

**CITY OF EULESS, TEXAS**  
**COMPREHENSIVE ANNUAL**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDING SEPTEMBER 30, 2013**



**201 N. Ector Drive**  
**Euless, TX 76039**  
**[www.eulesstx.gov](http://www.eulesstx.gov)**

**City of Euless, Texas**  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ending**  
**September 30, 2013**

**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, 2013**

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**CITY OF EULESS, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED SEPTEMBER 30, 2013**

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## **INTRODUCTORY SECTION**



January 28, 2014

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, 2013. 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, 2013, 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, 2013, 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 six-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 51,750.

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, and a youth athletic complex. Internal services of the City account for risk management, equipment replacement, and employee insurance coverage activities on a cost reimbursement basis. A private contractor, through a franchise agreement, provides solid waste collection and disposal services for the City.

Three component units of the City, the Eules Development Corporation, the Eules Crime Control and Prevention District, and Tax Increment Reinvestment Zone #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 Eules’ financial planning and control. Per the City Charter, the City Manager provides to the City Council the proposed budget by August 1<sup>st</sup> 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 Eules operates.

The City of Eules is located in Tarrant County, one of the fastest-growing counties in Texas, in the heart of the Dallas/Fort Worth (“DFW”) Metroplex and adjacent to DFW Airport. Thus, the economic vitality of the region significantly impacts the economic health of Eules. DFW’s strategic central location and diverse economy are major factors contributing to businesses relocating to the area. As a result, DFW is one of the fastest-growing economic regions in the country. Due to the tremendous growth experienced over the last decade, DFW has become the largest metropolitan area in Texas. DFW’s highly-diversified economy includes more than 141,000 businesses, 1,500 regional and corporate headquarters, 20 Fortune 500 Companies, and a total workforce topping 3.4 million. Such economic diversity has helped the region weather economic downturns in key sectors better than other regions of the nation (U.S. Census Bureau County Business

Patterns). For September 2013, the City's unemployment rate of 5.4% compares favorably with the state rate of 6.3% and a national rate of 7.0%.

DFW Airport is the world's fourth-busiest airport in terms of operations and eighth in terms of passengers. DFW Airport serves more than 58.3 million passengers a year, provides in excess of 321,000 jobs and contributes \$15.7 billion annually to the regional economy (SOURCE: DFW website [www.dfwairport.com](http://www.dfwairport.com) Fast Facts and DFW Airport 2012 Comprehensive Annual Financial Report).

The AllianceTexas development in North Fort Worth is an 18,000-acre master-planned, mixed-use community which is home to 350 companies, 35,000 employees, 7,700 single-family homes, and is anchored by the inland port known as the Alliance Global Logistics Hub. The development includes Fort Worth's Alliance Airport, the first purely industrial airport in the Western Hemisphere, which serves as the cornerstone for the nation's fastest-growing industrial complex. The area offers a variety of commercial real estate options as well as industrial, office, and retail space. Additionally, the AllianceTexas development contributes an estimated \$2.14 billion annually to the local economy (SOURCE: Alliance website [www.allianceairport.com](http://www.allianceairport.com), AllianceTexas Facts).

Although the DFW Metroplex has fared better than other areas of the nation during the recession, the local economy did experience a downturn. During FY2013, Euless realized significant improvement in local revenues. Property values have been restored to pre-recession levels as have sales tax revenue collections. Close monitoring of all revenues has allowed the City to fill some of the vacant positions that have been held for a number of years. Euless continues to look for new, innovative revenue opportunities in an effort to minimize the tax burden to its citizens. Throughout the economic difficulties faced the last several years, City staff has made every effort to ensure service levels to citizens were preserved. Many of the budgetary reductions and other cost-saving measures enacted in prior fiscal years were carried over into the current fiscal year to minimize the City's risk. In the upcoming fiscal year, management will continue to closely monitor revenue collections in conjunction with expenditure patterns to ensure the City maintains a healthy financial position.

Taxable value for all residential and commercial property in the City of Euless totaled approximately \$2.8 billion for fiscal year 2013, which represents a 3.5% increase over the prior year. For fiscal year 2013, sales tax collections, another significant revenue source for the City, exceeded budget expectations by close to 9% and prior year collections by almost 8%.

The City receives significant revenues from a consolidated rental car facility at DFW Airport. While a portion is used to fund general operations to reduce the tax burden on citizens, the City Council has chosen to utilize the majority of this funding source to build reserves and to cash flow capital projects in lieu of debt issuance. Doing so has allowed the City to refrain from becoming overly dependent on a volatile resource, while providing much needed improvements within the community.

The City of Euless has approximately 958 acres of undeveloped land outside of DFW Airport and another 1,700 developable acres within the airport boundaries. Euless continues to focus on attracting quality, sustainable development to the area, to pursue redevelopment opportunities, and to renew the emphasis on business retention. As a result, over the last several years, Euless has experienced new commercial, industrial, residential, and multi-family growth. The Glade Parks mixed-use development consisting of major retail, restaurants, neighborhood pedestrian-oriented retail uses and residential neighborhoods is currently under construction. During 2013, more than 80 certificates of occupancy were issued to new businesses in Euless. The types of businesses were from many different sectors including manufacturing, personal and professional services, medical and dental office, medical labs, and retail/restaurants. This economic activity is located throughout the City. New businesses included Chipotle Mexican Grill, Rosa's Café, The Texas Kitchen, Plato's Closet, and Sheet Metal Manufacturing. Also during 2013, the City processed new residential housing permits totaling approximately \$12 million in new development.

The Dallas Cowboys AT&T Stadium and Texas Rangers Ballpark 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, and the NCAA Final Four Basketball Tournament in 2014.

During the fiscal year, various capital improvement projects located throughout the City were completed. The projects included the outdoor portion of the aquatic center located at Midway Park, miscellaneous street improvements, and street overlay projects throughout the City. Additionally, the reconstruction of Ash Lane and Phase IV improvements to Texas Star Sports Complex were finalized this year. The City finished the replacement of several wastewater lines along Blanco Drive, Aransas Drive and Crane Drive. Completed water projects include well repairs, miscellaneous water rehab and the initial phase of the reclaimed water project.

The City benefits from a well-educated workforce, with approximately 80% of graduating seniors in the Hurst-Euless-Bedford School District pursuing further education. In addition, Euless' median household income of \$50,025 (source: Claritas Site Reports) compares favorably to \$48,646 for the State of Texas.

### **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, fire stations, 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 107 days of operations which equates to approximately 27.1% 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 operations in working capital. The City currently maintains a 94-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. As of September 30, 2013, the revenue bond reserve totaled \$305,072 which slightly exceeds the average annual debt service on the outstanding debt.

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 updated Facility Master Plan addresses the remaining 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. Completion of the outdoor portion of the Euless Family Life Center Aquatic Facility at Midway Park opened during the summer of 2013 and the indoor portion of the facility opened during the winter of 2014.

The City's Capital Improvement Plan addresses the infrastructure needs throughout the City. With the reconstruction of State Highway 183, the City executed a Master Utility Adjustment Agreement with the Texas Department of Transportation, North Tarrant Express ("NTE") Mobility Partners, and Bluebonnet Contractors to relocate existing water and wastewater mains along this thoroughfare. Texas Department of Transportation is seeking proposals for the State Highway 183 reconstruction and expansion from Farm-to-Market Road 157 through the eastern city limits. In the upcoming fiscal year, the construction is anticipated to begin for Cullum Drive. The street will be reconstructed to a concrete roadway with underground drainage, sidewalks, and wastewater main replacement. ADA Infrastructure Improvements (CDBG), county overlay projects, replacement of the wastewater line along Denton Drive, and replacement of the water line at El Camino Real are also anticipated to begin in the upcoming year.

Texas Star Golf Course is scheduled for greens replacement and bunker renovations in FY2014. The course will close mid-June through the end of the fiscal year while the improvements are in progress. Raven's Grille and the Conference Centre will remain open during the construction period. In order to meet fixed obligations and continuing operations costs of the course, an appropriation from reserves in the amount of \$513,000 is anticipated.

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. The City uses reclaimed water 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.

The first phase of the extension of the reclaimed water line began in fiscal year 2013. Phase I includes the installation of a booster pump station located at Midway Road and Bear Creek Drive and service extension 1700 feet north of Harwood Road. Ultimately, with the completion of all phases of the extension, the availability of reclaimed water will extend to multiple multi-family properties from Harwood Road to Mid Cities Boulevard as well as the City's Bear Creek Park. Additional system expansion is possible in the future as well.

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 this development (Glade Parks) and approved the related project and financing plan. This plan authorizes 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 specifies the extent to which the City will provide the improvements and provides 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 2013 fiscal year-end, portions of the phase two infrastructure improvements were finalized and construction of the urban lofts was substantially complete.

To further promote development, the City also executed an agreement in 2011 with SLF – Eules Riverwalk JV, L.P., related to the Riverwalk Development. The City approved a planned development relating to this project which includes approximately 200 acres located at the northwest corner of Airport Freeway and State Highway 360 extending north to Harwood Road. Lennar Homes continues the overall site development work for the Dominion subdivision at this location. Lennar will be developing a 206-lot subdivision on fifty-five acres. Model homes will be constructed in early 2014. A 2013 National Homebuilders Association Developer of the Year, The NRP Group, received approval for a 300-unit urban loft project that will establish the architectural design quality and theme for the future commercial development.

### **Awards and Acknowledgements**

The Government Finance Officers Association (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Eules for its Comprehensive Annual Financial Report (“CAFR”) for the fiscal year ended September 30, 2012. 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 26 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 23 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.

Respectfully Submitted,



Gary McKamie  
City Manager



Janina Jewell  
Director of Finance

# CITY OF EULESS

FISCAL YEAR 2012-2013



## MARY LIB SALEH, MAYOR

Tim Stinneford, Council Member – Place One

Leon Hogg, Council Member – Place Two, Mayor Pro Tem

Linda Martin, Council Member – Place Three

Linda Eilenfeldt, Council Member – Place Four

Glenn Porterfield, Council Member – Place Five

Perry Bynum, Council Member – Place Six

Gary McKamie, City Manager

Loretta Getchell, Deputy City Manager

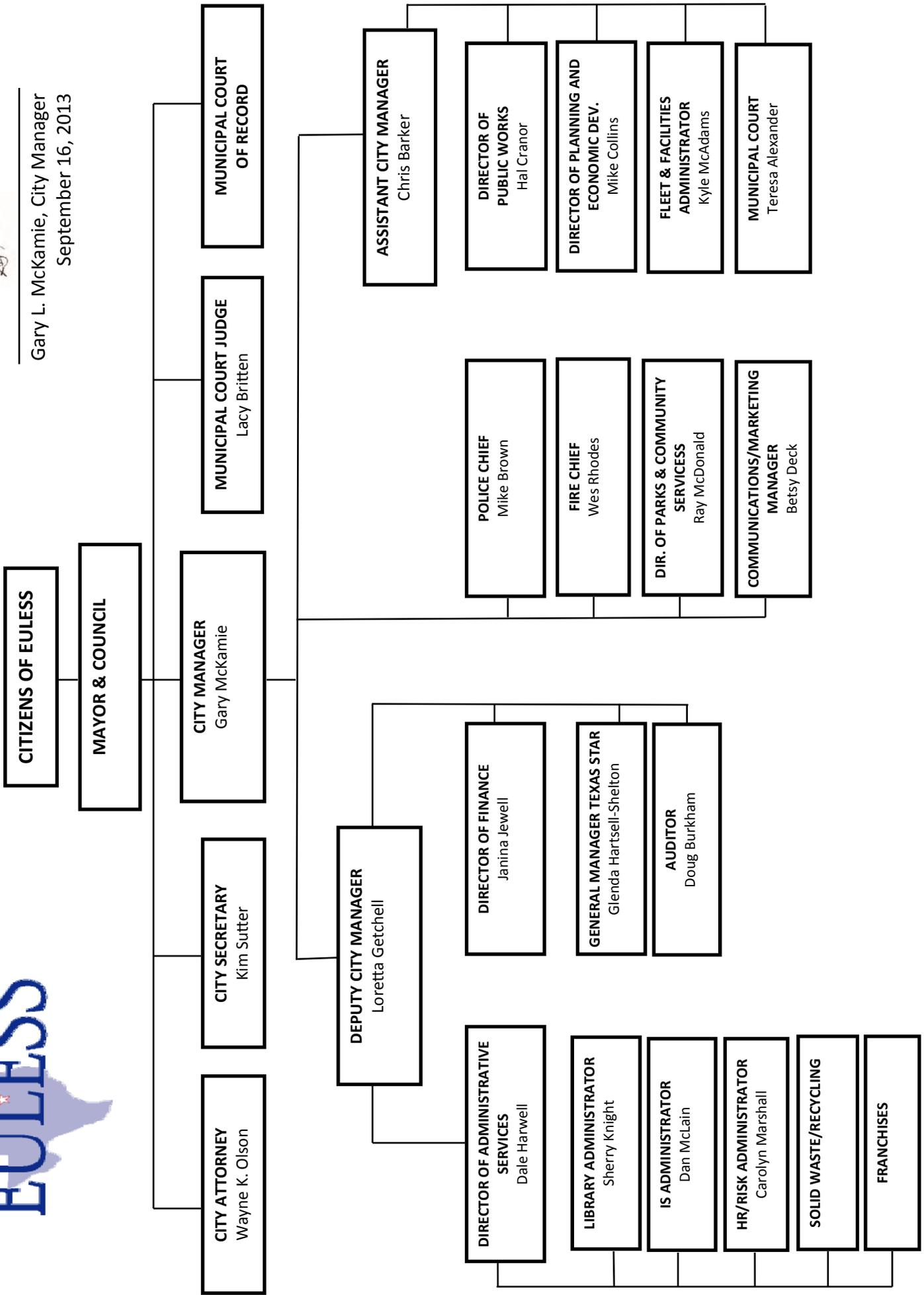
Chris Barker, Assistant City Manager



# Organizational Chart



Gary L. McKamie, City Manager  
September 16, 2013





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, 2012**

Executive Director/CEO

## **FINANCIAL SECTION**



## 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, 2013, 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, 2013, 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.

To the Honorable Mayor,  
City Council and City Manager

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## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the analysis of funding progress, and budgetary comparison information on pages 3 through 14 and 62 through 65 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, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas  
January 24, 2014

## CITY OF EULESS, TEXAS

Management's Discussion and Analysis  
For the Year Ended September 30, 2013  
(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, 2013. 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-ix of this report) and the statistical section (pages 92-110 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](http://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 \$190,817,473 (Net position). This number must be viewed in the context that the vast majority of the City's net position of \$140,562,850 (74%) 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 \$7,193,601 (4%). The remaining \$43,061,022 (22%) 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 \$7,829,664 and business-type activities realized an increase in total net position of \$922,920 bringing the net increase in total net position for the City to \$8,752,584.
- At the close of the current fiscal year, the City of Euless' governmental funds reported combined ending fund balances of \$27,419,013 which represents a decrease of \$1,870,685 in comparison with the prior year. Within this total, \$1,776,644 is restricted for debt service; \$365,641 is restricted by bond covenant for capital projects; \$124,312 and \$132,707 are restricted for court technology and juvenile case management, respectively; and another \$1,447,759 is restricted for capital projects by developer agreements. Amounts restricted for

cable PEG fees and historical preservation total \$290,467 and \$1,245, respectively. Nonspendable fund balance of \$58,726 represents fund balance amounts for inventories and prepaid items. Fund balances of \$13,625,954 represent assigned fund balance in the general, special revenue, and capital projects funds. The unassigned fund balance in the General Fund of \$9,595,558 can be used for any lawful purpose. The General Fund unassigned balance represents 29% of fiscal year 2013 total fund expenditures.

- The City's total capital assets (net of accumulated depreciation) increased by \$8,473,116 which is primarily attributed to current year capital improvement project expenditures and asset additions exceeding current year depreciation expense and asset retirements.
- The City's bonds payable decreased by \$3,415,000 or 7%, due to the scheduled repayment of principal on outstanding bonded debt combined with refunding bonds issued for the defeasance of certain issues of general obligation debt. These figures include the issuance of water and wastewater revenue bonds in the amount of \$1,585,000.

## 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 Eules (the primary government), but also the Economic 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 15-16 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 Eules, 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 Car Rental 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 17-20 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 21-25 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 26 and 27 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 28-59 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 60-65 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 66-91 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 Euless, assets exceeded liabilities by \$190,817,473 as of September 30, 2013.

The largest portion of the City's net position (74%) 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 (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$43,061,022 (22%) 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	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 46,791	\$ 48,480	\$ 26,725	\$ 25,217	\$ 73,516	\$ 73,697
Capital assets	121,152	113,054	63,247	62,872	184,399	175,926
Total assets	167,943	161,534	89,972	88,089	257,915	249,623
Long-term liabilities	37,492	39,888	12,290	11,385	49,782	51,273
Other liabilities	13,174	12,198	4,142	4,087	17,316	16,285
Total liabilities	50,666	52,086	16,432	15,472	67,098	67,558
Net position:						
Net investment in capital assets	88,228	77,829	52,335	52,203	140,563	130,032
Restricted	4,139	4,427	3,055	2,711	7,194	7,138
Unrestricted	24,910	27,192	18,150	17,703	43,060	44,895
Total net position	\$ 117,277	\$ 109,448	\$ 73,540	\$ 72,617	\$ 190,817	\$ 182,065

As of September 30, 2013 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 held true for fiscal year 2012.

The City's unrestricted net position decreased by \$1,834,437 in fiscal year 2013. Restricted net position realized an increase of \$55,970 and the amount invested in capital assets, net of related debt also increased by \$10.5 million. The increase in total net position of \$8.75 million resulting from current year operations flowed 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	
	2013	2012	2013	2012	2013	2012
<b><u>REVENUES</u></b>						
<b>Program revenues:</b>						
Fees, fines and charges for services	\$ 6,336	\$ 6,241	\$ 26,551	\$ 25,521	\$ 32,887	\$ 31,762
Operating grants and contributions	2,979	482	-	-	2,979	482
Capital grants and contributions	1,213	690	1,847	369	3,060	1,059
<b>General revenues:</b>						
Property taxes	12,745	12,452	-	-	12,745	12,452
Sales taxes	16,142	14,958	-	-	16,142	14,958
Car rental taxes	13,592	12,934	-	-	13,592	12,934
Mixed beverage taxes	61	54	-	-	61	54
Occupancy taxes	329	293	-	-	329	293
Gross receipts taxes	4,209	4,276	-	-	4,209	4,276
Investment income	107	133	40	61	147	194
Rents and royalties	1,481	397	-	-	1,481	397
Gain (loss) on asset disposal	118	68	42	-	160	68
Miscellaneous	36	638	-	-	36	638
Total revenues	59,348	53,616	28,480	25,951	87,828	79,567
<b><u>EXPENSES</u></b>						
Culture and recreation	6,026	5,681	-	-	6,026	5,681
Development services	1,155	973	-	-	1,155	973
General government	17,146	15,911	-	-	17,146	15,911
Highways and streets	3,334	2,969	-	-	3,334	2,969
Public safety	23,324	22,317	-	-	23,324	22,317
Interest on LTD	1,227	1,327	-	-	1,227	1,327
Water and wastewater	-	-	18,555	17,813	18,555	17,813
Drainage utility	-	-	1,246	1,284	1,246	1,284
Golf course	-	-	4,750	4,599	4,750	4,599
Recreational enterprises	-	-	2,313	2,116	2,313	2,116
Total expenses	52,212	49,178	26,864	25,812	79,076	74,990
Increase (decrease) in net position before transfers	7,136	4,438	1,616	139	8,752	4,577
Transfers	693	691	(693)	(691)	-	-
Increase (decrease) in net position	7,829	5,129	923	(552)	8,752	4,577
Net position, beginning	109,448	104,319	72,617	73,169	182,065	177,488
Net position ending	\$ 117,277	\$ 109,448	\$ 73,540	\$ 72,617	\$ 190,817	\$ 182,065

- **Governmental activities.** Governmental activities increased the City's net position by \$7,829,664 thereby accounting for most of the growth in total net position. Most revenue categories, including sales taxes, charges for services, and grant revenues, exceeded projections. Sound fiscal management, continued holding of frozen positions, and close

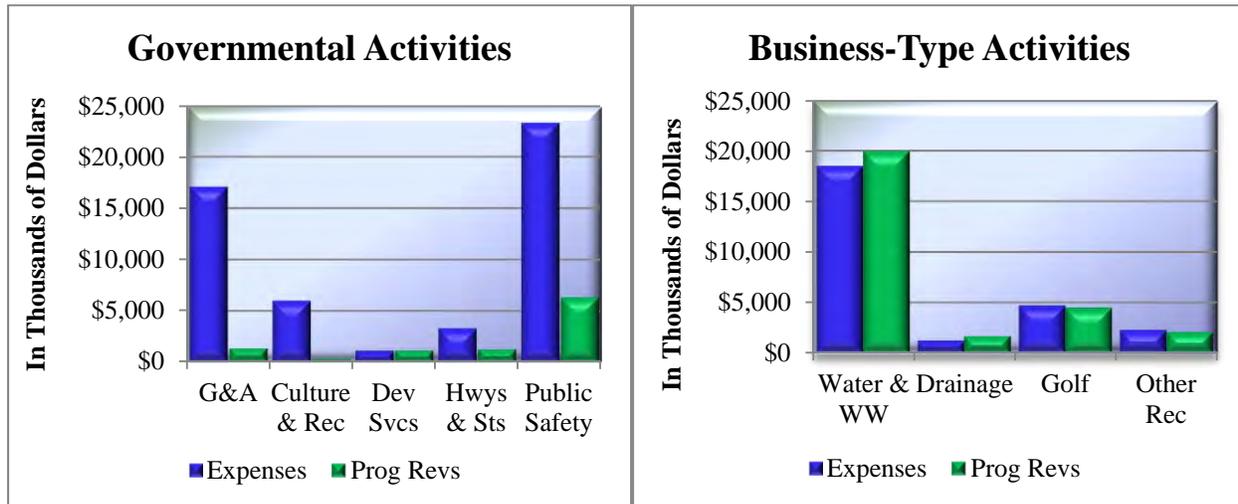
monitoring of revenues and expenses allowed the City to realize an increase in net position before transfers of \$7,136,713.

