABLE ASSESSED VALUE AND NET BONDED DEBT PER CAPITA –
LAST TEN FISCAL YEARS
(Unaudited)

Table 10

Fiscal Year	General Bonded Debt Outstanding					Estimated Population (1)	Taxable Assessed Value (2)	Net Debt to Taxable Assessed Value	Net Debt Per Capita
	General Obligation Bonds	Certificates of Obligation	Capital Leases	Less: Debt Service Reserves	Net O/S Debt Total				
2006	39,825,000	7,175,000	-	637,136	46,362,864	50,750	2,253,534,573	2.06%	\$ 914
2007	37,910,000	6,475,000	-	955,555	43,429,445	52,900	2,440,482,117	1.78%	\$ 821
2008	36,090,000	5,735,000	-	1,029,164	40,795,836	53,400	2,582,911,400	1.58%	\$ 764
2009	33,990,000	5,330,000	-	1,049,445	38,270,555	54,073	2,660,000,740	1.44%	\$ 708
2010	39,925,000	4,910,000	438,227	684,246	44,588,981	54,200	2,589,844,156	1.72%	\$ 823
2011	37,910,000	6,590,000	356,897	880,619	43,976,278	51,277	2,522,998,708	1.74%	\$ 858
2012	38,080,000	3,230,000	272,526	956,430	40,626,096	51,500	2,651,724,005	1.53%	\$ 789
2013	34,590,000	2,910,000	1,631,602	807,054	38,324,548	51,750	2,756,141,770	1.39%	\$ 741
2014	30,985,000	2,780,000	94,196	796,454	33,062,742	53,780	2,864,049,903	1.15%	\$ 615
2015	26,975,000	8,365,000	-	813,841	34,526,159	54,050	2,958,342,348	1.17%	\$ 639

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements. Total does not include revenue bonds.

Source: (1) Estimates by North Central Texas Council of Governments and Euless Planning and Development Department

(2) Tarrant Appraisal District

CITY OF EULESS, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of September 30, 2015– (Unaudited)

Table 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Grapevine-Colleyville Independent School District	\$ 326,820,150	8.32%	\$ 27,191,436
Hurst-Eules-Bedford Independent School District	274,883,170	21.70%	59,649,648
Tarrant County	366,250,000	2.17%	7,947,625
Tarrant County Hospital District	23,440,000	2.17%	508,648
Tarrant County College District	-	2.17%	-
Subtotal, overlapping debt			<u>95,297,357</u>
City of Euless (direct debt)	29,020,000	100.00%	<u>29,020,000</u>
Total direct and overlapping debt			<u><u>\$ 124,317,357</u></u>

Notes: The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the City's boundaries and dividing it by each unit's total taxable value.

The current year calculation of direct debt includes all general governmental activities debt including self-supporting general obligation debt. Amounts shown have not been adjusted for losses on refundings, premiums, or discounts.

Source: Debt outstanding data provided by Municipal Advisory Council of Texas and City records.

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUE BOND COVERAGE WATER AND WASTEWATER BONDS – LAST TEN FISCAL YEARS
(Unaudited)

Table 12

Fiscal Year	Total Revenues (1)	Less Operating Expenses (2)	Net Revenue Available	Principal	Interest and Fiscal Charges	Total	Coverage Ratio
2006	16,568,058	13,485,955	3,082,103	195,000	229,437	424,437	7.26
2007	14,645,201	13,668,755	976,446	220,000	213,643	433,643	2.25
2008	16,369,368	14,722,644	1,646,724	235,000	191,228	426,228	3.86
2009	16,594,856	13,722,593	2,872,263	245,000	180,820	425,820	6.75
2010	17,475,984	14,799,879	2,676,105	255,000	171,452	426,452	6.28
2011	20,148,834	15,952,372	4,196,462	270,000	161,333	431,333	9.73
2012	18,714,408	15,824,724	2,889,684	90,000	105,785	195,785	14.76
2013	19,399,314	16,660,397	2,738,917	330,000	82,110	412,110	6.65
2014	19,729,539	18,269,093	1,460,446	405,000	122,229	527,229	2.77
2015	21,182,560	17,879,209	3,303,351	410,000	129,703	539,703	6.12

Notes: (1) Operating and nonoperating revenues of water and wastewater fund

(2) Total operating expenses of water and wastewater fund exclusive of depreciation and amortization

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUE BOND COVERAGE DRAINAGE UTILITY BONDS – LAST TEN FISCAL YEARS
(Unaudited)

