

CITY OF EULESS

COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDING SEPTEMBER 30, 2015



Building on a Strong Foundation

**201 North Ector Drive
Euless, Texas 76039
www.eulesstx.gov**



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

City of Euless, Texas

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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
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	Governmental Activities	Business - Type Activities	Total
Primary government							
Governmental activities	\$ 6,468,332	\$ 317,024	\$ 490	\$ 6,945	\$ (6,143,873)	\$ -	\$ (6,143,873)
Culture and recreation	877,713	1,409,703	-	-	531,990	-	531,990
Development services	19,949,733	1,342,091	14,923	-	(18,592,719)	-	(18,592,719)
General and administrative	3,374,422	93,258	-	3,202,695	(78,469)	-	(78,469)
Highways and streets	23,807,143	3,452,086	582,024	19,305	(19,753,728)	-	(19,753,728)
Public safety	1,136,786	-	-	-	(1,136,786)	-	(1,136,786)
Interest and fiscal agent charges							
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	\$ 83,069,890	\$ 33,941,031	\$ 597,437	\$ 4,975,583	(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)					113,767,316	70,894,665	184,661,981
NET POSITION, end of year					\$ 122,508,982	\$ 71,834,190	\$ 194,343,172

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

**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

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	
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

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>