Total revenue for the governmental activities (excluding transfers from business-type activities) increased from the previous year by \$5,733,395. General Revenue, which is primarily made up of property taxes, sales taxes, and car rental taxes, had a net increase of \$2,617,766. 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 combined with contributions, increased \$3,115,629. The receipt of police seized asset funds accounts for close to \$2.5 million of the total increase in this category. Capital grants and contributions also increased significantly in FY2013 as a result of developer contribution of capital assets.

Total expenses increased by \$3,035,445 during FY2013. Interest on long-term debt declined by approximately \$100,000 due predominantly to recent debt refundings. The raise package for employees included an increase of 3.25% which accounts for a large portion of the expense increase. Furthermore, two new police officers, staffing for the aquatic center and restoration of some unfilled positions were added. General and administrative expenses increased primarily as a result of rebate payments based on significant revenue increases. The net position of general governmental operations accounts for 61% of total net position.

- Business-type activities.** Business-type activities increased the City’s net position by \$922,920. The change in net position before transfers totals \$1,615,871. Program revenues for the business-type activities increased from the previous year by \$2,508,760 due in part to an increase in water and wastewater rates as well as increases in developer contributions. Capital grants and contributions accounted for 59% of the revenue increase. While some expense categories realized decreases for the year, overall business-type expenses increased 4.1%, a portion of which is attributable to the raise package mentioned previously. Water purchases decreased due to a reduction in consumption of approximately 3% and wastewater charges increased as a result of treatment cost increases. Net position for business-type activities represents 39% of total net position.

### Expenses and Program Revenues



## **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 \$27,419,013, a decrease of \$1,870,685 in comparison with prior year. Approximately 35% or \$9.6 million constitutes unassigned fund balance in the general fund that is available for spending at the City's discretion. Another \$58,726 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 (\$1,776,644); 2) to pay for specific capital improvements per developer agreements (\$1,447,759); 3) restricted by bond covenant for specific capital projects (\$365,641); and 4) for a variety of other restricted purposes (\$548,731). 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 \$13,625,954 and includes assigned fund balance in the general fund of \$121,542 and \$13,504,412 which represents residual balances in other governmental funds. See discussion under Fund Balance Classifications in 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 \$1,900,861. Due to a positive budget variance in overall revenues and expenditures, the General Fund ended the year with an increase to fund balance of \$578,939 which represents a positive budget variance of \$2,479,800 resulting primarily from increased revenues, departmental expenditure savings, and personnel savings from vacant positions.

Most General Fund revenue categories realized increases over the prior year and many surpassed budget estimates as well. Sales tax receipts, fines and fees, intergovernmental revenues, and other revenues exceeded both budget and prior year. Sales taxes grew as a result of new development and continued improvement in the local economy. Fines and fees increased as a result of increased collections in municipal court fines and deferred adjudication fees. Property tax collections exceeded prior year due to the increase in the tax base as mentioned previously, but did not achieve budgeted levels. Ambulance fees exceeded budget parameters, but fell below prior year levels. License and permit revenues realized a significant increase over building permit budget estimates due primarily to construction on urban lofts, several projects for the school district, and new restaurants. Gross receipts taxes and investment income did not achieve budget estimates or prior year levels.

Personnel and related benefit budgetary savings of approximately \$359,000 result primarily from holding numerous vacant and funded positions open throughout the year. In addition to salary and benefit savings, general and administrative expenditures realized savings in supplies, travel, extermination services, and contingencies. Increased rebate incentive payments from the improvement in sales tax revenues resulted in additional expenditures of approximately \$59,000, while the revenue sharing agreement with the cities of Dallas and Fort Worth realized budgetary savings of just under \$40,000. Savings in public safety expenditures were noted in salaries and

benefits, supplies, training, and equipment rentals and maintenance. Capital expenditures including street overlay, traffic signals and lighting, and sidewalks realized budgetary savings of nearly \$51,000. One-time expenditures were \$446,000 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 \$12,470 which is \$126,150 more than the anticipated drawdown of \$113,680. The anticipated drawdown for the Half-Penny Sales Tax fund totaled \$495,314 while actual results added \$264,567 to fund balance. The variance with the original budget of \$759,881 primarily results from increased sales tax revenues combined with expenditure savings in salaries and benefits and capital outlay. The Car Rental Tax fund balance was originally anticipated to increase \$225,132, but instead ended the year with an increase of \$961,460 resulting from an increase in net car rental taxes and savings in capital outlay. The Car Rental CIP Fund ended the year with a drawdown of fund balance of close to \$4.2 million resulting primarily from aquatic project expenditures. The non-major governmental funds realized a combined increase in fund balance of \$759,649 primarily resulting from sales tax receipts, intergovernmental revenues, and rents and royalties. The combined net effect of these changes in governmental fund balances totals a drawdown of \$1,870,685.

**Proprietary funds.** The City's proprietary fund statements provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail.

Unrestricted net position of the proprietary funds at the close of the fiscal year is: Water and Wastewater fund \$10,531,427; Drainage Utility fund \$1,522,110; Golf Course fund \$1,882,548; and all other non-major recreation enterprise funds combined \$2,135,934. The Water and Wastewater fund realized an increase in operating income resulting predominantly from expense savings due to reduced consumption realized in part from watering restrictions in effect for a portion of the year. Operating income, impact fees, and developer contributions are primarily responsible for the increase in net position of \$346,845. The increase in net position of the Drainage Utility fund results primarily from developer contributions. Net position for the Golf Course fund increased \$71,914 due in large part to transfers from the Hotel/Motel fund and sales tax rebates from the general sales tax collections. All other non-major recreation enterprise funds combined realized a decrease of \$167,482 which is primarily attributable annual depreciation charges for the Texas Star Sports Complex and part-time salaries in Recreation Classes. The combined net effect of these changes in net position totals \$700,299.

## **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, 2013, totaled \$184,399,527 (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 \$8,473,116 or just under 5%.

Major capital asset events occurring during the current fiscal year included the following:

- Capital asset contributions for the year primarily consisted of \$284,581 in Community Development Block Grant (CDBG) contributions for the ADA/TAS infrastructure improvements throughout the City and developer contributions of \$658,477 in utility infrastructure and more than \$1 million in drainage infrastructure.

- Miscellaneous street improvements and county street overlay projects located throughout the City were also completed at a total cost of \$312,456. Miscellaneous park improvements of \$105,110 were also recorded.
- Ash Lane reconstruction was completed at a cost of \$1,597,270 and phase IV improvements to Texas Star Sports Complex were also finished at a cost of \$556,196.
- Construction-in-progress related to general government operations of \$9,602,560 primarily consisted of Glade Park Infrastructure (\$2.5 million), design charges for Cullum Drive (\$121,669) and the Eules Family Life Center Aquatics Facilities (\$7 million).
- Capital asset additions for governmental operations include, but are not limited to, the public safety radio system, a fire attack truck and related equipment, treadmills, copiers, E-citation system, and several Lifpak 15 monitors.
- Construction-in-progress additions related to business-type operations totaled \$1.2 million and consisted primarily of wastewater line replacements of \$66,555 and the reclaimed water main extension for \$1.1 million.
- The wastewater line replacements along Blanco Drive, Aransas Drive, and Crane Drive were completed at a cost of \$284,321. Well repairs and miscellaneous wastewater rehab were finished at a cost of \$26,853 and \$135,311, respectively. The initial phase of the reclaimed water project was closed and infrastructure recorded at a cost of \$1.6 million.
- Capital asset additions for the business-type activities include, but are not limited to, leak detection equipment and an A/V system for the Conference Centre at Texas Star Golf Course.

### Capital Assets (Net of Accumulated Depreciation)

Amounts shown in 000s	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
	Land	\$ 26,476	\$ 26,354	\$ 3,619	\$ 3,619	\$ 30,095
Buildings	37,002	38,618	2,198	2,323	39,200	40,941
Other improvements	2,730	2,350	9,914	10,565	12,644	12,915
M&E	6,768	4,701	395	462	7,163	5,163
Infrastructure	38,574	36,960	45,890	44,284	84,464	81,244
Construction in Progress	9,603	4,071	1,231	1,620	10,834	5,691
<b>Total</b>	<b>\$ 121,153</b>	<b>\$ 113,054</b>	<b>\$ 63,247</b>	<b>\$ 62,873</b>	<b>\$ 184,400</b>	<b>\$ 175,927</b>

Additional information on the City's capital assets can be found in Note 3 on pages 42-44 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$42,249,869 net of unamortized losses on prior refundings. Of this amount, \$35,769,986 comprises debt backed by the full faith and credit of the government, where \$13,400,707 is the amount of self-supported debt for Softball World, Texas Star Golf Course and Stars Center. The remainder of the City's debt, \$6,479,883, 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	
	2013	2012	2013	2012	2013	2012
GO Bonds	\$ 27,095	\$ 29,915	\$ 7,495	\$ 8,165	\$ 34,590	\$ 38,080
COs	2,910	3,230	-	-	2,910	3,230
GO/CO Deferred Loss	(1,061)	(1,191)	(669)	(576)	(1,730)	(1,767)
Revenue Bonds	2,050	2,910	4,690	3,435	6,740	6,345
Revenue Deferred Loss	(56)	(57)	(204)	(235)	(260)	(292)
Totals	\$ 30,938	\$ 34,807	\$ 11,312	\$ 10,789	\$ 42,250	\$ 45,596

In fiscal year 2013, the City issued \$8,805,000 in 2012A General Obligation Refunding Bonds to refund the outstanding 2003 General Obligation Refunding Bonds and the 2004 General Obligation Refunding Bonds. The Water and Wastewater Fund issued \$1,585,000 in Water and Wastewater Revenue Bonds, Series 2013 to provide funding for phase I of the reclaimed water line extension. The City's total debt decreased \$3,415,000 or 7% during fiscal year 2013 which is attributed to scheduled annual principal payments combined with the refunded bonds net of the issuance of the refunding bonds and revenue bonds.

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 44-49.

### Economic Factors and Next Year's Budgets and Rates

In the FY2013-14 budget, General Fund revenues and transfers are budgeted to increase by 5% from the 2012-13 budget year with property taxes accounting for 30% of budgeted revenues and sales tax comprising approximately 30% of budgeted revenues. Certified assessed valuations as of July 1, 2013, increased 3.3% from the preceding year.

As of September 30, 2013, the City's unemployment rate is 5.4% compared to the State of Texas, which is 6.3%. In the FY2013-14 budget, sales tax receipts are projected to increase 2% over prior year estimates. The car rental tax receipts are projected at the same level as FY2013 projected collections.

Baseline budgeted expenditures in the General Fund are projected to increase approximately 5% from the FY2012-13 original budget. This increase is primarily attributed to rebates associated with increased revenue collections, the employee raise package and related costs, and the restoration of unfilled positions. 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, library furnishings and A/V system replacement, police equipment and jail appliances, fitness equipment, document imaging system, security system upgrades, roof repairs, and various other equipment purchases and miscellaneous expenses. In addition, continued funding is provided for the City's contribution to the Tarrant County Home Program, community revitalization, and street overlay. The property tax rate remained at .4700¢ per \$100 of assessed valuation for FY2013-14.

For the Water and Wastewater Fund, the FY2013-14 budget includes the continuation of the tiered rate structure for 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 \$2.67 to \$5.30 per thousand gallons. Monthly water and wastewater base rates remained flat for both residential customers and commercial customers. A wastewater volume charge of \$3.19 per thousand gallons applies to all customer classes. 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 \$1,054,000 for water line replacement at El Camino Real and wastewater line replacement along Denton Drive. Equipment purchases of approximately \$244,000 consist of computer and technology upgrades, surveillance equipment, SCADA system replacement, and a digital gator cam.

The Texas Star Golf Course and Conference Centre is a vibrant part of the Euless community. This facility is well-known for world class golf that is secluded in the midst of the Dallas/Fort Worth Metroplex. This challenging course 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. The FY2013-14 capital budget includes funding for greens and bunker replacement. The course is scheduled to be closed during the renovations which are anticipated to begin in mid-June and continue through the end of the fiscal year. As a result, a projected drawdown of \$513,000 in reserves is required to cover operating costs during the closure. Proposed revenues of \$3,313,012 (excluding the drawdown) and proposed operating expenses of \$3,826,012 comprise the FY2013-14 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](mailto:jjewell@eulesstx.gov).

**CITY OF EULESS, TEXAS**  
**GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2013**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Deposits and investments	\$ 40,806,527	\$ 17,818,533	\$ 58,625,060
Receivables, net of allowances	6,858,379	3,139,027	9,997,406
Internal balances	(2,078,422)	2,078,422	-
Inventories, at cost	11,330	269,245	280,575
Prepaid items	102,171	27,220	129,391
Restricted assets			
Deposits and investments	365,641	3,054,827	3,420,468
Deferred charges	440,261	263,822	704,083
Net OPEB asset	285,004	73,765	358,769
Capital assets			
Land and construction in progress	36,078,616	4,849,200	40,927,816
Other capital assets, net of accumulated depreciation	85,073,886	58,397,825	143,471,711
Total assets	167,943,393	89,971,886	257,915,279
<b>LIABILITIES AND NET POSITION</b>			
<b>LIABILITIES</b>			
Accounts payable	11,230,967	2,026,808	13,257,775
Accrued liabilities	1,577,741	189,435	1,767,176
Accrued interest payable	169,094	50,303	219,397
Unearned revenue	196,006	107,611	303,617
Money held in escrow	-	1,767,724	1,767,724
Noncurrent liabilities			
Due within one year	4,400,274	1,012,033	5,412,307
Due in more than one year	33,091,676	11,278,134	44,369,810
Total liabilities	50,665,758	16,432,048	67,097,806
<b>NET POSITION</b>			
Net investment in capital assets	88,228,280	52,334,570	140,562,850
Restricted for			
Debt service	1,776,643	314,171	2,090,814
Capital projects	365,641	661,816	1,027,457
Impact fees	-	2,078,840	2,078,840
Court technology	124,312	-	124,312
Juvenile cases	132,707	-	132,707
PEG fees	290,467	-	290,467
Developer agreements	1,447,759	-	1,447,759
Historical preservation	1,245	-	1,245
Unrestricted	24,910,581	18,150,441	43,061,022
Total net position	\$ 117,277,635	\$ 73,539,838	\$ 190,817,473

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, 2013**

Program Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business - Type Activities	Total
<b>Primary government</b>							
Governmental activities							
Culture and recreation	\$ 6,025,540	\$ 297,361	\$ 228	\$ -	\$ (5,727,951)	\$ -	\$ (5,727,951)
Development services	1,155,089	1,186,347	-	-	31,258	-	31,258
General and administrative	17,145,752	1,383,779	15,770	-	(15,746,203)	-	(15,746,203)
Highways and streets	3,334,188	112,736	-	1,177,110	(2,044,342)	-	(2,044,342)
Public safety	23,324,328	3,355,604	2,962,935	36,231	(16,969,558)	-	(16,969,558)
Interest on long-term debt	1,227,084	-	-	-	(1,227,084)	-	(1,227,084)
Total governmental activities	52,211,981	6,335,827	2,978,933	1,213,341	(41,683,880)	-	(41,683,880)
Business-type activities							
Water and wastewater	18,554,761	19,183,198	-	829,435	-	1,457,872	1,457,872
Drainage utility	1,245,838	708,984	-	1,017,662	-	480,808	480,808
Golf course	4,750,359	4,520,224	-	-	-	(230,135)	(230,135)
Other recreation enterprises	2,312,949	2,138,600	-	-	-	(174,349)	(174,349)
Total business-type activities	26,863,907	26,551,006	-	1,847,097	-	1,534,196	1,534,196
Total primary government	<u>\$ 79,075,888</u>	<u>\$ 32,886,833</u>	<u>\$ 2,978,933</u>	<u>\$ 3,060,438</u>	(41,683,880)	1,534,196	(40,149,684)
<b>General Revenues</b>							
Taxes							
Property taxes, levied for general purposes					12,744,753	-	12,744,753
Sales taxes					16,142,357	-	16,142,357
Car rental taxes					13,592,255	-	13,592,255
Mixed beverage taxes					60,823	-	60,823
Hotel/motel occupancy taxes					329,368	-	329,368
Gross receipts taxes					4,209,564	-	4,209,564
Investment income					106,521	40,045	146,566
Rents and royalties					1,481,305	-	1,481,305
Gain on sale of assets					117,763	41,630	159,393
Miscellaneous					35,884	-	35,884
<b>Transfers</b>					692,951	(692,951)	-
Total general revenues and transfers					49,513,544	(611,276)	48,902,268
Change in net position					7,829,664	922,920	8,752,584
<b>NET POSITION, beginning of year</b>					109,447,971	72,616,918	182,064,889
<b>NET POSITION, end of year</b>					<u>\$ 117,277,635</u>	<u>\$ 73,539,838</u>	<u>\$ 190,817,473</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, 2013**

	General Fund	Debt Service Fund	Car Rental Tax Fund	Car Rental Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Deposits and investments	\$ 10,481,437	\$ 807,089	\$ 9,878,065	\$ 1,270,271	\$ 10,960,634	\$ 33,397,496
Receivables						
Property taxes	383,556	165,967	-	-	-	549,523
Accounts receivable	857,733	-	2,261,102	-	247,463	3,366,298
Accrued interest receivable	6,304	-	4,932	30	2,305	13,571
Due from other governments	1,747,723	-	-	-	1,048,537	2,796,260
Prepays and deposits	37,932	-	-	-	9,464	47,396
Inventories, at cost	11,330	-	-	-	-	11,330
Restricted deposits and investments	-	-	-	-	365,641	365,641
<b>Total assets</b>	<b>\$ 13,526,015</b>	<b>\$ 973,056</b>	<b>\$ 12,144,099</b>	<b>\$ 1,270,301</b>	<b>\$ 12,634,044</b>	<b>\$ 40,547,515</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 1,673,219	\$ -	\$ 8,271,118	\$ 507,336	\$ 386,439	\$ 10,838,112
Accrued liabilities	984,941	3,010	-	-	100,974	1,088,925
Deferred revenue	977,181	162,992	-	-	61,292	1,201,465
<b>Total liabilities</b>	<b>3,635,341</b>	<b>166,002</b>	<b>8,271,118</b>	<b>507,336</b>	<b>548,705</b>	<b>13,128,502</b>
<b>Fund Balances</b>						
<b>Nonspendable</b>						
Prepays, deposits, and inventories	49,262	-	-	-	9,464	58,726
<b>Restricted for</b>						
Debt service	-	807,054	-	-	969,590	1,776,644
Capital projects	-	-	-	-	365,641	365,641
Developer agreements	-	-	-	-	1,447,759	1,447,759
Court technology	124,312	-	-	-	-	124,312
Juvenile case management	-	-	-	-	132,707	132,707
Cable PEG	-	-	-	-	290,467	290,467
Historical preservation	-	-	-	-	1,245	1,245
Assigned	121,542	-	3,872,981	762,965	8,868,466	13,625,954
Unassigned	9,595,558	-	-	-	-	9,595,558
<b>Total fund balances</b>	<b>9,890,674</b>	<b>807,054</b>	<b>3,872,981</b>	<b>762,965</b>	<b>12,085,339</b>	<b>27,419,013</b>
<b>Total liabilities and fund balances</b>	<b>\$ 13,526,015</b>	<b>\$ 973,056</b>	<b>\$ 12,144,099</b>	<b>\$ 1,270,301</b>	<b>\$ 12,634,044</b>	<b>\$ 40,547,515</b>