Table 13

Fiscal Year	Total Revenues (1)	Less Operating Expenses (2)	Net Revenue Available	Principal	Interest and Fiscal Charges	Total	Coverage Ratio
2006	741,256	257,919	483,337	180,000	35,355	215,355	2.24
2007	790,647	420,586	370,061	185,000	34,303	219,303	1.69
2008	736,433	298,712	437,721	190,000	21,565	211,565	2.07
2009	714,250	286,741	427,509	200,000	14,417	214,417	1.99
2010	700,827	457,376	243,451	210,000	8,400	218,400	1.11
2011	699,709	519,622	180,087	-	-	-	n/a
2012	707,165	604,994	102,171	-	-	-	n/a
2013	711,154	567,215	143,939	-	-	-	n/a
2014	715,800	663,625	52,175	-	-	-	n/a
2015	717,763	581,364	136,399	-	-	-	n/a

- Notes:**
- (1) Operating and nonoperating revenues of drainage utility fund
 - (2) Total operating expenses of drainage utility fund exclusive of depreciation and amortization

CITY OF EULESS, TEXAS
DEMOGRAPHIC STATISTICS – LAST TEN FISCAL YEARS
(Unaudited)

Table 14

Fiscal Year	Estimated Population (1)	Per Capita Income (2)	Personal Income (thousands of dollars)	Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
2006	50,750	\$ 27,999	\$ 1,420,949	33.7	20,111	4.8%
2007	52,900	\$ 28,029	\$ 1,482,734	34.1	20,318	3.8%
2008	53,400	\$ 27,634	\$ 1,475,656	34.2	20,048	4.5%
2009	54,073	\$ 28,110	\$ 1,519,992	34.4	20,504	7.3%
2010	54,200	\$ 29,179	\$ 1,581,502	32.4	20,898	7.9%
2011	51,277	\$ 27,590	\$ 1,414,732	34.4	21,071	7.3%
2012	51,500	\$ 26,820	\$ 1,381,230	34.4	21,570	6.6%
2013	51,750	\$ 26,299	\$ 1,360,973	34.6	21,814	5.4%
2014	53,780	\$ 28,947	\$ 1,556,770	31.8	22,138	5.0%
2015	54,050	\$ 29,651	\$ 1,602,637	N/A	22,762	3.6%

- Notes:**
1. Estimates by North Central Texas Council of Governments
 2. Estimates by Claritas Site Reports; *Research & Demographic Solutions; 2014 from US Census Bureau*
 3. Hurst-Eules-Bedford Independent School District
 4. Texas Workforce Commission; Bureau of Labor Statistics

**CITY OF EULESS, TEXAS
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago
(Unaudited)**

Table 15

2015			2006		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>	<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
HEB ISD	1,000	3.63%	City of Euless	383	1.24%
LSG Sky Chefs, Inc.	600	2.18%	TJL Gravel	275	0.89%
Autogrill Group, Inc.	450	1.64%	Super Target	225	0.73%
City of Euless	434	1.58%	Home Depot	130	0.42%
Life Outreach International	180	0.65%	Heath & Company	130	0.42%
Lowe's	140	0.51%	First Odyssey Group	100	0.32%
Super Target	160	0.58%	Office Depot	100	0.32%
Home Depot	125	0.45%	Atlas Match	80	0.26%
Redi-Mix Concrete	67	0.24%	F&H Ribbon	70	0.23%
Structural and Steel Products	40	0.15%	Ferguson Enterprises	65	0.21%
Total	<u>3,196</u>	<u>11.61%</u>		<u>1,558</u>	<u>5.04%</u>

Source: City of Euless Planning and Development Department

CITY OF EULESS, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM – LAST TEN FISCAL YEARS
(Unaudited)

Table 16

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government and Administration	50.75	53.00	54.50	54.50	50.00	48.50	48.50	48.50	48.50	48.00
Public Safety	120.00	123.00	126.00	126.00	118.00	121.00	129.00	132.00	135.00	136.00
Fire Safety	67.00	70.00	73.00	73.00	71.00	71.00	72.00	72.00	72.00	72.00
Development Services	12.00	12.00	12.00	12.00	11.50	13.50	6.00	6.00	7.50	7.50
Culture and Recreational	35.75	36.50	36.00	36.00	30.00	31.00	32.00	30.50	33.25	34.25
Water and Wastewater	49.50	50.00	50.00	50.00	46.00	42.00	42.50	42.00	42.00	42.00
Golf Course	15.25	15.25	15.25	17.25	13.00	13.00	13.00	12.00	10.75	11.75
Public Works	15.75	15.75	15.75	15.75	14.00	17.50	18.50	18.50	18.50	20.00
Service Center	6.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00
Risk Management / Insurance	<u>2.00</u>	<u>1.50</u>								
Total	<u>374.00</u>	<u>383.00</u>	<u>390.00</u>	<u>392.00</u>	<u>360.00</u>	<u>364.00</u>	<u>368.00</u>	<u>368.00</u>	<u>374.00</u>	<u>378.00</u>