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, 2013**

Total fund balances - governmental funds	\$	27,419,013
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets of governmental funds are not current financial resources and therefore are not reported in the governmental funds balance sheet.		118,796,431
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Costs associated with the issuance of governmental long-term debt are expensed when incurred in the fund statements and capitalized and amortized over the life of the debt in the government-wide financial statements.		440,261
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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.		(169,094)
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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.		6,984,488
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Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.		1,005,459
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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.		285,004
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Long-term liabilities, including bonds payable, compensated absences (excluding those of internal service funds), and pension obligations are not due and payable in the current period and therefore are not reported in the fund financial statements.		(37,483,927)
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Net position of governmental activities	\$	<u><u>117,277,635</u></u>
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**CITY OF EULESS, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2013**

	General Fund	Debt Service Fund	Car Rental Tax Fund	Car Rental Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
General property tax	\$ 9,740,510	\$ 3,153,073	\$ -	\$ -	\$ -	\$ 12,893,583
Gross receipts tax	4,077,700	-	-	-	461,232	4,538,932
Mixed beverage tax	60,823	-	-	-	-	60,823
General sales tax	10,096,646	-	-	-	6,045,711	16,142,357
Car rental tax	-	-	13,592,255	-	-	13,592,255
Fines and fees	4,627,199	-	-	-	-	4,627,199
Licenses and permits	1,152,875	-	-	-	-	1,152,875
Investment income	40,710	1,425	18,030	8,621	23,332	92,118
DEA revenues	-	-	-	-	2,446,594	2,446,594
Intergovernmental	371,623	-	-	-	24,899	396,522
Rents and royalties	-	709,929	-	-	314,092	1,024,021
Other revenues	990,027	-	-	-	393,145	1,383,172
Total revenues	31,158,113	3,864,427	13,610,285	8,621	9,709,005	58,350,451
<b>Expenditures</b>						
Current						
Culture and recreation	3,041,458	-	-	-	2,130,019	5,171,477
Development services	606,945	-	-	-	199,330	806,275
General and administrative	7,869,353	-	9,033,888	-	304,693	17,207,934
Highways and streets	1,144,223	-	-	-	-	1,144,223
Public safety	20,021,595	-	-	-	2,170,893	22,192,488
Debt service						
Principal	-	3,115,000	-	-	860,000	3,975,000
Interest and fiscal charges	-	1,225,927	-	-	41,913	1,267,840
Capital outlay	-	-	439,257	6,910,296	3,041,029	10,390,582
Total expenditures	32,683,574	4,340,927	9,473,145	6,910,296	8,747,877	62,155,819
Excess (deficiency) of revenues over (under) expenditures	(1,525,461)	(476,500)	4,137,140	(6,901,675)	961,128	(3,805,368)
<b>Other financing sources (uses)</b>						
Issuance of refunding debt	-	1,160,000	-	-	-	1,160,000
Premiums on issuance of debt	-	79,046	-	-	-	79,046
Payment to refunding escrow agent	-	(1,190,252)	-	-	-	(1,190,252)
Issuance of capital lease	-	-	-	-	1,446,603	1,446,603
Transfers in	2,420,189	440,176	-	2,718,472	699,694	6,278,531
Transfers out	(315,789)	-	(3,175,680)	-	(2,347,776)	(5,839,245)
Total other financing sources (uses)	2,104,400	488,970	(3,175,680)	2,718,472	(201,479)	1,934,683
Net change in fund balances	578,939	12,470	961,460	(4,183,203)	759,649	(1,870,685)
<b>Fund balances, beginning of year</b>	9,311,735	794,584	2,911,521	4,946,168	11,325,690	29,289,698
<b>Fund balances, end of year</b>	<u>\$ 9,890,674</u>	<u>\$ 807,054</u>	<u>\$ 3,872,981</u>	<u>\$ 762,965</u>	<u>\$ 12,085,339</u>	<u>\$ 27,419,013</u>

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, 2013**

Net change in fund balances - total governmental funds \$ (1,870,685)

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

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 and disposals recorded in the current period. 11,888,780

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. (4,158,740)

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position. (2,606,603)

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position. 5,247,527

Governmental funds report the effect of debt issuances costs, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. (157,658)

Current year changes in the long-term liabilities for compensated absences and pension and other post employment obligations do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds. (369,611)

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. 15,301

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. 167,509

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. (326,156)

Change in net position of governmental activities \$ 7,829,664

**CITY OF EULESS, TEXAS**  
**STATEMENT OF NET POSITION – PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2013**

(1 of 2)

ASSETS	Business - Type Activities - Enterprise Funds					Governmental Activities -
	Water and Wastewater	Drainage Utility	Golf Course	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Current assets						
Deposits and investments	\$ 12,354,471	\$ 1,520,637	\$ 1,858,289	\$ 2,085,136	\$ 17,818,533	\$ 7,409,031
Accounts receivable and unbilled revenue less allowance for uncollectibles of \$30,235 for water and wastewater and \$634 for drainage utility	2,791,929	79,674	227,028	31,114	3,129,745	130,610
Accrued interest receivable	8,349	933	-	-	9,282	2,117
Prepays and deposits	555	-	8,227	18,438	27,220	54,775
Inventory	100,845	-	100,935	67,465	269,245	-
Total unrestricted current assets	15,256,149	1,601,244	2,194,479	2,202,153	21,254,025	7,596,533
Restricted assets						
W&WW impact fees - deposits and investments	2,078,840	-	-	-	2,078,840	-
Revenue bond deposit and investments	661,816	-	-	-	661,816	-
Revenue bond reserve for debt service	314,171	-	-	-	314,171	-
Total restricted assets	3,054,827	-	-	-	3,054,827	-
Total current assets	18,310,976	1,601,244	2,194,479	2,202,153	24,308,852	7,596,533
Non-current assets						
Bond issuance cost	105,201	-	147,772	10,849	263,822	-
Net OPEB asset	55,086	364	13,635	4,680	73,765	-
Total	160,287	364	161,407	15,529	337,587	-
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	1,030,878	6,400	924,631	200,275	2,162,184	8,612,201
Improvements	1,033,401	658,824	8,019,920	8,150,654	17,862,799	-
Construction in progress	1,211,260	19,395	-	-	1,230,655	-
Utility system	63,854,778	26,096,467	-	-	89,951,245	-
Total property, plant, and equipment in service	68,804,078	27,340,912	13,365,803	9,423,736	118,934,529	8,612,201
Less accumulated depreciation	34,221,419	11,231,284	6,124,066	4,110,735	55,687,504	6,256,130
Net property, plant, and equipment in service	34,582,659	16,109,628	7,241,737	5,313,001	63,247,025	2,356,071
Total non-current assets	34,742,946	16,109,992	7,403,144	5,328,530	63,584,612	2,356,071
Total assets	\$ 53,053,922	\$ 17,711,236	\$ 9,597,623	\$ 7,530,683	\$ 87,893,464	\$ 9,952,604

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, 2013**

(2 of 2)

LIABILITIES	Business - Type Activities - Enterprise Funds					Governmental
	Water and Wastewater	Drainage Utility	Golf Course	Other Enterprise Funds	Total Enterprise Funds	Activities - Internal Service Funds
Current liabilities						
Payable from current assets						
Accounts payable	\$ 1,868,496	\$ 4,479	\$ 103,690	\$ 50,143	\$ 2,026,808	\$ 392,855
Accrued salaries and wages	304,354	37,337	82,631	19,403	443,725	11,514
Current portion of bonds payable	405,000	-	430,000	150,000	985,000	-
Accrued insurance claims	-	-	-	-	-	485,325
Unearned revenue	-	-	107,611	-	107,611	-
Accrued interest	25,350	-	23,028	1,925	50,303	-
Total current liabilities	2,603,200	41,816	746,960	221,471	3,613,447	889,694
Non-current liabilities						
Customer and escrow deposits	1,689,851	-	77,873	-	1,767,724	-
Net pension obligation	335,142	37,682	78,505	10,277	461,606	-
Bonds payable	4,055,147	-	6,220,287	313,837	10,589,271	-
Total non-current liabilities	6,080,140	37,682	6,376,665	324,114	12,818,601	-
Total liabilities	8,683,340	79,498	7,123,625	545,585	16,432,048	889,694
<b>NET POSITION</b>						
Net investment in capital assets	30,784,328	16,109,628	591,450	4,849,164	52,334,570	2,356,071
Restricted for						
Impact fees	2,078,840	-	-	-	2,078,840	-
Capital projects	661,816	-	-	-	661,816	-
Revenue bond reserve for debt service	314,171	-	-	-	314,171	-
Unrestricted	10,531,427	1,522,110	1,882,548	2,135,934	16,072,019	6,706,839
Total net position	<u>\$ 44,370,582</u>	<u>\$ 17,631,738</u>	<u>\$ 2,473,998</u>	<u>\$ 6,985,098</u>	71,461,416	<u>\$ 9,062,910</u>
Reconciliation to government-wide statement of net position						
Adjustment to reflect the consolidation of internal						
service funds' activities related to enterprise funds					2,078,422	
Net position of business-type activities					<u>\$ 73,539,838</u>	

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, 2013**

	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	\$ 11,047,759	\$ -	\$ -	\$ -	\$ 11,047,759	\$ -
Reclaimed water service	163,739	-	-	-	163,739	-
Wastewater service	6,606,665	-	-	-	6,606,665	-
Drainage fees	-	708,984	-	-	708,984	-
Recreation fees	-	-	-	447,032	447,032	-
Insurance premiums	-	-	-	-	-	5,450,584
Service fees and miscellaneous	1,365,035	-	4,520,224	1,691,568	7,576,827	931,866
Total operating revenues	19,183,198	708,984	4,520,224	2,138,600	26,551,006	6,382,450
Operating expenses						
General and administrative	540,267	-	-	-	540,267	1,440,293
Water production	6,405,108	-	-	-	6,405,108	-
Water distribution	840,290	-	-	-	840,290	-
Utility engineering	507,376	-	-	-	507,376	-
Wastewater collection and treatment	3,044,977	-	-	-	3,044,977	-
Nondepartmental	3,658,884	-	-	-	3,658,884	-
Geographic information systems	476,263	-	-	-	476,263	-
Service center	1,187,232	-	-	-	1,187,232	-
Drainage	-	567,216	-	-	567,216	-
Recreation classes	-	-	-	498,801	498,801	-
Golf course	-	-	1,693,406	-	1,693,406	-
Pro shop	-	-	417,579	-	417,579	-
Food and beverage	-	-	1,391,065	-	1,391,065	-
Conference center	-	-	342,704	-	342,704	-
Cart operations	-	-	189,914	-	189,914	-
Texas Star Sports Complex	-	-	-	1,395,406	1,395,406	-
Arbor Daze	-	-	-	66,885	66,885	-
Insurance costs	-	-	-	-	-	4,439,218
Depreciation	1,754,567	678,622	394,335	314,761	3,142,285	765,018
Amortization	35,972	-	75,115	11,004	122,091	-
Total operating expenses	18,450,936	1,245,838	4,504,118	2,286,857	26,487,749	6,644,529
Operating income (loss)	732,262	(536,854)	16,106	(148,257)	63,257	(262,079)
Nonoperating revenues (expenses)						
Gain (loss) on sale of capital assets	11,009	-	30,938	(317)	41,630	159,141
Investment income	34,149	2,170	1,679	2,047	40,045	14,403
Interest expense	(82,110)	-	(270,714)	(20,955)	(373,779)	-
Total nonoperating revenues (expenses), net	(36,952)	2,170	(238,097)	(19,225)	(292,104)	173,544
Income (loss) before contributions and transfers	695,310	(534,684)	(221,991)	(167,482)	(228,847)	(88,535)
Developer contributions	829,435	1,017,662	-	-	1,847,097	-
Transfers in	-	1,500	293,905	-	295,405	478,665
Transfers out	(1,177,900)	(35,456)	-	-	(1,213,356)	-
Net income (loss)	346,845	449,022	71,914	(167,482)	700,299	390,130
Net position, beginning of year	44,023,737	17,182,716	2,402,084	7,152,580		8,672,780
Net position, end of year	\$ 44,370,582	\$ 17,631,738	\$ 2,473,998	\$ 6,985,098		\$ 9,062,910
Reconciliation to government-wide statement of net position						
Adjustment to reflect the consolidation of internal service funds' activities related to enterprise funds						222,621
Change in net position of business-type activities						\$ 922,920

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, 2013**

	Business - Type Activities - Enterprise Funds				Governmental Activities -	
	Water and Wastewater	Drainage Utility	Golf Course	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>OPERATING ACTIVITIES</b>						
Cash received from customers	\$ 19,356,989	\$ 710,088	\$ 4,488,558	\$ 2,135,040	\$ 26,690,675	\$ 6,390,109
Cash payments to suppliers for goods and services	(13,838,708)	(259,775)	(2,395,149)	(1,461,601)	(17,955,233)	(6,189,709)
Cash payments to employees for services	(2,914,420)	(315,783)	(1,605,457)	(464,486)	(5,300,146)	(84,768)
Net cash provided by operating activities	2,603,861	134,530	487,952	208,953	3,435,296	115,632
<b>NONCAPITAL FINANCING ACTIVITIES</b>						
Transfer in	-	1,500	293,905	-	295,405	478,665
Transfer out	(1,177,900)	(35,456)	-	-	(1,213,356)	-
Net cash provided by (used in) noncapital financing activities	(1,177,900)	(33,956)	293,905	-	(917,951)	478,665
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Impact fees	170,958	-	-	-	170,958	-
Interest paid on bonds	(71,697)	-	(300,931)	(22,921)	(395,549)	-
Principal paid on bonds	(330,000)	-	(7,695,000)	(620,000)	(8,645,000)	-
Purchase of capital assets	(1,810,163)	(19,396)	(18,093)	-	(1,847,652)	(1,140,553)
Proceeds from bond issuances	1,504,677	-	7,328,224	484,618	9,317,519	-
Proceeds from sale of capital assets	12,009	-	37,017	-	49,026	166,352
Net cash used in capital and related financing activities	(524,216)	(19,396)	(648,783)	(158,303)	(1,350,698)	(974,201)
<b>INVESTING ACTIVITIES</b>						
Proceeds from sale of investment securities	-	-	-	-	-	763
Interest received on investments	35,389	1,237	1,677	2,047	40,350	13,527
Net cash provided by investing activities	35,389	1,237	1,677	2,047	40,350	14,290
Net change in cash and cash equivalents	937,134	82,415	134,751	52,697	1,206,997	(365,614)
Cash and cash equivalents, beginning of year	14,472,164	1,438,222	1,723,538	2,032,439	19,666,363	7,774,645
Cash and cash equivalents, end of year	<u>\$ 15,409,298</u>	<u>\$ 1,520,637</u>	<u>\$ 1,858,289</u>	<u>\$ 2,085,136</u>	<u>\$ 20,873,360</u>	<u>\$ 7,409,031</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 – CONTINUED**  
**YEAR ENDED SEPTEMBER 30, 2013**

	Business - Type Activities - Enterprise Funds					Governmental
	Water and Wastewater	Drainage Utility	Golf Course	Other Enterprise Funds	Total Enterprise Funds	Activities -
						Internal Service Funds
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>						
Operating income (loss)	\$ 732,262	\$ (536,854)	\$ 16,106	\$ (148,257)	\$ 63,257	\$ (262,079)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation and amortization	1,790,539	678,622	469,450	325,765	3,264,376	765,018
Changes in assets and liabilities:						
Accounts receivable and unbilled revenue	71,066	1,104	(131,941)	(3,563)	(63,334)	7,659
Prepays and deposits	3,093	-	552	(3,977)	(332)	(54,775)
Inventory	(1,954)	-	23,651	37,725	59,422	-
Net OPEB asset	36,658	3,575	10,149	1,087	51,469	-
Net pension obligation	2,819	381	(2,148)	(194)	858	-
Accounts payable	(150,913)	(17,445)	(12,501)	(487)	(181,346)	10,912
Accrued salaries and wages	17,564	5,147	14,359	854	37,924	522
Accrued insurance claims	-	-	-	-	-	(351,625)
Customer and escrow deposit	102,727	-	-	-	102,727	-
Deferred revenue	-	-	100,275	-	100,275	-
<b>Net cash provided by operating activities</b>	<b>\$ 2,603,861</b>	<b>\$ 134,530</b>	<b>\$ 487,952</b>	<b>\$ 208,953</b>	<b>\$ 3,435,296</b>	<b>\$ 115,632</b>
<b>Noncash financing activities</b>						
Developer contributed assets	\$ 658,477	\$ 1,017,662	\$ -	\$ -	\$ 1,676,139	
<b>Reconciliation of cash to balance sheet:</b>						
Cash - current	\$ 12,354,471	\$ 1,520,637	\$ 1,858,289	\$ 2,085,136	\$ 17,818,533	
Cash - restricted	3,054,827	-	-	-	3,054,827	
Cash and cash equivalents	<b>\$ 15,409,298</b>	<b>\$ 1,520,637</b>	<b>\$ 1,858,289</b>	<b>\$ 2,085,136</b>	<b>\$ 20,873,360</b>	

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

**CITY OF EULESS, TEXAS  
STATEMENT OF NET POSITION – FIDUCIARY FUNDS  
SEPTEMBER 30, 2013**

	<b>Agency Funds</b>	<b>OPEB Trust Fund</b>
<b>ASSETS</b>		
Investments at fair value		
Money market account	\$ 1,704,452	\$ 98,831
Fixed income funds	-	973,209
Equity funds	-	1,383,078
	<u>\$ 1,704,452</u>	<u>2,455,118</u>
<b>LIABILITIES</b>		
Due to other entities	\$ 1,704,289	400
Refunds payable	163	-
	<u>\$ 1,704,452</u>	<u>400</u>
<b>NET POSITION</b>		
Held in trust for OPEB		<u>\$ 2,454,718</u>

**CITY OF EULESS, TEXAS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
OPEB TRUST FUND  
YEAR ENDED SEPTEMBER 30, 2013**

	<b>OPEB Trust Fund</b>
<b>ADDITIONS</b>	
Employer contributions	\$ 1,165,680
Other contributions	244,826
Investment income	
Net increase in fair value of investments	229,144
Less: investment expense	(4,966)
Net investment earnings	224,178
Total additions	1,634,684
<b>DEDUCTIONS</b>	
Insurance claims	910,163
Administrative expenses	100,343
Total deductions	1,010,506
Change in net position	624,178
Net position - beginning	1,830,540
Net position - ending	\$ 2,454,718

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

**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), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*, and by the Financial Accounting Standards Board (when applicable).

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 reflected as 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. 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.

**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.

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Basis of Presentation – Continued**

Car Rental Capital Projects Fund

The Car Rental Capital Projects Fund is used to account for the building and infrastructure projects that are funded from the short-term motor vehicle rental tax.

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 three 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. The Glade Parks Escrow agency fund accounts for developer funds deposited with the City for contractor payments for public improvements in the Glade Parks Development on behalf of the developer. Upon satisfactory completion, any excess funds will be returned to the developer or a designee. The OPEB Trust Fund accounts for the accumulation and use of resources for benefit payments related to post-employment health care.

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Basis of Presentation – Continued**

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.

**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 statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or 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 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.

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**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.

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 revenue. 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 \$.4700 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.

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**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.”

**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	Car Rental CIP Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable	\$ 49,262	\$ -	\$ -	\$ -	\$ 9,464	\$ 58,726
Restricted for						
Debt service	-	807,054	-	-	969,590	1,776,644
Capital projects	-	-	-	-	365,641	365,641
Developer agreements	-	-	-	-	1,447,759	1,447,759
Court technology	124,312	-	-	-	-	124,312
Juvenile case processing	-	-	-	-	132,707	132,707
PEG fees	-	-	-	-	290,467	290,467
Historical preservation	-	-	-	-	1,245	1,245
Assigned						
Capital projects	-	-	-	762,965	3,297,848	4,060,813
Betterments	51,431	-	-	-	-	51,431
Emergency/radio systems	47,230	-	-	-	-	47,230
Tourism and conference facilities	-	-	-	-	253,362	253,362
Parks, library, and economic development	-	-	-	-	2,087,442	2,087,442
Police department	-	-	-	-	3,154,378	3,154,378
Grants	-	-	-	-	75,436	75,436
Other	22,881	-	3,872,981	-	-	3,895,862
Unassigned	9,595,558	-	-	-	-	9,595,558
<b>Total</b>	<b>\$ 9,890,674</b>	<b>\$ 807,054</b>	<b>\$ 3,872,981</b>	<b>\$ 762,965</b>	<b>\$ 12,085,339</b>	<b>\$ 27,419,013</b>

**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 court technology represents funds collected from a court technology fee that must be used to upgrade court systems.
- d. Restricted for developer agreements represents the portion of fund equity that must be used for future improvements to various development areas within the City.
- 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.
- 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.

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Fund Balance Classifications – Continued**

- 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.

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 2. DEPOSITS AND INVESTMENTS**

**GASB 40 Disclosures**

As of September 30, 2013, the City's portfolio contained the following investments:

Investment Type	Book Value	Fair Value	% of Portfolio	WAM	Rating	Rating Agency
Overnight pools						
TexPool	\$ 12,775,658	\$ 12,775,658	19.96%	60	AAAm	S&P
TexStar	12,205,780	12,205,780	19.07%	51	AAAm	S&P
Bank of Texas	11,542	11,542	0.02%	52	AAAm	S&P/Moody's
Total overnight	<u>24,992,980</u>	<u>24,992,980</u>	<u>39.05%</u>			
Investment securities						
FFCB	8,413,215	8,412,136	13.14%	58	AA+/Aaa	S&P/Moody's
FHLB	20,998,399	21,003,179	32.82%	118	AA+/Aaa	S&P/Moody's
FHLMC	6,677,098	6,682,230	10.44%	44	AA+/Aaa	S&P/Moody's
FNMA	1,411,308	1,410,904	2.20%	11	AA+/Aaa	S&P/Moody's
FAMCA	1,500,350	1,499,582	2.34%	7		not rated
Total investment securities	<u>39,000,373</u>	<u>39,008,031</u>	<u>60.94%</u>			
Total portfolio	<u>\$ 63,993,353</u>	<u>\$ 64,001,011</u>	<u>100.00%</u>	237		

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, 2013. At year-end, the carrying amount of the City's deposits was \$267,323, with a bank balance of \$868,000.

**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. The additional 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 \$3,491,109.

**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, 2013, 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. 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.

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

**NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED**

**GASB 40 Disclosures – Continued**

**Interest Rate Risk**

In compliance with the City’s Investment Policy, as of September 30, 2013, 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 operating funds primarily in money market mutual funds, government investment pools, and shorter-term securities with a weighted average maturity of less than 100 days.

The following table details the maturity schedule for the City’s investments as of September 30, 2013.

<u>Maturity Schedule</u>	<u>Book Value</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
Overnight	\$ 24,992,980	\$ 24,992,980	39.1%
Less than 1 month	2,500,000	2,500,158	3.9%
1 to 6 months	6,275,031	6,277,339	9.8%
6 to 9 months	2,999,920	3,000,562	4.7%
9 to 12 months	6,999,575	7,000,593	10.9%
12 to 18 months	10,322,396	10,324,706	16.1%
18 to 24 months	9,003,451	9,001,474	14.1%
Over 24 months	900,000	903,199	1.4%
Total	<u>\$ 63,993,353</u>	<u>\$ 64,001,011</u>	<u>100.0%</u>

**Credit Risk**

In compliance with the City’s Investment Policy, as of September 30, 2013, 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.

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

**NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED**

**GASB 40 Disclosures – Continued**

**Credit Risk – Continued**

*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 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, 2013, 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, 2013, was as follows:

	Balance Beginning of Year	Increase	Decrease	Adjustment/ Transfer	Balance End of Year
Governmental activities					
Capital assets not being depreciated					
Land	\$ 26,354,088	\$ 75,403	\$ -	\$ 46,565	\$ 26,476,056
Construction in progress	4,071,126	7,089,788	(13,973)	(1,544,381)	9,602,560
Total capital assets not being depreciated	30,425,214	7,165,191	(13,973)	(1,497,816)	36,078,616
Capital assets being depreciated					
Buildings	54,685,886	-	(80,300)	-	54,605,586
Improvements other than buildings	5,304,039	506,945	-	58,399	5,869,383
Infrastructure	66,555,055	2,104,451	-	1,439,417	70,098,923
Machinery and equipment	7,063,673	2,158,950	(197,724)	-	9,024,899
Total capital assets being depreciated	133,608,653	4,770,346	(278,024)	1,497,816	139,598,791
Less accumulated depreciation					
Buildings	(16,068,006)	(1,598,648)	63,097	-	(17,603,557)
Improvements other than buildings	(2,953,777)	(186,087)	-	-	(3,139,864)
Infrastructure	(29,594,838)	(1,930,137)	-	-	(31,524,975)
Machinery and equipment	(4,350,855)	(443,868)	182,143	-	(4,612,580)
Total accumulated depreciation	(52,967,476)	(4,158,740)	245,240	-	(56,880,976)
Total capital assets being depreciated, net	80,641,177	611,606	(32,784)	1,497,816	82,717,815
Total governmental fund capital assets, net	111,066,391	7,776,797	(46,757)	-	118,796,431
Internal service funds					
Capital assets being depreciated					
Machinery and equipment	8,111,882	1,140,553	(640,234)	-	8,612,201
Total internal service assets being depreciated	8,111,882	1,140,553	(640,234)	-	8,612,201
Less accumulated depreciation					
Machinery and equipment	(6,124,135)	(765,018)	633,023	-	(6,256,130)
Total internal service funds capital assets, net	1,987,747	375,535	(7,211)	-	2,356,071
Total governmental activities capital assets, net	<u>\$ 113,054,138</u>	<u>\$ 8,152,332</u>	<u>\$ (53,968)</u>	<u>\$ -</u>	<u>\$ 121,152,502</u>

**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
<b>Business-type activities</b>					
Capital assets not being depreciated					
Land	\$ 3,618,545	\$ -	\$ -	\$ -	\$ 3,618,545
Construction in progress	1,619,870	1,229,627	-	(1,618,842)	1,230,655
Total assets not being depreciated	5,238,415	1,229,627	-	(1,618,842)	4,849,200
Capital assets being depreciated					
Buildings	4,109,101	-	-	-	4,109,101
Equipment	2,272,562	64,184	(174,562)	-	2,162,184
Improvements	17,862,799	-	-	-	17,862,799
Utility system	86,102,283	2,230,120	-	1,618,842	89,951,245
Total capital assets being depreciated	110,346,745	2,294,304	(174,562)	1,618,842	114,085,329
Less accumulated depreciation					
Buildings	(1,786,010)	(124,603)	-	-	(1,910,613)
Equipment	(1,810,272)	(124,076)	167,668	-	(1,766,680)
Improvements	(7,297,870)	(650,626)	-	-	(7,948,496)
Utility system	(41,818,735)	(2,242,980)	-	-	(44,061,715)
Total accumulated depreciation	(52,712,887)	(3,142,285)	167,668	-	(55,687,504)
Total capital assets being depreciated, net	57,633,858	(847,981)	(6,894)	-	58,397,825
Total business-type activities capital assets, net	\$ 62,872,273	\$ 381,646	\$ (6,894)	\$ -	\$ 63,247,025

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

**Governmental activities**

Culture and recreation	\$ 780,305
Development services	330,586
General administrative	1,074,577
Highways and streets	2,037,376
Public safety	700,914
Total depreciation expense - governmental activities	<u>\$ 4,923,758</u>

**Business-type activities**

Water and wastewater	\$ 1,754,567
Drainage utility	678,622
Golf course	394,335
Other recreation enterprises	314,761
Total depreciation expense - business-type activities	<u>\$ 3,142,285</u>

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

**NOTE 3. CAPITAL ASSETS – CONTINUED**

Outstanding commitments at September 30, 2013, under authorized construction contracts, were \$2,414,328. 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**

At September 30, 2013, bonds payable consisted of the following individual issues:

	<u>Governmental</u>	<u>Business-type</u>
\$13,900,000 Series 2005, General Obligation Refunding Bonds, dated March 1, 2005, due in annual installments through 2020, bearing interest rates of 2.40% to 5.00%.	\$ 8,215,000	\$ -
\$8,110,000 Series 2010, Taxable General Obligation Refunding Bonds, dated August 15, 2010, due in annual installments through 2025, bearing interest rates of 0.68% to 4.40%.	6,690,000	-
\$6,575,000 Series 2011, General Obligation Refunding Bonds, dated January 15, 2011, due in annual installments through 2021, bearing interest rates of 2.00% to 4.00%.	6,005,000	-
\$3,035,000 Series 2011, Revenue Certificates of Obligation, dated January 15, 2011, due in annual installments through 2030, bearing interest rates of 3.00% to 4.25%.	2,910,000	-
\$3,340,000 Series 2012, Waterworks and Sewer System Revenue Refunding Bonds, dated March 29, 2012, due in annual installments through 2024, bearing interest at 2.03%.	-	3,105,000
\$3,785,000 Series 2012, Sales Tax Revenue Refunding Bonds, dated January 12, 2012, due in annual installments through 2019, bearing interest at 1.43%.	2,050,000	-
\$5,955,000 Series 2012, General Obligation Refunding Bonds, dated December 1, 2011, due in annual installments through 2024, bearing interest rates of 2.00% to 4.00%.	5,040,000	-
\$8,805,000 Series 2012A, General Obligation Refunding Bonds, dated November 1, 2012, due in annual installments through 2027, bearing interest rates of 2.00% to 4.00%.	1,145,000	7,495,000
\$1,585,000 Series 2013, Waterworks and Sewer System Revenue Bonds, dated June 25, 2013, due in annual installments through 2033, bearing interest rates of 2.00% to 5.00%.	-	1,585,000
	<u>\$ 32,055,000</u>	<u>\$ 12,185,000</u>

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

**NOTE 4. LONG-TERM DEBT – CONTINUED**

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2013:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due within One Year
<b>Governmental activities</b>					
General obligation bonds	\$ 29,915,000	\$ 1,160,000	\$ (3,980,000)	\$ 27,095,000	\$ 3,025,000
Certificates of obligation	3,230,000	-	(320,000)	2,910,000	130,000
Sales tax revenue bonds	2,910,000	-	(860,000)	2,050,000	875,000
Capital leases	272,524	1,446,603	(87,527)	1,631,600	258,723
Deferred loss on debt refunding	(1,248,341)	(81,690)	213,313	(1,116,718)	(151,452)
Premium on bonds	835,048	79,046	(118,251)	795,843	88,781
Discount on bonds	(82,538)	-	6,676	(75,862)	(6,677)
Net pension obligation	2,369,898	23,200	-	2,393,098	-
Compensated absences	1,686,572	541,255	(418,838)	1,808,989	180,899
Total governmental activities	39,888,163	3,168,414	(5,564,627)	37,491,950	4,400,274
<b>Business-type activities</b>					
Water and sewer revenue bonds	3,435,000	1,585,000	(330,000)	4,690,000	405,000
General obligation refunding bonds	8,165,000	7,645,000	(8,315,000)	7,495,000	580,000
Deferred loss on debt refunding	(810,421)	(722,311)	659,319	(873,413)	(23,936)
Premiums on bonds	-	315,234	(26,827)	288,407	27,165
Discounts on bonds	(120,155)	(25,723)	120,155	(25,723)	(1,625)
Net pension obligation	460,748	858	-	461,606	-
Compensated absences	254,546	170,846	(171,102)	254,290	25,429
Total business-type activities	11,384,718	8,968,904	(8,063,455)	12,290,167	1,012,033
Total primary government	<u>\$ 51,272,881</u>	<u>\$ 12,137,318</u>	<u>\$ (13,628,082)</u>	<u>\$ 49,782,117</u>	<u>\$ 5,412,307</u>

The liability for the governmental fund net pension obligation 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.

**Bond Issuance**

In fiscal year 2013, the City executed a current refunding in the amount of \$1,185,000 of series 2003 general obligation refunding bonds and \$7,640,000 of series 2004 general obligation refunding bonds. The bonds were refunded with a single issue of \$8,805,000 series 2012A general obligation refunding bonds dated November 1, 2012 bearing interest rates ranging from 2.00% to 4.00%. A cash contribution combined with the net proceeds from the refunding issue totaling \$9,131,869 provided sufficient resources for

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

**NOTE 4. LONG-TERM DEBT – CONTINUED**

**Bond Issuance – Continued**

the completion of the refunding transaction. The refunding was undertaken to reduce total debt service payments over the next fifteen years by \$1,268,604 and to obtain an economic gain of \$1,067,107.

The City also issued \$1,585,000 in Waterworks and Sewer System Revenue Bonds, Series 2013 dated June 25, 2013, payable solely from and, together with the outstanding bonds similarly secured, secured by a first lien on and pledge of the Net Revenues of the City's Waterworks and Sewer System. Payment of principal and interest is due in annual installments through 2033. Interest rates on the debt range from 2.00% to 5.00%. The proceeds from the bonds will be used for the construction, acquisition, purchase, renovation, enlargement, and improvement of and equipment for Waterworks and Sewer System properties and facilities including the acquisition of land and rights-of-way and paying the costs associated with the issuance of the bonds.

All defeased debt has been redeemed.

**Annual Requirements to Retire Debt Obligations**

The annual aggregate maturities for each bond type for the years subsequent to September 30, 2013, are as follows:

General Obligation Bonds:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2014	\$ 3,025,000	\$ 997,458	\$ 580,000	\$ 193,825	\$ 4,796,283
2015	3,120,000	899,184	595,000	176,125	4,790,309
2016	3,240,000	784,024	625,000	151,725	4,800,749
2017	2,970,000	668,599	455,000	134,675	4,228,274
2018	3,090,000	547,244	470,000	125,425	4,232,669
2019-2023	9,780,000	1,250,956	2,525,000	428,569	13,984,525
2024-2027	1,870,000	97,239	2,245,000	114,906	4,327,145
	<u>\$ 27,095,000</u>	<u>\$ 5,244,704</u>	<u>\$ 7,495,000</u>	<u>\$ 1,325,250</u>	<u>\$ 41,159,954</u>

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

**NOTE 4. LONG-TERM DEBT – CONTINUED**

**Annual Requirements to Retire Debt Obligations – Continued**

Certificates of Obligation:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2014	\$ 130,000	\$ 111,244	\$ -	\$ -	\$ 241,244
2015	130,000	107,344	-	-	237,344
2016	135,000	103,444	-	-	238,444
2017	140,000	99,394	-	-	239,394
2018	145,000	95,194	-	-	240,194
2019-2023	805,000	392,220	-	-	1,197,220
2024-2028	975,000	218,164	-	-	1,193,164
2029-2030	450,000	28,900	-	-	478,900
	<u>\$ 2,910,000</u>	<u>\$ 1,155,904</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,065,904</u>

Revenue Bonds:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2014	\$ 875,000	\$ 29,315	\$ 405,000	\$ 123,401	\$ 1,432,716
2015	890,000	16,803	410,000	116,922	1,433,725
2016	165,000	4,076	415,000	108,618	692,694
2017	45,000	1,716	425,000	100,211	571,927
2018	35,000	1,073	440,000	91,001	567,074
2019-2023	40,000	572	1,525,000	322,694	1,888,266
2024-2028	-	-	545,000	186,165	731,165
2029-2033	-	-	525,000	80,774	605,774
	<u>\$ 2,050,000</u>	<u>\$ 53,555</u>	<u>\$ 4,690,000</u>	<u>\$ 1,129,786</u>	<u>\$ 7,923,341</u>

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

**NOTE 4. LONG-TERM DEBT – CONTINUED**

**Annual Requirements to Retire Debt Obligations – Continued**

Water and sewer revenue bonds authorized and unissued as of September 30, 2013, 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.

Water and sewer revenue bonds and refunding revenue bonds are payable solely from and equally secured by a first lien on and pledge of the net revenue of the City's combined waterworks and sanitary sewer system.

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, 2013.

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).

**Capital Lease**

The City has entered into two capital lease agreements under which the related equipment will become the property of the City when all terms of the lease agreements are met.

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

**NOTE 4. LONG-TERM DEBT – CONTINUED**

**Capital Lease – Continued**

As of September 30, 2013, capital lease annual amortization is as follows:

	Governmental Activities
2014	\$ 265,643
2015	265,642
2016	167,923
2017	167,922
2018	167,923
2019-2023	839,612
Total	1,874,665
Less interest	(243,065)
Present value of remaining payments	\$ 1,631,600

Equipment and related accumulated amortization under capital leases are as follows at September 30, 2013:

	Governmental Activities
Equipment	\$ 1,940,925
Less: accumulated amortization	(98,864)
Net book value	\$ 1,842,061

**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 \$8,204,750 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

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

**NOTE 5. COMMITMENTS AND CONTINGENT LIABILITIES – CONTINUED**

\$161,223 in the year ended September 30, 2013 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.

**NOTE 7. INTERFUND TRANSFERS**

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

	Transfers in				
	<i>Major Governmental</i>				Subtotal governmental
	General	Debt service	Car rental capital projects	Nonmajor governmental	
<b>Transfers out</b>					
General	\$ -	\$ -	\$ -	\$ 74,694	\$ 74,694
Car rental tax	1,433,333	200,182	1,213,500	300,000	3,147,015
Water and wastewater	951,400	-	-	-	951,400
Drainage utility	35,456	-	-	-	35,456
Nonmajor governmental	-	239,994	1,504,972	325,000	2,069,966
<b>Total transfers in</b>	<b>\$ 2,420,189</b>	<b>\$ 440,176</b>	<b>\$ 2,718,472</b>	<b>\$ 699,694</b>	<b>\$ 6,278,531</b>

	Transfers in					
	Internal service	<i>Major Enterprise</i>			Subtotal proprietary	Total transfers out
		Golf course	Drainage utility			
<b>Transfers out</b>						
General	\$ 225,000	\$ 16,095	\$ -	\$ 241,095	\$ 315,789	
Car rental tax	28,665	-	-	28,665	3,175,680	
Water and wastewater	225,000	-	1,500	226,500	1,177,900	
Drainage utility	-	-	-	-	35,456	
Nonmajor governmental	-	277,810	-	277,810	2,347,776	
<b>Total transfers in</b>	<b>\$ 478,665</b>	<b>\$ 293,905</b>	<b>\$ 1,500</b>	<b>\$ 774,070</b>	<b>\$ 7,052,601</b>	

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

**NOTE 7. INTERFUND TRANSFERS – CONTINUED**

Transfers are primarily used to move funds from:

- The general fund to the non-major governmental funds to satisfy grant matching requirements.
- 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 car rental CIP fund for approved capital projects.
- The non-major governmental funds to the debt service fund for the debt service payments on the 2011 Certificates of Obligation and the car rental CIP fund for approved projects.
- The car rental tax fund to the car rental CIP fund and the nonmajor governmental funds to provide funding for approved capital 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 tax fund to the internal service fund for equipment replacement.
- The general fund to the golf course fund to rebate the City portion of sales taxes paid.
- 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 water and wastewater fund to the drainage utility fund for OPEB.