Source: City Budget Office

CITY OF EULESS, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM – LAST TEN FISCAL YEARS
(Unaudited)

Table 17

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Police										
Number of Certified Officers	82	82	85	85	85	85	85	87	92	92
Number of Citations Issued	38,359	34,368	26,503	29,925	24,126	21,790	22,787	26,356	25,500	24,573
Fire										
Number of Certified Firefighters	65	68	71	70	69	69	70	70	70	70
Number of Alarms	3,661	3,675	4,197	3,827	4,097	4,196	4,204	4,296	4,505	4,686
Number of EMS Calls	2,317	2,561	2,688	2,634	2,793	2,848	2,982	3,108	3,230	3,424
Municipal Court										
Cases Filed	46,085	39,096	30,551	33,670	31,442	27,022	26,889	32,192	31,172	28,885
Development										
Number Residential Inspections - New	315	58	77	100	101	52	44	42	107	176
Number Commercial Inspections - New	10	24	28	16	14	11	29	16	29	33
Number Multifamily Inspections - New	0	0	0	0	0	0	0	0	1	1
Public Works										
Street Overlay (Square Footage)	1,117,894	664,472	999,285	797,326	770,380	953,406	368,654	540,613	631,260	430,504
Cultural and Recreational										
Parks and Recreation										
Recreation Center Memberships	4,160	3,990	3,944	3,703	2,443	4,337	3,654	5,137	6,261	4,348
Class Attendance (Youth/Adult)	25,704	29,067	59,541	74,452	56,833	28,804	41,766	Unavailable	Unavailable	Unavailable
Water and Wastewater										
Number of Water Consumers	24,486	24,484	24,608	24,677	24,760	24,924	24,428	25,039	25,319	26,014
Water Produced (In Gallons x 1000)	372,695	414,934	348,548	730,291	579,154	477,914	299,107	416,843	380,864	741,225
Water Purchased - TRA (In Gallons x 1000)	2,947,945	2,202,426	2,291,974	1,955,535	2,028,760	2,566,370	2,440,539	2,133,211	2,154,469	1,628,651
Water Supplied (In Gallons x 1000)	3,320,640	2,617,360	2,640,522	2,685,826	2,607,914	3,044,284	2,739,646	2,550,054	2,535,333	2,369,876
Annual Rainfall (In Inches)	20.74	53.51	27.10	36.32	38.65	22.26	36.57	24.41	23.98	44.45
Golf Course										
Number of Paid Rounds Played	36,639	35,094	36,528	43,029	32,996	35,075	34,550	35,890	22,110 *	33,735

Source: City Departments
Comprehensive Annual Financial Report
City Budget Office

Notes: N/A - Data not available.
* Golf course closed for 3½ months for renovations in 2014.

CITY OF EULESS, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM – LAST TEN FISCAL YEARS
(Unaudited)

Table 18

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	3	3	3	3	3	3	3	3	3	3
Public Works										
Streets - Paved ⁽¹⁾	182.0	211.0	217.6	217.6	217.6	332.1	332.4	333.4	340.6	342.80
Cultural and Recreational										
Swimming Pools	3	3	3	3	3	3	3	4	3	3
Parks	17	17	17	17	17	17	17	17	17	17
Parks Land (Acres)	566	632	632	632	632	632	632	632	632	632
Community Buildings	5	5	5	5	5	6	6	6	6	6
Ampitheater	2	2	2	2	2	2	2	2	3	3
Conference Centre	1	1	1	1	1	1	1	1	1	1
Golf Course	1	1	1	1	1	1	1	1	1	1
Athletic Fields	35	35	35	35	33	33	33	33	28	28
Library Holdings	97,334	98,613	101,672	103,122	106,121	110,149	111,230	111,312	105,500	98,596
Water and Wastewater										
Water Mains - Potable ⁽²⁾	218.00	222.10	226.80	226.80	228.20	228.50	227.99	231.06	232.28	234.84
Water Mains - Reclaimed ⁽²⁾	-	-	-	-	-	-	-	1.73	3.22	3.70
Fire Hydrants	1,377	1,441	1,477	1,477	1,525	1,526	1,550	1,579	1,633	1,648
Wastewater Mains ⁽²⁾	162.0	168.0	186.3	186.3	186.5	186.7	187.6	187.6	191.3	192.4

Source: City Departments

⁽¹⁾ Fiscal years to 2010 are reported in linear miles. 2011 and forward are reported in lane miles.

⁽²⁾ Miles of lines. Fiscal year 2012 figures have been restated to exclude approximately two miles of TRA lines that had been accidentally included as City lines.