**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.

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

**NOTE 8. RISK MANAGEMENT – CONTINUED**

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 \$4,217,094. During fiscal year 2013, the City and the City's employees contributed approximately \$3,911,543 and \$1,431,215 respectively, for medical coverage. 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, 2013 and 2012 are as follows:

	2013	2012
Unpaid claims, beginning of year	\$ 721,422	\$ 493,342
Incurred claims	4,241,373	4,135,486
Paid claims	(4,590,138)	(3,907,406)
Unpaid claims, end of year	\$ 372,657	\$ 721,422

Settlement amounts have not exceeded stop loss insurance coverage for the year ended September 30, 2013 or any of the three preceding years ended September 30.

**NOTE 9. EMPLOYEE RETIREMENT SYSTEM**

**Plan Description**

The City provides pension benefits for all eligible employees through a non-traditional, joint contributory, hybrid defined-benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used by TMRS. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on the TMRS website at [www.TMRS.com](http://www.TMRS.com).

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

**NOTE 9. EMPLOYEE RETIREMENT SYSTEM – CONTINUED**

**Plan Description – Continued**

The plan provisions are adopted by the City Council of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	Plan Year 2012	Plan Year 2013
Employee deposit rate	7.00%	7.00%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

**Contribution**

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the projected unit credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as updated service credits and annuity increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation/(asset) are as follows:

Annual required contribution (ARC)	\$ 4,715,718
Interest on net pension obligations	198,145
Adjustment to the ARC	<u>(174,087)</u>
Annual pension cost (APC)	4,739,776
Contributions made	<u>(4,715,718)</u>
Increase (decrease) in net pension obligation	24,058
Net pension obligation, beginning of year	<u>2,830,646</u>
Net pension obligation, end of year	<u><u>\$ 2,854,704</u></u>

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

**NOTE 9. EMPLOYEE RETIREMENT SYSTEM – CONTINUED**

**Contribution – Continued**

The required contribution rates for fiscal year 2013 were determined as a part of the December 31, 2010 and 2011 actuarial valuations. Additional information as of the latest actuarial value, December 31, 2012, also follows:

Valuation date	December 31, 2010	December 31, 2011	December 31, 2012
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining amortization period	27.2 years - closed	26.1 years - closed	25.1 years - closed
Asset valuation method	10 year Smoothed Market	10 year Smoothed Market	10 year Smoothed Market
Actuarial assumption			
Investment rate of return	7.0%	7.0%	7.0%
Projected salary increases	Varies by age/service	Varies by age/service	Varies by age/service
Inflation	3%	3%	3%
Cost of living adjustments	2.1%	2.1%	2.1%
Eules payroll growth assumptions	3%	3%	3%

For cities with repeating features in their plans, changes in the valuation methodology would likely result initially in higher required contributions and lower funded ratios. However, the funded ratio should show steady improvement over time. The City has adopted the updated service credit and annuity increase provisions on an annually repeating basis. The schedule of funding progress, presented as Required Supplementary Information immediately following the Notes to the 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 liability for benefits.

**Funded Status and Funding Progress**

The funded status of the plan is presented as follows as of actuarial valuation dated December 31:

Valuation Dated December 31	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Fund Ratio	Annual Covered Payroll	UAAL as % of Payroll
2010	\$ 111,425,190	\$ 134,305,874	\$ 22,880,684	82.96%	\$ 22,615,709	101.17%
2011	121,232,189	142,935,453	21,703,264	84.82%	22,698,035	95.62%
2012	131,280,817	150,172,732	18,891,915	87.42%	23,525,885	80.30%

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

**NOTE 9. EMPLOYEE RETIREMENT SYSTEM – CONTINUED**

**Funded Status and Funding Progress – Continued**

Annual pension cost and percentage of pension cost contributed are as follows:

Fiscal Year Ended 9/30	Annual Pension Cost	Actual Contribution Made	Percentage Contributed	Net Pension Obligation at Year End
2011	\$ 4,867,639	\$ 3,986,692	82%	\$ 2,585,881
2012	4,661,466	4,416,702	95%	2,830,645
2013	4,739,776	4,715,718	99%	2,854,704

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

**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.

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.

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

**NOTE 10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED**

**Postemployment Healthcare Plan – Continued**

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 insomuch 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 Premiums	
	Medical and Dental	Vision
Retiree only	\$ 611.57	\$ 7.87
Retiree plus spouse	1,406.61	15.29
Retiree plus family	1,773.51	21.60
Retiree plus children	1,161.99	12.87

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%

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.

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

**NOTE 10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED**

**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, 2012 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 to an ultimate rate of 6.2% in twenty-six years and an annual dental cost trend rate of 5.7% initially, declining by decrements to an ultimate rate of 3.9% after thirteen years. The inflation rate of 2.75% is used for the calculation. The UAAL 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.

For the year ended September 30, 2013, the City has estimated the cost of providing these benefits through an actuarial valuation as of October 1, 2012. 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	\$ 1,450,220
Interest on net OPEB obligation	(47,568)
Adjustments to annual required contribution	<u>53,705</u>
Annual OPEB cost (expense)	1,456,357
Contributions made	<u>(1,180,892)</u>
Change in OPEB obligation	275,465
Net OPEB obligation (asset) - beginning of year	<u>(634,234)</u>
Net OPEB obligation (asset) - end of year	<u><u>\$ (358,769)</u></u>

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

**NOTE 10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED**

**Annual OPEB Cost and Net OPEB Obligation – Continued**

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2013 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
10/1/2010	9/30/2011	7.0%	\$ 868,574	101.39%	\$ (631,987)
10/1/2010	9/30/2012	7.0%	865,298	100.26%	(634,234)
10/1/2012	9/30/2013	7.5%	1,456,357	81.09%	(358,769)

**Funding Status and Funding Progress**

Actuarial Valuation Date	Fiscal Year Ended	10/1 Value of Assets	Discount Rate	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)
10/1/2010	9/30/2011	\$ 828,339	7.0%	\$ 8,368,989	6.0%	\$ 7,540,650
10/1/2010	9/30/2012	1,222,028	7.0%	8,368,989	14.6%	7,146,961
10/1/2012	9/30/2013	1,830,940	7.5%	14,087,206	13.0%	12,256,266

As of October 1, 2012, the plan was 87.0% unfunded. The value of assets was \$1,830,940, resulting in an UAAL of \$12,256,266.

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, 2013, the following individual funds had an excess of expenditures over appropriations:

Police drug enforcement special revenue fund	\$53,147
Public safety grant special revenue fund	97,135
Car rental tax special revenue fund	43,957

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**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF EULESS, TEXAS  
SCHEDULE OF FUNDING PROGRESS FOR PARTICIPATION IN  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
SEPTEMBER 30, 2013**

Valuation Dated December 31,	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Fund Ratio	Annual Covered Payroll	UAAL as % of Payroll
2010	\$ 111,425,190	\$134,305,874	\$ 22,880,684	82.96%	\$ 22,615,709	101.17%
2011	121,232,189	142,935,453	21,703,264	84.82%	22,698,035	95.62%
2012	131,280,817	150,172,732	18,891,915	87.42%	23,525,885	80.30%

The Schedule of Funding Progress summarizes the actuarial value of the plan's assets and actuarial accrued liability as of December 31, 2012 and each of the two preceding calendar years. The data presented in the schedule was obtained annually from TMRS and was based upon the annual actuarial valuation for the years represented. The City is financially responsible for its own portion of the plan. Therefore, the numbers shown above reflect only the condition of the City's plan.

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 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%. During the year ended December 31, 2012, the plan's funded ratio was 87.42%.

The Schedule of Funding Progress also discloses the relationship between the plan's covered payroll (i.e. all elements included in compensation paid to active members on which contributions are based) and the UAAL. This relationship, expressed as a ratio, is a measure of the significance of the UAAL relative to the capacity to pay all contributions required to fund the liability. During the year ended December 31, 2012, the plan's ratio of the UAAL to its covered payroll was 80.30%.

	Calendar Years				
	2013	2012	2011	2010	2009
City's annual contribution stated as a % of covered payroll	18.99%	18.73%	17.99%	16.49%	15.19%

Note Source: TMRS Comprehensive Annual Report for the Year Ending December 31, 2012 and City records.

**CITY OF EULESS, TEXAS  
SCHEDULE OF FUNDING PROGRESS – OPEB TRUST  
SEPTEMBER 30, 2013**

Valuation Dated 10/01,	Fiscal Year Ended 09/30,	10/1 Actuarial Value of Assets	Discount Rate	Unfunded Actuarial Accrued Liability	Actuarial Accrued Liability ("UAAL")	Funded Ratio	Covered Payroll	UAAL % of Payroll
2009	2010	\$ 400,005	7.0%	\$ 6,651,203	\$ 6,251,198	6%	\$ 22,279,037	28%
2010	2011	826,339	7.0%	8,368,989	7,542,650	10%	22,722,347	33%
2010	2012	1,222,028	7.0%	8,368,989	7,146,961	15%	23,230,021	31%
2012	2013	1,830,940	7.5%	14,087,206	12,256,266	13%	24,264,642	51%

The Schedule of Funding Progress summarizes the actuarial value of the plan's assets and actuarial accrued liability as of October 1, 2012 and the three 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, 2012, the plan's funded ratio was 13%.

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**  
**YEAR ENDED SEPTEMBER 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
General property tax				
Current and delinquent taxes	\$ 9,711,342	\$ 9,711,342	\$ 9,655,096	\$ (56,246)
Penalty and interest	55,000	55,000	85,414	30,414
Total property tax	9,766,342	9,766,342	9,740,510	(25,832)
Gross receipts and mixed beverage tax				
Telephone line access fee	360,000	360,000	346,864	(13,136)
Electric company	1,650,000	1,650,000	1,609,057	(40,943)
Gas company	365,000	365,000	306,295	(58,705)
Cable TV	640,000	640,000	645,301	5,301
City garbage service	190,000	190,000	203,770	13,770
Water and wastewater system	983,086	983,086	951,400	(31,686)
Others	69,750	69,750	75,836	6,086
Total gross receipts and mixed beverage tax	4,257,836	4,257,836	4,138,523	(119,313)
General sales tax	9,275,290	9,275,290	10,096,646	821,356
Fines and fees				
Municipal court fines	3,036,000	3,036,000	3,110,913	74,913
Jail income	300,000	300,000	370,425	70,425
Dog licenses and pound fees	7,000	7,000	3,684	(3,316)
Ambulance fees	865,000	865,000	910,275	45,275
Library fees	35,100	35,100	35,025	(75)
Zoning fees	15,000	15,000	25,268	10,268
Deferred adjudication fee	141,000	141,000	171,609	30,609
Total fines and fees	4,399,100	4,399,100	4,627,199	228,099
Licenses and permits				
Building permits	430,000	430,000	692,787	262,787
Miscellaneous permits	213,350	213,350	234,632	21,282
Minimum housing	211,820	211,820	225,456	13,636
Total licenses and permits	855,170	855,170	1,152,875	297,705
Investment income	60,000	60,000	40,710	(19,290)
Intergovernmental	359,780	359,780	371,623	11,843
Other revenues				
Rental income	512,472	512,472	457,297	(55,175)
Swimming pools	112,500	112,500	241,812	129,312
Miscellaneous income	261,650	261,650	290,918	29,268
Total other revenues	886,622	886,622	990,027	103,405
Total revenues	29,860,140	29,860,140	31,158,113	1,297,973

**CITY OF EULESS, TEXAS**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2013**  
**(CONTINUED)**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
Current				
Culture and recreation	\$ 3,038,235	\$ 3,055,638	\$ 3,041,458	\$ 14,180
Development services	689,429	648,849	606,945	41,904
General and administrative	8,839,736	8,804,904	7,869,353	935,551
Highways and streets	1,157,843	1,157,843	1,144,223	13,620
Public safety	20,254,510	20,312,519	20,021,595	290,924
Total expenditures	<u>33,979,753</u>	<u>33,979,753</u>	<u>32,683,574</u>	<u>1,296,179</u>
Excess (deficiency) of revenues over (under) expenditures	(4,119,613)	(4,119,613)	(1,525,461)	2,594,152
<b>Other financing sources (uses)</b>				
Transfers in	2,494,752	2,494,752	2,420,189	(74,563)
Transfers out	<u>(276,000)</u>	<u>(276,000)</u>	<u>(315,789)</u>	<u>(39,789)</u>
Total other financing sources (uses), net	<u>2,218,752</u>	<u>2,218,752</u>	<u>2,104,400</u>	<u>(114,352)</u>
Net change in fund balance	(1,900,861)	(1,900,861)	578,939	2,479,800
Fund balance, beginning of year	<u>9,311,735</u>	<u>9,311,735</u>	<u>9,311,735</u>	<u>-</u>
Fund balance, end of year	<u>\$ 7,410,874</u>	<u>\$ 7,410,874</u>	<u>\$ 9,890,674</u>	<u>\$ 2,479,800</u>

**CITY OF EULESS, TEXAS**  
**BUDGETARY COMPARISON SCHEDULE – CAR RENTAL TAX SPECIAL REVENUE FUND**  
**YEAR ENDED SEPTEMBER 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Car rental tax	\$ 12,900,000	\$ 12,900,000	\$ 13,592,255	\$ 692,255
Investment income	35,000	35,000	18,030	(16,970)
Total revenues	12,935,000	12,935,000	13,610,285	675,285
<b>Expenditures</b>				
General and administrative	8,607,951	8,607,951	9,033,888	(425,937)
Capital outlay	821,237	821,237	439,257	381,980
Total expenditures	9,429,188	9,429,188	9,473,145	(43,957)
Excess of revenues over expenditures	3,505,812	3,505,812	4,137,140	631,328
<b>Other financing uses</b>				
Transfers out	(3,280,680)	(3,280,680)	(3,175,680)	105,000
Total other financing uses	(3,280,680)	(3,280,680)	(3,175,680)	105,000
<b>Net change in fund balance</b>	225,132	225,132	961,460	736,328
<b>Fund balance, beginning of year</b>	2,911,521	2,911,521	2,911,521	-
<b>Fund balance, end of year</b>	<u>\$ 3,136,653</u>	<u>\$ 3,136,653</u>	<u>\$ 3,872,981</u>	<u>\$ 736,328</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.

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**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 Euless Development Corp, a component unit of the City of Euless. The revenues can only be spent on parks, library, debt service, and economic development activities with the City of Euless.

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 Euless. 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**

Streets Capital Improvements Project Fund - to account for street construction and reconstruction projects and the means of financing such improvements.

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

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 Construction Fund – to account for the construction of a police facility.

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

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

**CITY OF EULESS, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2013**

	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
<b>ASSETS</b>								
Deposits and investments	\$ 169,788	\$ 2,486,318	\$ 121,164	\$ 309,244	\$ 67,081	\$ 2,432,586	\$ 136,133	\$ 56,060
Accounts receivable	140,660	-	-	-	21,462	-	5,451	-
Accrued interest receivable	-	400	-	-	-	-	-	-
Due from other governments	-	699,089	-	349,448	-	-	-	-
Prepays	-	3,975	5,007	-	-	-	-	-
Restricted deposits and investments	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 310,448</b>	<b>\$ 3,189,782</b>	<b>\$ 126,171</b>	<b>\$ 658,692</b>	<b>\$ 88,543</b>	<b>\$ 2,432,586</b>	<b>\$ 141,584</b>	<b>\$ 56,060</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities								
Accounts payable	\$ -	\$ 142,389	\$ 8	\$ 3,511	\$ 11,276	\$ -	\$ 1,274	\$ -
Accrued salaries and wages	-	42,446	-	50,518	1,831	4,027	2,152	-
Deferred revenue	55,841	-	-	-	-	-	5,451	-
<b>Total liabilities</b>	<b>55,841</b>	<b>184,835</b>	<b>8</b>	<b>54,029</b>	<b>13,107</b>	<b>4,027</b>	<b>8,877</b>	<b>-</b>
Fund Balances								
Nonspendable	-	3,975	5,007	-	-	-	-	-
Restricted, debt service	-	913,530	-	-	-	-	-	56,060
Restricted, capital projects	-	-	-	-	-	-	-	-
Restricted, historical preservation	1,245	-	-	-	-	-	-	-
Restricted, juvenile case management	-	-	-	-	-	-	132,707	-
Restricted, PEG fees	-	-	-	-	-	-	-	-
Restricted, developer agreements	-	-	-	-	-	-	-	-
Assigned	253,362	2,087,442	121,156	604,663	75,436	2,428,559	-	-
<b>Total fund balances</b>	<b>254,607</b>	<b>3,004,947</b>	<b>126,163</b>	<b>604,663</b>	<b>75,436</b>	<b>2,428,559</b>	<b>132,707</b>	<b>56,060</b>
<b>Total liabilities and fund balances</b>	<b>\$ 310,448</b>	<b>\$ 3,189,782</b>	<b>\$ 126,171</b>	<b>\$ 658,692</b>	<b>\$ 88,543</b>	<b>\$ 2,432,586</b>	<b>\$ 141,584</b>	<b>\$ 56,060</b>

Special Revenue Funds			Capital Projects Funds							
TIRZ #3 Glade Parks Fund	Cable PEG Fees Fund	Special Revenue Funds Total	Streets CIP Fund	Half-Penny Sales Tax Capital Projects	Developers' Contribution Fund	Police Facility Construction Fund	General Capital Projects Fund	Redevelopment Fund	Capital Project Funds Totals	Total Non-major Governmental Funds
\$ -	\$ 258,467	\$ 6,036,841	\$ 1,516,312	\$ 1,043,333	\$ 1,448,097	\$ 77,526	\$ 633,129	\$ 205,396	\$ 4,923,793	\$ 10,960,634
-	32,000	199,573	-	-	-	-	47,890	-	47,890	247,463
-	-	400	863	75	967	-	-	-	1,905	2,305
-	-	1,048,537	-	-	-	-	-	-	-	1,048,537
-	-	8,982	308	174	-	-	-	-	482	9,464
-	-	-	365,641	-	-	-	-	-	365,641	365,641
<u>\$ -</u>	<u>\$ 290,467</u>	<u>\$ 7,294,333</u>	<u>\$ 1,883,124</u>	<u>\$ 1,043,582</u>	<u>\$ 1,449,064</u>	<u>\$ 77,526</u>	<u>\$ 681,019</u>	<u>\$ 205,396</u>	<u>\$ 5,339,711</u>	<u>\$ 12,634,044</u>
\$ -	\$ -	\$ 158,458	\$ 226,502	\$ 174	\$ 1,305	\$ -	\$ -	\$ -	\$ 227,981	\$ 386,439
-	-	100,974	-	-	-	-	-	-	-	100,974
-	-	61,292	-	-	-	-	-	-	-	61,292
-	-	320,724	226,502	174	1,305	-	-	-	227,981	548,705
-	-	8,982	308	174	-	-	-	-	482	9,464
-	-	969,590	-	-	-	-	-	-	-	969,590
-	-	-	365,641	-	-	-	-	-	365,641	365,641
-	-	1,245	-	-	-	-	-	-	-	1,245
-	-	132,707	-	-	-	-	-	-	-	132,707
-	290,467	290,467	-	-	-	-	-	-	-	290,467
-	-	-	-	-	1,447,759	-	-	-	1,447,759	1,447,759
-	-	5,570,618	1,290,673	1,043,234	-	77,526	681,019	205,396	3,297,848	8,868,466
-	290,467	6,973,609	1,656,622	1,043,408	1,447,759	77,526	681,019	205,396	5,111,730	12,085,339
<u>\$ -</u>	<u>\$ 290,467</u>	<u>\$ 7,294,333</u>	<u>\$ 1,883,124</u>	<u>\$ 1,043,582</u>	<u>\$ 1,449,064</u>	<u>\$ 77,526</u>	<u>\$ 681,019</u>	<u>\$ 205,396</u>	<u>\$ 5,339,711</u>	<u>\$ 12,634,044</u>

**CITY OF EULESS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES – NON-MAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2013**

	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
<b>Revenues</b>								
Gross receipts tax	\$ 329,368	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General sales tax	-	4,042,405	-	1,993,937	-	-	-	-
Investment income	114	10,129	124	178	-	116	73	-
DEA revenues	-	-	3,571	-	-	2,443,023	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Rents and royalties	-	-	-	-	-	-	-	-
Other revenues	5	-	23,152	3,302	125,137	-	93,781	126,860
<b>Total revenues</b>	<b>329,487</b>	<b>4,052,534</b>	<b>26,847</b>	<b>1,997,417</b>	<b>125,137</b>	<b>2,443,139</b>	<b>93,854</b>	<b>126,860</b>
<b>Expenditures</b>								
Culture and recreation	-	2,105,404	-	-	-	-	-	-
Development services	-	199,330	-	-	-	-	-	-
General and administrative	-	237,172	-	-	-	-	67,521	-
Public safety	-	-	46,694	1,890,824	187,605	14,580	-	-
Debt service								
Principal	-	860,000	-	-	-	-	-	-
Interest and fiscal charges	-	41,913	-	-	-	-	-	-
Capital outlay	-	19,148	6,953	-	14,117	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>3,462,967</b>	<b>53,647</b>	<b>1,890,824</b>	<b>201,722</b>	<b>14,580</b>	<b>67,521</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	329,487	589,567	(26,800)	106,593	(76,585)	2,428,559	26,333	126,860
<b>Other financing sources (uses)</b>								
Issuance of capital lease	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	74,694	-	-	-
Transfers out	(277,810)	(325,000)	-	-	-	-	-	(230,625)
<b>Total other financing sources (uses)</b>	<b>(277,810)</b>	<b>(325,000)</b>	<b>-</b>	<b>-</b>	<b>74,694</b>	<b>-</b>	<b>-</b>	<b>(230,625)</b>
<b>Net change in fund balances</b>	<b>51,677</b>	<b>264,567</b>	<b>(26,800)</b>	<b>106,593</b>	<b>(1,891)</b>	<b>2,428,559</b>	<b>26,333</b>	<b>(103,765)</b>
<b>Fund balance, beginning of year</b>	<b>202,930</b>	<b>2,740,380</b>	<b>152,963</b>	<b>498,070</b>	<b>77,327</b>	<b>-</b>	<b>106,374</b>	<b>159,825</b>
<b>Fund balance, end of year</b>	<b>\$ 254,607</b>	<b>\$ 3,004,947</b>	<b>\$ 126,163</b>	<b>\$ 604,663</b>	<b>\$ 75,436</b>	<b>\$ 2,428,559</b>	<b>\$ 132,707</b>	<b>\$ 56,060</b>

Special Revenue Funds			Capital Projects Funds								
TIRZ #3 Glade Parks Fund	Cable PEG Fees Fund	Special Revenue Funds Totals	Streets CIP Fund	Half-Penny Sales Tax Capital Projects	Developers' Contribution Fund	Police Facility Construction Fund	General Capital Projects Fund	Redevelopment Fund	Capital Project Funds Totals	Total Non-major Governmental Funds	
\$ -	\$ 131,864	\$ 461,232	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 461,232	
9,369	-	6,045,711	-	-	-	-	-	-	-	6,045,711	
-	-	10,734	3,637	4,149	2,331	91	2,139	251	12,598	23,332	
-	-	2,446,594	-	-	-	-	-	-	-	2,446,594	
-	-	-	24,899	-	-	-	-	-	24,899	24,899	
-	-	-	-	-	-	-	314,092	-	314,092	314,092	
-	-	372,237	-	-	20,908	-	-	-	20,908	393,145	
9,369	131,864	9,336,508	28,536	4,149	23,239	91	316,231	251	372,497	9,709,005	
-	-	2,105,404	-	20,536	4,079	-	-	-	24,615	2,130,019	
-	-	199,330	-	-	-	-	-	-	-	199,330	
-	-	304,693	-	-	-	-	-	-	-	304,693	
-	-	2,139,703	-	-	-	31,190	-	-	31,190	2,170,893	
-	-	860,000	-	-	-	-	-	-	-	860,000	
-	-	41,913	-	-	-	-	-	-	-	41,913	
-	-	40,218	858,826	619,979	-	-	1,446,603	75,403	3,000,811	3,041,029	
-	-	5,691,261	858,826	640,515	4,079	31,190	1,446,603	75,403	3,056,616	8,747,877	
9,369	131,864	3,645,247	(830,290)	(636,366)	19,160	(31,099)	(1,130,372)	(75,152)	(2,684,119)	961,128	
-	-	-	-	-	-	-	1,446,603	-	1,446,603	1,446,603	
-	-	74,694	300,000	325,000	-	-	-	-	625,000	699,694	
(9,369)	-	(842,804)	-	-	-	-	(1,504,972)	-	(1,504,972)	(2,347,776)	
(9,369)	-	(768,110)	300,000	325,000	-	-	(58,369)	-	566,631	(201,479)	
-	131,864	2,877,137	(530,290)	(311,366)	19,160	(31,099)	(1,188,741)	(75,152)	(2,117,488)	759,649	
-	158,603	4,096,472	2,186,912	1,354,774	1,428,599	108,625	1,869,760	280,548	7,229,218	11,325,690	
\$ -	\$ 290,467	\$ 6,973,609	\$ 1,656,622	\$ 1,043,408	\$ 1,447,759	\$ 77,526	\$ 681,019	\$ 205,396	\$ 5,111,730	\$ 12,085,339	

**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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Gross receipts tax	\$ 280,000	\$ 280,000	\$ 329,368	\$ 49,368
Investment income	150	150	114	(36)
Other revenues	-	-	5	5
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	280,150	280,150	329,487	49,337
<b>Other financing uses</b>				
Transfers out	(277,810)	(277,810)	(277,810)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing uses	(277,810)	(277,810)	(277,810)	-
<b>Net change in fund balance</b>	2,340	2,340	51,677	49,337
<b>Fund balance, beginning of year</b>	<hr/> 202,930	<hr/> 202,930	<hr/> 202,930	<hr/> -
<b>Fund balance, end of year</b>	<u>\$ 205,270</u>	<u>\$ 205,270</u>	<u>\$ 254,607</u>	<u>\$ 49,337</u>

**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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
General sales tax	\$ 3,710,116	\$ 3,710,116	\$ 4,042,405	\$ 332,289
Investment income	3,500	3,500	10,129	6,629
Total revenues	3,713,616	3,713,616	4,052,534	338,918
<b>Expenditures</b>				
Culture and recreation	2,204,916	2,204,916	2,105,404	99,512
Development services	567,626	567,626	199,330	368,296
General and administrative	209,474	209,474	237,172	(27,698)
Debt service				
Principal	860,000	860,000	860,000	-
Interest and fiscal charges	41,914	41,914	41,913	1
Capital outlay	-	-	19,148	(19,148)
Total expenditures	3,883,930	3,883,930	3,462,967	420,963
Excess (deficiency) of revenues over (under) expenditures	(170,314)	(170,314)	589,567	759,881
<b>Other financing uses</b>				
Transfers out	(325,000)	(325,000)	(325,000)	-
Total other financing uses	(325,000)	(325,000)	(325,000)	-
<b>Net change in fund balance</b>	(495,314)	(495,314)	264,567	759,881
<b>Fund balance, beginning of year</b>	2,740,380	2,740,380	2,740,380	-
<b>Fund balance, end of year</b>	<u>\$ 2,245,066</u>	<u>\$ 2,245,066</u>	<u>\$ 3,004,947</u>	<u>\$ 759,881</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive – (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment income	\$ 1,000	\$ 1,000	\$ 124	\$ (876)
DEA revenues	-	-	3,571	3,571
Other	-	-	23,152	23,152
	<u>1,000</u>	<u>1,000</u>	<u>26,847</u>	<u>25,847</u>
<b>Expenditures</b>				
Public safety	500	500	46,694	(46,194)
	<u>-</u>	<u>-</u>	<u>6,953</u>	<u>(6,953)</u>
	<u>500</u>	<u>500</u>	<u>53,647</u>	<u>(53,147)</u>
<b>Net change in fund balance</b>	500	500	(26,800)	(27,300)
<b>Fund balance, beginning of year</b>	<u>152,963</u>	<u>152,963</u>	<u>152,963</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 153,463</u>	<u>\$ 153,463</u>	<u>\$ 126,163</u>	<u>\$ (27,300)</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
General sales tax	\$ 1,782,440	\$ 1,782,440	\$ 1,993,937	\$ 211,497
Other revenue	-	-	3,302	3,302
Investment income	150	150	178	28
	<u>1,782,590</u>	<u>1,782,590</u>	<u>1,997,417</u>	<u>214,827</u>
Total revenues	1,782,590	1,782,590	1,997,417	214,827
<b>Expenditures</b>				
Public safety	1,890,825	1,890,825	1,890,824	1
	<u>1,890,825</u>	<u>1,890,825</u>	<u>1,890,824</u>	<u>1</u>
Total expenditures	1,890,825	1,890,825	1,890,824	1
<b>Net change in fund balance</b>	(108,235)	(108,235)	106,593	214,828
<b>Fund balance, beginning of year</b>	<u>498,070</u>	<u>498,070</u>	<u>498,070</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 389,835</u></u>	<u><u>\$ 389,835</u></u>	<u><u>\$ 604,663</u></u>	<u><u>\$ 214,828</u></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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Other revenues	\$ 69,587	\$ 69,587	\$ 125,137	\$ 55,550
Total revenues	69,587	69,587	125,137	55,550
<b>Expenditures</b>				
Public safety	104,587	104,587	187,605	(83,018)
Capital outlay	-	-	14,117	(14,117)
Total expenditures	104,587	104,587	201,722	(97,135)
<b>Other financing sources</b>				
Transfers in	35,000	35,000	74,694	39,694
Total other financing sources	35,000	35,000	74,694	39,694
<b>Net change in fund balance</b>	-	-	(1,891)	(1,891)
<b>Fund balance, beginning of year</b>	77,327	77,327	77,327	-
<b>Fund balance, end of year</b>	<u>\$ 77,327</u>	<u>\$ 77,327</u>	<u>\$ 75,436</u>	<u>\$ (1,891)</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment income	\$ -	\$ -	\$ 116	\$ 116
DEA revenues	<u>263,970</u>	<u>263,970</u>	<u>2,443,023</u>	<u>2,179,053</u>
Total revenues	263,970	263,970	2,443,139	2,179,169
<b>Expenditures</b>				
Public safety	<u>263,970</u>	<u>263,970</u>	<u>14,580</u>	<u>249,390</u>
Total expenditures	<u>263,970</u>	<u>263,970</u>	<u>14,580</u>	<u>249,390</u>
<b>Net change in fund balance</b>	-	-	2,428,559	2,428,559
<b>Fund balance, beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,428,559</u>	<u>\$ 2,428,559</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment income	\$ -	\$ -	\$ 73	\$ 73
Other revenues	82,500	82,500	93,781	11,281
Total revenues	82,500	82,500	93,854	11,354
<b>Expenditures</b>				
General and administrative	80,589	80,589	67,521	13,068
Total expenditures	80,589	80,589	67,521	13,068
<b>Net change in fund balance</b>	1,911	1,911	26,333	24,422
<b>Fund balance, beginning of year</b>	106,374	106,374	106,374	-
<b>Fund balance, end of year</b>	<u>\$ 108,285</u>	<u>\$ 108,285</u>	<u>\$ 132,707</u>	<u>\$ 24,422</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Other revenues	\$ 114,994	\$ 114,994	\$ 126,860	\$ 11,866
Total revenues	114,994	114,994	126,860	11,866
<b>Other financing sources (uses)</b>				
Transfers in	105,000	105,000	-	(105,000)
Transfers out	(228,364)	(228,364)	(230,625)	(2,261)
Total other financing sources (uses)	(123,364)	(123,364)	(230,625)	(107,261)
<b>Net change in fund balance</b>	(8,370)	(8,370)	(103,765)	(95,395)
<b>Fund balance, beginning of year</b>	159,825	159,825	159,825	-
<b>Fund balance, end of year</b>	<u>\$ 151,455</u>	<u>\$ 151,455</u>	<u>\$ 56,060</u>	<u>\$ (95,395)</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
General sales tax	\$ 11,630	\$ 11,630	\$ 9,369	\$ (2,261)
Total revenues	11,630	11,630	9,369	(2,261)
<b>Other financing uses</b>				
Transfers out	(11,630)	(11,630)	(9,369)	2,261
Total other financing uses	(11,630)	(11,630)	(9,369)	2,261
<b>Net change in fund balance</b>	-	-	-	-
<b>Fund balance, beginning of year</b>	-	-	-	-
<b>Fund balance, end of year</b>	\$ -	\$ -	\$ -	\$ -

## **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, 2013**

(1 of 2)

<b>ASSETS</b>	<b>Recreation Classes</b>	<b>Texas Star Sports Complex</b>	<b>Arbor Daze</b>	<b>Totals</b>
Current assets				
Deposits and investments	\$ 363,979	\$ 1,687,626	\$ 33,531	\$ 2,085,136
Accounts receivable and unbilled revenue	664	30,450	-	31,114
Prepays and deposits	998	17,440	-	18,438
Inventory	-	67,465	-	67,465
<b>Total current assets</b>	<b>365,641</b>	<b>1,802,981</b>	<b>33,531</b>	<b>2,202,153</b>
Non-current assets				
Bond issuance cost, net	-	10,849	-	10,849
Net OPEB asset	555	4,125	-	4,680
<b>Total non-current assets</b>	<b>555</b>	<b>14,974</b>	<b>-</b>	<b>15,529</b>
Property, plant, and equipment, at cost				
Land	-	584,532	-	584,532
Building	-	488,275	-	488,275
Equipment	73,777	126,498	-	200,275
Improvements	-	8,150,654	-	8,150,654
<b>Total property, plant, and equipment</b>	<b>73,777</b>	<b>9,349,959</b>	<b>-</b>	<b>9,423,736</b>
Less accumulated depreciation	64,698	4,046,037	-	4,110,735
<b>Net property, plant, and equipment</b>	<b>9,079</b>	<b>5,303,922</b>	<b>-</b>	<b>5,313,001</b>
<b>Total non-current assets</b>	<b>9,634</b>	<b>5,318,896</b>	<b>-</b>	<b>5,328,530</b>
<b>Total assets</b>	<b>\$ 375,275</b>	<b>\$ 7,121,877</b>	<b>\$ 33,531</b>	<b>\$ 7,530,683</b>

**CITY OF EULESS, TEXAS  
COMBINING STATEMENT OF NET POSITION  
NON-MAJOR PROPRIETARY FUNDS  
SEPTEMBER 30, 2013**

(2 of 2)

	<u>Recreation Classes</u>	<u>Texas Star Sports Complex</u>	<u>Arbor Daze</u>	<u>Totals</u>
<b>LIABILITIES</b>				
Current liabilities				
Payable from current assets				
Accounts payable	\$ 10,570	\$ 39,573	\$ -	\$ 50,143
Accrued salaries and wages	2,554	16,849	-	19,403
Current portion of bonds payable	-	150,000	-	150,000
Accrued interest	-	1,925	-	1,925
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	13,124	208,347	-	221,471
Non-current liabilities				
Net pension obligation	-	10,277	-	10,277
Bonds payable	-	313,837	-	313,837
	<hr/>	<hr/>	<hr/>	<hr/>
Total non-current liabilities	-	324,114	-	324,114
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	13,124	532,461	-	545,585
<b>NET POSITION</b>				
Net investment in capital assets	9,079	4,840,085	-	4,849,164
Unrestricted	353,072	1,749,331	33,531	2,135,934
	<hr/>	<hr/>	<hr/>	<hr/>
Total net position	<u>\$ 362,151</u>	<u>\$ 6,589,416</u>	<u>\$ 33,531</u>	<u>\$ 6,985,098</u>

**CITY OF EULESS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN NET POSITION**  
**NON-MAJOR PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2013**

	<u>Recreation Classes</u>	<u>Texas Star Sports Complex</u>	<u>Arbor Daze</u>	<u>Totals</u>
<b>Operating revenues</b>				
Recreation fees	\$ 447,032	\$ -	\$ -	\$ 447,032
Service fees and miscellaneous	-	1,624,516	67,052	1,691,568
Total operating revenues	447,032	1,624,516	67,052	2,138,600
<b>Operating expenses</b>				
Recreation classes	498,801	-	-	498,801
Texas Star Sports Complex	-	1,395,406	-	1,395,406
Arbor Daze	-	-	66,885	66,885
Depreciation	3,896	310,865	-	314,761
Amortization	-	11,004	-	11,004
Total operating expenses	502,697	1,717,275	66,885	2,286,857
Operating income (loss)	(55,665)	(92,759)	167	(148,257)
<b>Nonoperating revenues (expenses)</b>				
Loss on sale of capital asset	(317)	-	-	(317)
Investment income	389	1,638	20	2,047
Interest expense	-	(20,955)	-	(20,955)
Total nonoperating revenues (expenses), net	72	(19,317)	20	(19,225)
<b>Change in net position</b>	(55,593)	(112,076)	187	(167,482)
<b>Net position, beginning of year</b>	417,744	6,701,492	33,344	7,152,580
<b>Net position, end of year</b>	<u>\$ 362,151</u>	<u>\$ 6,589,416</u>	<u>\$ 33,531</u>	<u>\$ 6,985,098</u>

**CITY OF EULESS, TEXAS  
COMBINING STATEMENT OF CASH FLOWS  
NON-MAJOR PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2013**

	<u>Recreation Classes</u>	<u>Texas Star Sports Complex</u>	<u>Arbor Daze</u>	<u>Totals</u>
<b>OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 446,368	\$ 1,621,619	\$ 67,053	\$ 2,135,040
Cash payments to suppliers for goods and services	(319,892)	(1,074,823)	(66,886)	(1,461,601)
Cash payments to employees for services	(173,116)	(291,370)	-	(464,486)
Net cash provided by (used in) operating activities	(46,640)	255,426	167	208,953
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Interest paid on bonds	-	(22,921)	-	(22,921)
Reduction in bonds payable	-	(620,000)	-	(620,000)
Proceeds from bond issuances	-	484,618	-	484,618
Net cash used in capital and related financing activities	-	(158,303)	-	(158,303)
<b>INVESTING ACTIVITIES</b>				
Interest received on investments	389	1,638	20	2,047
Net cash provided by investing activities	389	1,638	20	2,047
<b>Net change in cash and cash equivalents</b>	(46,251)	98,761	187	52,697
<b>Cash and cash equivalents, beginning of year</b>	410,230	1,588,865	33,344	2,032,439
<b>Cash and cash equivalents, end of year</b>	<u>\$ 363,979</u>	<u>\$ 1,687,626</u>	<u>\$ 33,531</u>	<u>\$ 2,085,136</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>				
Operating income (loss)	\$ (55,665)	\$ (92,759)	\$ 167	\$ (148,257)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization	3,896	321,869	-	325,765
Changes in assets and liabilities				
Accounts receivable and unbilled revenue	(664)	(2,899)	-	(3,563)
Prepays and deposits	(928)	(3,049)	-	(3,977)
Net OPEB asset	-	1,087	-	1,087
Net pension obligation	(55)	(139)	-	(194)
Inventory	-	37,725	-	37,725
Accounts payable	6,358	(6,845)	-	(487)
Accrued salaries and wages	418	436	-	854
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (46,640)</u>	<u>\$ 255,426</u>	<u>\$ 167</u>	<u>\$ 208,953</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, 2013**

	<b>Equipment Replacement Fund</b>	<b>Insurance Fund</b>	<b>Risk/WC Fund</b>	<b>Total</b>
<b>ASSETS</b>				
Deposits and investments	\$ 2,703,859	\$ 2,857,433	\$ 1,847,739	\$ 7,409,031
Accounts receivable	8,404	122,206	-	130,610
Prepaid expenses	-	54,775	-	54,775
Accrued interest receivable	172	1,825	120	2,117
Total current assets	2,712,435	3,036,239	1,847,859	7,596,533
Property, plant, and equipment, at cost				
Equipment	8,598,331	-	13,870	8,612,201
Less accumulated depreciation	6,247,216	-	8,914	6,256,130
Net property, plant, and equipment	2,351,115	-	4,956	2,356,071
Total assets	5,063,550	3,036,239	1,852,815	9,952,604
<b>LIABILITIES</b>				
Accounts payable	1,575	9,481	381,799	392,855
Accrued salary and wages	-	7,272	4,242	11,514
Accrued insurance claims	-	372,657	112,668	485,325
Total liabilities	1,575	389,410	498,709	889,694
<b>NET POSITION</b>				
Net investment in capital assets	2,351,115	-	4,956	2,356,071
Unrestricted	2,710,860	2,646,829	1,349,150	6,706,839
Total net position	<u>\$ 5,061,975</u>	<u>\$ 2,646,829</u>	<u>\$ 1,354,106</u>	<u>\$ 9,062,910</u>

**CITY OF EULESS, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN NET POSITION  
INTERNAL SERVICE FUNDS  
YEAR ENDED SEPTEMBER 30, 2013**

	<b>Equipment Replacement Fund</b>	<b>Insurance Fund</b>	<b>Risk/WC Fund</b>	<b>Total</b>
<b>Operating revenues</b>				
Insurance premiums	\$ -	\$ 5,097,932	\$ 352,652	\$ 5,450,584
Service fees and miscellaneous	902,861	29,005	-	931,866
<b>Total operating revenues</b>	<b>902,861</b>	<b>5,126,937</b>	<b>352,652</b>	<b>6,382,450</b>
<b>Operating expenses</b>				
General and administrative	80,924	1,295,600	63,769	1,440,293
Insurance costs	-	3,880,220	558,998	4,439,218
Depreciation	764,255	-	763	765,018
<b>Total operating expenses</b>	<b>845,179</b>	<b>5,175,820</b>	<b>623,530</b>	<b>6,644,529</b>
Operating income (loss)	57,682	(48,883)	(270,878)	(262,079)
<b>Nonoperating revenues</b>				
Gain on sale of capital assets	159,141	-	-	159,141
Investment income	5,535	7,383	1,485	14,403
<b>Total nonoperating revenues</b>	<b>164,676</b>	<b>7,383</b>	<b>1,485</b>	<b>173,544</b>
Income (loss) before transfers	222,358	(41,500)	(269,393)	(88,535)
<b>Other financing sources</b>				
Transfers in	28,665	-	450,000	478,665
<b>Change in net position</b>	<b>251,023</b>	<b>(41,500)</b>	<b>180,607</b>	<b>390,130</b>
<b>Net position, beginning of year</b>	<b>4,810,952</b>	<b>2,688,329</b>	<b>1,173,499</b>	<b>8,672,780</b>
<b>Net position, end of year</b>	<b>\$ 5,061,975</b>	<b>\$ 2,646,829</b>	<b>\$ 1,354,106</b>	<b>\$ 9,062,910</b>

**CITY OF EULESS, TEXAS  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED SEPTEMBER 30, 2013**

	Equipment Replacement Fund	Insurance Fund	Risk/WC Fund	Total
<b>OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 894,457	\$ 5,143,000	\$ 352,652	\$ 6,390,109
Cash payments to suppliers for goods and services	(79,349)	(5,540,840)	(569,520)	(6,189,709)
Cash payments to employees for services	-	(40,963)	(43,805)	(84,768)
Net cash provided by (used in) operating activities	815,108	(438,803)	(260,673)	115,632
<b>NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	28,665	-	450,000	478,665
Net cash provided by noncapital financing activities	28,665	-	450,000	478,665
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	(1,140,553)	-	-	(1,140,553)
Proceeds from sale of capital assets	166,352	-	-	166,352
Net cash used in capital and related financing activities	(974,201)	-	-	(974,201)
<b>INVESTING ACTIVITIES</b>				
Proceeds from sale of investment securities	763	-	-	763
Interest received on investments	5,535	6,627	1,365	13,527
Net cash provided by investing activities	6,298	6,627	1,365	14,290
Net increase (decrease) in cash and cash equivalents	(124,130)	(432,176)	190,692	(365,614)
<b>Cash and cash equivalents, beginning of year</b>	<b>2,827,989</b>	<b>3,289,609</b>	<b>1,657,047</b>	<b>7,774,645</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,703,859</b>	<b>\$ 2,857,433</b>	<b>\$ 1,847,739</b>	<b>\$ 7,409,031</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>				
Operating income (loss)	\$ 57,682	\$ (48,883)	\$ (270,878)	\$ (262,079)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	764,255	-	763	765,018
Change in assets and liabilities				
Receivables	(8,404)	16,063	-	7,659
Prepays	-	(54,775)	-	(54,775)
Accounts payable	1,575	(2,321)	11,658	10,912
Accrued salaries and wages	-	(122)	644	522
Accrued insurance claims	-	(348,765)	(2,860)	(351,625)
Net cash provided by (used in) operating activities	\$ 815,108	\$ (438,803)	\$ (260,673)	\$ 115,632

**CITY OF EULESS, TEXAS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ESCROW AGENCY FUNDS  
YEAR ENDED SEPTEMBER 30, 2013**

	<u>Balance October 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2013</u>
<b>Stars Center Escrow Fund</b>				
<b>Assets</b>				
Investments at fair value	\$ 1,421,048	\$ 1,347	\$ (1,685)	\$ 1,420,710
Total assets	<u>\$ 1,421,048</u>	<u>\$ 1,347</u>	<u>\$ (1,685)</u>	<u>\$ 1,420,710</u>
<b>Liabilities</b>				
Due to other entities	\$ 1,420,547	\$ -	\$ -	\$ 1,420,547
Refunds payable	501	163	(501)	163
Total liabilities	<u>\$ 1,421,048</u>	<u>\$ 163</u>	<u>\$ (501)</u>	<u>\$ 1,420,710</u>
<b>Glade Parks Escrow Fund</b>				
<b>Assets</b>				
Investments at fair value	\$ 513,370	\$ 440	\$ (230,068)	\$ 283,742
Total assets	<u>\$ 513,370</u>	<u>\$ 440</u>	<u>\$ (230,068)</u>	<u>\$ 283,742</u>
<b>Liabilities</b>				
Due to other entities	\$ 513,370	\$ 440	\$ (230,068)	\$ 283,742
Total liabilities	<u>\$ 513,370</u>	<u>\$ 440</u>	<u>\$ (230,068)</u>	<u>\$ 283,742</u>
<b>Total Agency Funds</b>				
<b>Assets</b>				
Investments at fair value	\$ 1,934,418	\$ 1,787	\$ (231,753)	\$ 1,704,452
Total assets	<u>\$ 1,934,418</u>	<u>\$ 1,787</u>	<u>\$ (231,753)</u>	<u>\$ 1,704,452</u>
<b>Liabilities</b>				
Due to other entities	\$ 1,933,917	\$ 440	\$ (230,068)	\$ 1,704,289
Refunds payable	501	163	(501)	163
Total liabilities	<u>\$ 1,934,418</u>	<u>\$ 603</u>	<u>\$ (230,569)</u>	<u>\$ 1,704,452</u>

**STATISTICAL SECTION  
(Unaudited)**

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## **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
<b>Financial Trends</b> 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.	1-4
<b>Revenue Capacity</b> The revenue capacity schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	5-8
<b>Debt Capacity</b> 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.	9-13
<b>Demographic and Economic Information</b> 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.	14-15
<b>Operating Information</b> 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.	16-18

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

Table 1

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 46,733,074	\$ 49,659,438	\$ 49,883,218	\$ 58,251,542	\$ 60,799,897	\$ 66,241,593	\$ 73,815,504	\$ 71,051,094	\$ 77,828,950	\$ 88,228,282
Restricted	1,304,226	1,455,709	1,448,741	1,725,998	1,813,871	1,845,987	1,375,950	1,818,957	4,426,819	4,138,774
Unrestricted	14,657,018	17,512,832	25,497,497	27,104,410	31,041,434	29,885,070	24,933,443	31,448,528	27,192,202	24,910,579
Total governmental activities net position	<u>\$ 62,694,318</u>	<u>\$ 68,627,979</u>	<u>\$ 76,829,456</u>	<u>\$ 87,081,950</u>	<u>\$ 93,655,202</u>	<u>\$ 97,972,650</u>	<u>\$ 100,124,897</u>	<u>\$ 104,318,579</u>	<u>\$ 109,447,971</u>	<u>\$ 117,277,635</u>
Business-type activities										
Net investment in capital assets	\$ 43,283,643	\$ 47,988,447	\$ 48,278,044	\$ 50,186,697	\$ 52,155,251	\$ 53,569,070	\$ 53,318,214	\$ 53,132,882	\$ 52,202,849	\$ 52,334,570
Restricted for debt service	-	-	-	-	-	3,963,919	438,340	438,948	309,595	314,171
Restricted for impact fees and debt service	-	-	-	-	-	-	2,999,156	2,649,336	2,401,217	2,740,656
Unrestricted	16,906,068	15,830,507	19,099,883	16,421,971	16,900,637	12,980,130	13,987,730	16,947,928	17,703,257	18,150,441
Total business-type activities net position	<u>\$ 60,189,711</u>	<u>\$ 63,818,954</u>	<u>\$ 67,377,927</u>	<u>\$ 66,608,668</u>	<u>\$ 69,055,888</u>	<u>\$ 70,513,119</u>	<u>\$ 70,743,440</u>	<u>\$ 73,169,094</u>	<u>\$ 72,616,918</u>	<u>\$ 73,539,838</u>
Primary government										
Net investment in capital assets	\$ 90,016,717	\$ 97,647,885	\$ 98,161,262	\$ 108,438,239	\$ 112,955,148	\$ 119,810,663	\$ 127,133,718	\$ 124,183,976	\$ 130,031,799	\$ 140,562,852
Restricted	1,304,226	1,455,709	1,448,741	1,725,998	1,813,871	5,809,906	1,814,290	4,907,241	7,137,631	7,193,601
Unrestricted	31,563,086	33,343,339	44,597,380	43,526,381	47,942,071	42,865,200	38,921,173	48,396,456	44,895,459	43,061,020
Total primary government net position	<u>\$ 122,884,029</u>	<u>\$ 132,446,933</u>	<u>\$ 144,207,383</u>	<u>\$ 153,690,618</u>	<u>\$ 162,711,090</u>	<u>\$ 168,485,769</u>	<u>\$ 167,869,181</u>	<u>\$ 177,487,673</u>	<u>\$ 182,064,889</u>	<u>\$ 190,817,473</u>

Source: Comprehensive Annual Financial Reports

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

Table 2

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
Governmental activities:										
Culture and recreation	\$ 4,411,726	\$ 4,573,219	\$ 4,892,346	\$ 5,002,569	\$ 4,862,749	\$ 4,892,936	\$ 5,004,580	\$ 5,091,589	\$ 5,680,772	\$ 6,025,540
Development services	1,217,794	1,113,875	1,169,285	1,487,102	1,420,477	1,707,421	1,692,845	1,707,148	972,770	1,155,089
General and administrative	12,337,712	13,370,907	15,122,831	16,495,449	17,733,714	17,267,094	14,571,600	15,698,832	15,910,313	17,145,752
Highways and streets	2,398,447	1,734,487	2,211,083	2,206,697	2,534,856	2,057,123	2,662,949	2,923,241	2,968,770	3,334,188
Public safety	15,315,777	15,514,301	16,252,071	17,047,334	18,708,849	19,379,290	21,416,966	20,754,733	22,316,429	23,324,328
Interest on long-term debt	2,765,102	2,572,094	2,741,754	2,664,658	3,151,039	2,377,564	1,885,177	1,618,420	1,327,482	1,227,084
Total governmental activities expenses	<u>38,446,558</u>	<u>38,878,883</u>	<u>42,389,370</u>	<u>44,903,809</u>	<u>48,411,684</u>	<u>47,681,428</u>	<u>47,234,117</u>	<u>47,793,963</u>	<u>49,176,536</u>	<u>52,211,981</u>
Business-type activities:										
Water and wastewater	12,550,708	13,227,562	15,285,026	15,418,299	16,462,599	15,623,464	17,035,520	17,827,272	17,813,199	18,554,761
Drainage utility	793,358	875,995	884,763	1,059,272	932,771	947,869	1,107,206	1,177,938	1,283,617	1,245,838
Golf	3,667,537	3,792,552	4,003,035	4,250,866	4,421,256	4,690,701	4,460,627	4,483,252	4,599,099	4,750,359
Other recreation enterprises	2,299,391	2,630,760	1,842,550	2,109,291	2,155,131	2,016,273	1,866,786	1,982,613	2,115,730	2,312,949
Total business-type activities expenses	<u>19,310,994</u>	<u>20,526,869</u>	<u>22,015,374</u>	<u>22,837,728</u>	<u>23,971,757</u>	<u>23,278,307</u>	<u>24,470,139</u>	<u>25,471,075</u>	<u>25,811,645</u>	<u>26,863,907</u>
Total primary government expenses	<u>57,757,552</u>	<u>59,405,752</u>	<u>64,404,744</u>	<u>67,741,537</u>	<u>72,383,441</u>	<u>70,959,735</u>	<u>71,704,256</u>	<u>73,265,038</u>	<u>74,988,181</u>	<u>79,075,888</u>
<b>Program Revenues</b>										
Governmental activities:										
Fees, fines, and charges for services										
Culture and recreation	52,651	91,925	92,837	83,084	65,349	67,283	66,368	69,950	65,912	\$ 297,361
Development services	817,293	896,894	841,033	833,822	688,348	783,955	751,323	779,939	1,263,477	1,186,347
General and administrative	1,401,057	1,241,408	1,706,000	1,252,030	1,391,437	4,092,387	1,548,497	1,707,890	1,760,023	1,383,779
Highways and streets	-	-	6,300	(8,026)	722,334	11,008	-	-	54,622	112,736
Public safety	3,328,327	3,734,364	4,505,202	4,423,564	5,439,171	4,030,566	4,345,101	3,271,115	3,097,141	3,355,604
Operating grants and contributions	517,307	1,302,332	592,231	411,857	486,862	487,059	511,093	469,404	481,655	2,978,933
Capital grants and contributions	-	-	8,706	2,199,106	1,885,266	268,130	602,372	1,015,402	689,642	1,213,341
Total governmental activities program revenues	<u>6,116,635</u>	<u>7,266,923</u>	<u>7,752,309</u>	<u>9,195,437</u>	<u>10,678,767</u>	<u>9,740,388</u>	<u>7,824,754</u>	<u>7,313,700</u>	<u>7,412,472</u>	<u>10,528,101</u>
Business-type activities:										
Charges for services										
Water and wastewater	13,235,590	14,213,072	16,065,814	13,730,467	15,849,209	16,381,801	17,321,670	19,978,802	18,437,963	19,183,198
Drainage utility	643,229	659,949	658,231	701,476	661,725	689,889	691,800	694,751	705,474	708,984
Golf	3,052,947	3,347,922	3,777,018	3,825,486	3,904,008	4,069,151	5,279,259	4,746,242	4,335,149	4,520,224
Other recreation enterprises	2,012,214	2,453,905	1,518,386	1,636,883	1,819,459	1,703,196	1,937,416	2,684,905	2,041,878	2,138,600
Operating grants and contributions	-	3,308,393	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	312,835	1,012,919	2,183,600	1,705,746	26,400	772,714	368,882	1,847,097
Total business-type activities program revenues	<u>18,943,980</u>	<u>23,983,241</u>	<u>22,332,284</u>	<u>20,907,231</u>	<u>24,418,001</u>	<u>24,549,783</u>	<u>25,256,545</u>	<u>28,877,414</u>	<u>25,889,346</u>	<u>28,398,103</u>
Total primary government program revenues	<u>25,060,615</u>	<u>31,250,164</u>	<u>30,084,593</u>	<u>30,102,668</u>	<u>35,096,768</u>	<u>34,290,171</u>	<u>33,081,299</u>	<u>36,191,114</u>	<u>33,301,818</u>	<u>38,926,204</u>
	(Continued)									

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

Table 2

<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (32,329,923)	\$ (31,611,960)	\$ (34,637,061)	\$ (35,708,372)	\$ (37,732,917)	\$ (37,941,040)	\$ (39,409,363)	\$ (40,480,263)	\$ (41,764,064)	\$ (41,683,880)
Business-type activities	<u>(367,014)</u>	<u>3,456,372</u>	<u>316,910</u>	<u>(1,930,497)</u>	<u>446,244</u>	<u>1,271,476</u>	<u>786,406</u>	<u>3,406,339</u>	<u>77,701</u>	<u>1,534,196</u>
Total primary government net expense	<u>(32,696,937)</u>	<u>(28,155,588)</u>	<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>
<b>General Revenues</b>										
<b>and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes, levied for general purposes	10,233,079	10,777,414	11,188,598	12,343,359	12,231,294	12,685,268	12,306,387	11,855,993	12,451,543	12,744,753
Sales taxes	9,229,819	9,648,979	12,303,965	13,990,652	14,319,938	12,602,345	12,337,598	13,252,805	14,957,757	16,142,357
Car rental taxes	10,190,256	10,841,899	12,580,371	12,955,882	12,832,458	11,632,215	11,480,736	12,457,910	12,933,884	13,592,255
Mixed beverage taxes	82,058	82,759	85,659	87,400	84,653	76,433	71,653	66,383	54,138	60,823
Hotel/motel occupancy taxes	167,259	179,989	216,591	240,457	234,780	185,417	237,429	272,809	292,931	329,368
Gross receipts taxes	3,226,468	3,326,641	4,116,704	3,619,955	3,816,501	4,074,355	3,967,036	4,174,627	4,276,136	4,209,564
Investment income	463,239	870,841	1,611,815	2,031,580	1,727,542	863,225	292,761	168,929	132,607	106,521
Contributions from property owners	3,191,097	1,229,401	-	-	-	-	-	-	-	-
Rents and royalties	-	-	-	-	-	-	-	-	397,527	1,481,305
Gain/(loss) on disposal of assets	30,811	(21,023)	24,866	74,163	71,143	37,909	116,978	100,110	68,329	117,763
Miscellaneous	18,208	-	-	-	-	11,018	103,569	1,419,512	637,975	35,884
Transfers	<u>340,834</u>	<u>608,721</u>	<u>709,969</u>	<u>617,418</u>	<u>(1,012,140)</u>	<u>90,303</u>	<u>647,463</u>	<u>904,867</u>	<u>690,629</u>	<u>692,951</u>
Total governmental activities	<u>37,173,128</u>	<u>37,545,621</u>	<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>
Business-type activities:										
Investment income	266,240	407,468	771,888	1,023,865	726,385	254,071	87,799	66,161	60,752	40,045
Contributions from property owners	3,588,379	374,124	271,707	253,786	252,045	-	-	-	-	-
Gain/(loss) on disposal of assets	-	-	-	277,004	-	-	3,579	(141,979)	-	41,630
Miscellaneous	-	-	2,908,437	224,001	10,406	21,987	-	-	-	-
Transfers	<u>(340,834)</u>	<u>(608,721)</u>	<u>(709,969)</u>	<u>(617,418)</u>	<u>1,012,140</u>	<u>(90,303)</u>	<u>(647,463)</u>	<u>(904,867)</u>	<u>(690,629)</u>	<u>(692,951)</u>
Total business-type activities	<u>3,513,785</u>	<u>172,871</u>	<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>
Total primary government	<u>40,686,913</u>	<u>37,718,492</u>	<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>
<b>Change in Net Position</b>										
Governmental activities	4,843,205	5,933,661	8,201,477	10,252,494	6,573,252	4,317,448	2,152,247	4,193,682	5,129,392	7,829,664
Business-type activities	<u>3,146,771</u>	<u>3,629,243</u>	<u>3,558,973</u>	<u>(769,259)</u>	<u>2,447,220</u>	<u>1,457,231</u>	<u>230,321</u>	<u>2,425,654</u>	<u>(552,176)</u>	<u>922,920</u>
Total primary government	<u>\$ 7,989,976</u>	<u>\$ 9,562,904</u>	<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>
	(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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Fund</b>										
Reserved for other	\$ 193,253	\$ 239,592	\$ 310,956	\$ 392,950	\$ 362,018	\$ 354,882	\$ 492,776	\$ -	\$ -	\$ -
Nonspendable	-	-	-	-	-	-	-	19,344	28,796	49,262
Restricted	-	-	-	-	-	-	-	311,076	258,765	124,312
Assigned	-	-	-	-	-	-	-	103,423	111,096	121,542
Unreserved/Unassigned	<u>5,552,863</u>	<u>6,363,113</u>	<u>8,989,805</u>	<u>10,594,492</u>	<u>8,355,946</u>	<u>7,288,976</u>	<u>7,121,683</u>	<u>7,296,719</u>	<u>8,913,078</u>	<u>9,595,558</u>
<b>Total general fund</b>	<b><u>\$ 5,746,116</u></b>	<b><u>\$ 6,602,705</u></b>	<b><u>\$ 9,300,761</u></b>	<b><u>\$ 10,987,442</u></b>	<b><u>\$ 8,717,964</u></b>	<b><u>\$ 7,643,858</u></b>	<b><u>\$ 7,614,459</u></b>	<b><u>\$ 7,730,562</u></b>	<b><u>\$ 9,311,735</u></b>	<b><u>\$ 9,890,674</u></b>
<b>All Other Governmental Funds</b>										
Reserved for:										
Debt service	\$ 1,432,251	\$ 1,642,766	\$ 1,587,754	\$ 1,893,893	\$ 1,967,502	\$ 1,987,783	\$ 1,622,584	\$ -	\$ -	\$ -
Development Agreements	1,442,999	1,470,156	1,535,647	1,598,658	1,671,038	1,553,876	1,454,496	-	-	-
Other	1,245	1,245	1,245	1,245	1,245	1,245	7,677	-	-	-
Unreserved, reported in:										
Special revenue funds	5,830,664	8,086,786	7,643,232	11,330,717	5,741,072	6,020,996	7,780,378	-	-	-
Capital funds	13,708,861	11,110,293	7,482,417	4,627,428	10,940,619	10,918,516	5,792,872	-	-	-
Nonspendable	-	-	-	-	-	-	-	5,665	5,803	9,464
Restricted for:										
Debt service	-	-	-	-	-	-	-	1,818,957	1,867,971	1,776,644
Capital projects	-	-	-	-	-	-	-	2,168,956	606,505	365,641
Other	-	-	-	-	-	-	-	87,972	1,694,821	1,872,178
Assigned	-	-	-	-	-	-	-	<u>14,855,820</u>	<u>15,802,863</u>	<u>13,504,412</u>
<b>Total all other governmental funds</b>	<b><u>\$ 22,416,020</u></b>	<b><u>\$ 22,311,246</u></b>	<b><u>\$ 18,250,295</u></b>	<b><u>\$ 19,451,941</u></b>	<b><u>\$ 20,321,476</u></b>	<b><u>\$ 20,482,416</u></b>	<b><u>\$ 16,658,007</u></b>	<b><u>\$ 18,937,370</u></b>	<b><u>\$ 19,977,963</u></b>	<b><u>\$ 17,528,339</u></b>

**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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues:</b>										
General property tax	10,297,219	11,138,582	11,266,615	12,482,090	12,200,974	12,735,324	12,277,457	11,786,579	12,382,757	\$ 12,893,583
Gross receipts tax	3,475,785	3,589,389	4,418,954	3,947,812	4,135,934	4,336,205	4,276,110	4,513,819	4,623,205	4,599,755
General sales tax	9,229,819	9,648,979	12,303,965	13,990,652	14,319,938	12,602,345	12,337,598	13,252,805	14,957,757	16,142,357
Car rental tax	10,190,256	10,841,899	12,580,371	12,955,882	12,832,458	11,632,215	11,480,736	12,457,910	12,933,884	13,592,255
Fines and fees	3,162,113	3,662,327	4,089,056	4,348,839	4,297,304	4,086,594	4,336,063	4,033,868	4,278,738	4,627,199
Licenses and permits	1,190,059	870,010	806,476	804,404	752,421	783,955	719,918	744,978	1,233,465	1,152,875
Investment income	444,653	798,485	1,468,812	1,784,492	1,512,898	742,444	253,302	143,564	107,195	92,118
DEA revenues	128,341	14,607	77,461	5,360	26,580	14,883	15,350	6,589	12,488	3,571
Intergovernmental	292,265	303,713	315,487	334,979	353,567	379,503	376,512	377,660	1,012,673	2,839,545
Rents and royalties	-	-	-	-	-	-	1,620,210	1,233,686	1,111,873	1,024,021
Other revenues	1,434,035	2,238,652	2,015,047	1,513,511	2,924,573	4,300,564	978,179	1,194,966	1,206,611	1,383,172
<b>Total Revenues</b>	<b>39,844,545</b>	<b>43,106,643</b>	<b>49,342,244</b>	<b>52,168,021</b>	<b>53,356,647</b>	<b>51,614,032</b>	<b>48,671,435</b>	<b>49,746,424</b>	<b>53,860,646</b>	<b>58,350,451</b>
<b>Expenditures:</b>										
Culture and recreation	3,586,026	3,890,845	4,079,825	4,500,202	4,461,329	4,350,573	4,120,435	4,335,786	4,676,100	5,171,477
Development services	1,150,194	1,079,073	1,117,614	1,461,222	1,232,277	1,355,105	1,251,706	1,340,898	688,296	806,275
General and administrative	11,912,050	12,494,352	14,860,076	16,377,711	17,660,608	16,230,408	14,796,474	15,610,772	15,539,673	17,207,934
Highways and streets	766,030	670,742	656,964	693,711	943,171	861,885	610,996	713,742	861,748	1,144,223
Public safety	13,814,758	14,409,786	15,334,138	16,958,988	17,930,526	18,560,852	19,011,663	19,492,862	21,074,399	22,192,488
<b>Debt Service:</b>										
Principal	2,666,815	2,600,000	2,790,000	3,030,000	3,010,000	2,990,000	3,110,000	3,445,000	8,210,000	3,975,000
Interest and fiscal charges	3,308,249	2,939,783	2,596,934	2,577,106	2,437,894	2,312,734	2,189,070	1,798,615	1,361,259	1,241,776
Issuance costs	80,000	128,000	97,810	5,946	-	-	95,000	178,229	184,966	26,064
Capital outlay	3,455,190	4,248,437	7,997,263	3,777,225	5,843,641	5,730,944	6,865,802	4,805,147	3,727,193	10,390,582
<b>Total expenditures</b>	<b>40,739,312</b>	<b>42,461,018</b>	<b>49,530,624</b>	<b>49,382,111</b>	<b>53,519,446</b>	<b>52,392,501</b>	<b>52,051,146</b>	<b>51,721,051</b>	<b>56,323,634</b>	<b>62,155,819</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(894,767)</b>	<b>645,625</b>	<b>(188,380)</b>	<b>2,785,910</b>	<b>(162,799)</b>	<b>(778,469)</b>	<b>(3,379,711)</b>	<b>(1,974,627)</b>	<b>(2,462,988)</b>	<b>(3,805,368)</b>
<b>Other Financing Sources (Uses):</b>										
Proceeds from capital lease	-	-	-	-	-	-	-	494,322	-	1,446,603
Proceeds from issuance of debt	7,580,000	13,900,000	6,710,000	-	-	-	8,110,000	9,610,000	9,740,000	1,160,000
Payment of escrow for refunding	-	(14,386,070)	(6,879,482)	-	-	-	(8,443,763)	(6,804,790)	(5,381,310)	(1,190,252)
Bond premium	-	508,038	-	-	-	-	-	390,694	260,435	79,046
Bond discount	-	-	-	-	-	-	(94,828)	-	-	-
Transfers in	3,985,286	2,435,617	5,536,285	2,920,599	12,313,757	4,461,419	3,371,742	5,696,323	8,134,018	6,278,531
Transfers out	(5,982,152)	(2,351,396)	(6,541,319)	(2,818,181)	(13,550,897)	(4,596,116)	(3,417,248)	(5,016,456)	(7,668,389)	(5,839,245)
<b>Total other financing sources</b>	<b>5,583,134</b>	<b>106,189</b>	<b>(1,174,516)</b>	<b>102,418</b>	<b>(1,237,140)</b>	<b>(134,697)</b>	<b>(474,097)</b>	<b>4,370,093</b>	<b>5,084,754</b>	<b>1,934,683</b>
<b>Net change in fund balances</b>	<b>\$ 4,688,367</b>	<b>\$ 751,814</b>	<b>\$ (1,362,896)</b>	<b>\$ 2,888,328</b>	<b>\$ (1,399,939)</b>	<b>\$ (913,166)</b>	<b>\$ (3,853,808)</b>	<b>\$ 2,395,466</b>	<b>\$ 2,621,766</b>	<b>\$ (1,870,685)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>16.2%</b>	<b>14.8%</b>	<b>13.2%</b>	<b>12.3%</b>	<b>11.4%</b>	<b>11.4%</b>	<b>11.9%</b>	<b>11.6%</b>	<b>18.5%</b>	<b>10.1%</b>

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				
2004	1,908,435,313	410,962,260	2,319,397,573	249,704,249	2,069,693,324	0.495000
2005	2,029,651,370	428,198,142	2,457,849,512	271,935,496	2,185,914,016	0.495000
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

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
2004	0.309241	0.185759	0.495000	1.6616	1.7011	0.2725	0.2354	0.1394
2005	0.331396	0.163604	0.495000	1.7105	1.7000	0.2725	0.2354	0.1394
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

**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

Fiscal Year 2013			Fiscal Year 2004		
<u>Taxpayer</u>	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value (1)	<u>Taxpayer</u>	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value (2)
Ean Holdings, LLC	\$ 59,616,590	2.16 %	Hertz Corp. Rent-a-Car	\$ 50,000,000	2.42 %
Avis Rent A Car System LLC	50,649,087	1.84	Avis Rent-a-Car, Inc.	37,376,233	1.81
The Hertz Corp.	49,171,866	1.78	National Rental Systems Inc.	33,465,656	1.62
UDR The Mandolin LLC	45,630,000	1.66	The Bear Apartments	31,403,466	1.52
IRA Stoneleigh Feeco LLC	41,000,000	1.49	Somerset Village Partners LP	31,013,586	1.50
AP WP Seramont Reit LLC	37,650,000	1.37	Cingular Wireless	27,953,071	1.35
CMF 15 Portfolio LLC	34,980,000	1.27	Southwest Properties	27,385,440	1.32
AP WP Vineyard Reit LLC	34,765,700	1.26	Saluda Apartments, LP	26,139,355	1.26
Oncor Electric Delivery Co. LLC	34,393,728	1.25	Oncor Electric Delivery Co.	25,370,812	1.23
Big Vineyard Village MSV LLC	34,250,623	1.24	Southwestern Bell Telephone	23,164,091	1.12
<b>Total</b>	<b>\$ 422,107,594</b>	<b>15.32 %</b>	<b>Total</b>	<b>\$ 313,271,710</b>	<b>15.15 %</b>

**Source:** Tarrant County Tax Office

**Note:**

(1) Total Taxable Assessed Value including real and personal property for tax year 2012 (fiscal year 2013) is \$2,756,141,770.

(2) Total Taxable Assessed Value including real and personal property for tax year 2003 (fiscal year 2004) is \$2,069,693,324.

**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
2004	10,219,893	52,711	10,272,604	10,026,897	97.61%	205,581	10,232,478	99.61%	40,126	0.39%
2005	10,789,150	55,448	10,844,597	10,663,367	98.33%	136,122	10,799,489	99.58%	45,108	0.42%
2006	11,194,338	1,289	11,195,627	11,007,367	98.32%	171,578	11,178,945	99.85%	16,682	0.15%
2007	11,908,489	(9,233)	11,899,256	11,801,183	99.18%	82,650	11,883,833	99.87%	15,423	0.13%
2008	12,083,956	(39,211)	12,044,745	11,986,396	99.52%	41,572	12,027,968	99.86%	16,777	0.14%
2009	12,747,343	(125,614)	12,621,729	12,556,281	99.48%	15,406	12,571,687	99.60%	50,042	0.40%
2010	12,318,061	(16,481)	12,301,580	12,182,266	99.03%	96,260	12,278,526	99.81%	23,054	0.19%
2011	11,796,659	(43,464)	11,753,195	11,637,719	99.02%	87,543	11,725,262	99.76%	27,933	0.24%
2012	12,436,816	(92,385)	12,344,431	12,252,510	99.26%	53,668	12,306,178	99.69%	38,253	0.31%
2013	12,926,215	(203,914)	12,722,301	12,648,635	99.42%	-	12,648,635	99.42%	73,666	0.58%

**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			
2004	17,525,000	21,915,000	9,700,000	8,310,000	-	5,220,000	1,135,000	500,000	11,095,000	75,400,000	5.67%	1,516
2005	27,410,000	10,365,000	9,510,000	7,725,000	-	4,915,000	965,000	210,000	11,095,000	72,195,000	5.27%	1,445
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

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

Figures for years prior have been restated to include capital leases.

(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				
2004	28,620,000	22,415,000	-	481,633	50,553,367	49,750	2,069,693,324	2.44%	1,016
2005	38,505,000	10,575,000	-	692,148	48,387,852	49,950	2,185,914,016	2.21%	969
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

**Note:** Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements. Total does not include revenue bonds. Figures for years prior have been restated to reduce total debt outstanding by available reserves and to include business-type activity general bonded debt, self-supporting general bonded debt, and capital leases.

**Source:** (1) Estimates by North Central Texas Council of Governments

(2) Tarrant Appraisal District

**CITY OF EULESS, TEXAS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**As of September 30, 2013 – (Unaudited)**

Table 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Grapevine-Colleyville Independent School District	\$ 345,235,467	9.55%	\$ 32,969,987
Hurst-Euless-Bedford Independent School District	302,122,934	21.70%	65,560,677
Tarrant County	373,845,000	2.16%	8,075,052
Tarrant County Hospital District	25,375,000	2.16%	548,100
Tarrant County College District	15,485,000	2.16%	<u>334,476</u>
Subtotal, overlapping debt			107,488,292
<b>City of Euless (direct debt)</b>	24,946,602	100.00%	<u>24,946,602</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 132,434,894</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 capital leases which were excluded in previous presentations. Self-supporting general obligation debt is excluded from the calculation.

**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
2004	13,443,174	10,902,522	2,540,652	500,000	183,946	683,946	3.71
2005	14,548,715	11,555,108	2,993,607	305,000	275,524	580,524	5.16
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

**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
2004	667,131	225,815	441,316	165,000	46,255	211,255	2.09
2005	700,316	265,444	434,872	170,000	41,305	211,305	2.06
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

**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)
2004	49,750	26,710	1,328,822	N/A	19,700	3.8%
2005	49,950	27,406	1,368,930	N/A	19,600	4.5%
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%

- Notes:**
1. Estimates by North Central Texas Council of Governments
  2. Estimates by Claritas Site Reports; *Research & Demographic Solutions*
  3. Hurst-Euleless-Bedford Independent School District
  4. Texas Workforce Commission

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

Table 15

2013			2004		
<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	1,025	3.95%	City of Euless	400	1.79%
LSG Sky Chefs, Inc.	600	2.31%	Super Target	300	1.34%
City of Euless	380	1.47%	Krispy Kreme	200	0.90%
Autogrill Group, Inc.	450	1.73%	Atlas Match	150	0.67%
Life Outreach International	185	0.71%	Home Depot	150	0.67%
Super Target	170	0.66%	First Odyssey Group	100	0.45%
Lowe's	180	0.69%	Office Depot	100	0.45%
Home Depot	130	0.50%	Ferguson Enterprises	90	0.40%
TJ Lambrecht Construction	120	0.46%	Heath & Company	75	0.34%
Redi-Mix Concrete	65	0.25%	Liberty Printing	70	0.31%
<b>Total</b>	<b><u>3,305</u></b>	<b><u>12.73%</u></b>		<b><u>1,635</u></b>	<b><u>7.32%</u></b>

**Source:** 2004 Official Statement, 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>2004</u>	<u>2005</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>
General Government and Administration	52.25	51.25	50.75	53.00	54.50	54.50	50.00	48.50	48.50	48.50
Public Safety	117.00	118.00	120.00	123.00	126.00	126.00	118.00	121.00	129.00	132.00
Fire Safety	61.00	64.00	67.00	70.00	73.00	73.00	71.00	71.00	72.00	72.00
Development Services	15.00	12.00	12.00	12.00	12.00	12.00	11.50	13.50	6.00	6.00
Culture and Recreational	35.75	35.75	35.75	36.50	36.00	36.00	30.00	31.00	32.00	30.50
Water and Wastewater	49.00	48.00	49.50	50.00	50.00	50.00	46.00	42.00	42.50	42.00
Golf Course	15.25	15.25	15.25	15.25	15.25	17.25	13.00	13.00	13.00	12.00
Public Works	15.75	15.75	15.75	15.75	15.75	15.75	14.00	17.50	18.50	18.50
Service Center	6.00	6.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00
Risk Management / Insurance	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>1.50</u>						
Total	<u>369.00</u>	<u>368.00</u>	<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>

**Source:** City Budget Office

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

Table 17

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Public Safety</b>										
Police										
Number of Certified Officers	81	82	82	82	85	85	85	85	85	87
Number of Citations Issued	25,491	32,200	38,359	34,368	26,503	29,925	24,126	21,790	22,787	26,356
Fire										
Number of Certified Firefighters	59	62	65	68	71	70	69	69	70	70
Number of Alarms	4,699	3,949	3,661	3,675	4,197	3,827	4,097	4,196	4,204	4,296
Number of EMS Calls	1,854	2,202	2,317	2,561	2,688	2,634	2,793	2,848	2,982	3,108
Municipal Court										
Cases Filed	34,258	41,027	46,085	39,096	30,551	33,670	31,442	27,022	26,889	32,192
<b>Development</b>										
Number Residential Inspections - New	518	319	315	58	77	100	101	52	44	42
Number Commercial Inspections - New	13	8	10	24	28	16	14	11	29	16
Number Multifamily Inspections - New	0	0	0	0	0	0	0	0	0	0
<b>Public Works</b>										
Street Overlay (Square Footage)	1,004,735	1,391,889	1,117,894	664,472	999,285	797,326	770,380	953,406	368,654	540,613
<b>Cultural and Recreational</b>										
Parks and Recreation										
Recreation Center Memberships	4,123	4,260	4,160	3,990	3,944	3,703	2,443	4,337	3,654	5,137
Class Attendance (Youth/Adult)	24,522	24,575	25,704	29,067	59,541	74,452	56,833	28,804	41,766	Unavailable
<b>Water and Wastewater</b>										
Number of Water Consumers	23,848	25,012	24,486	24,484	24,608	24,677	24,760	24,924	24,428	25,039
Water Produced (In Gallons x 1000)	384,306	314,085	372,695	414,934	348,548	730,291	579,154	477,914	299,107	416,843
Water Purchased - TRA (In Gallons x 1000)	2,146,706	2,382,040	2,947,945	2,202,426	2,291,974	1,955,535	2,028,760	2,566,370	2,440,539	2,133,211
Water Supplied (In Gallons x 1000)	2,531,012	2,696,125	3,320,640	2,617,360	2,640,522	2,685,826	2,607,914	3,044,284	2,739,646	2,550,054
Annual Rainfall (In Inches)	41.08	32.51	20.74	53.51	27.10	36.32	38.65	22.26	36.57	24.41
<b>Golf Course</b>										
Number of Paid Rounds Played	33,146	32,725	36,639	35,094	36,528	43,029	32,996	35,075	34,550	35,890

**Source:** City Departments  
Comprehensive Annual Financial Report  
City Budget Office

**Notes:** Unavailable - Data not available.

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

Table 18

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Public Safety</b>										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	3	3	3	3	3	3	3	3	3	3
<b>Public Works</b>										
Streets - Paved <sup>(1)</sup>	182.0	182.0	182.0	211.0	217.6	217.6	217.6	332.1	332.4	333.36
<b>Cultural and Recreational</b>										
Swimming Pools	3	3	3	3	3	3	3	3	3	4
Parks	16	16	17	17	17	17	17	17	17	17
Parks Land (Acres)	539	539	566	632	632	632	632	632	632	632
Community Buildings	5	5	5	5	5	5	5	6	6	6
Ampitheater	2	2	2	2	2	2	2	2	2	2
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	24	24	35	35	35	35	33	33	33	33
Library Holdings	96,228	99,972	97,334	98,613	101,672	103,122	106,121	110,149	111,230	111,312
<b>Water and Wastewater</b>										
Water Mains - Potable <sup>(2)</sup>	210.00	212.00	218.00	222.10	226.80	226.80	228.20	228.50	227.99	231.06
Water Mains - Reclaimed <sup>(2)</sup>	-	-	-	-	-	-	-	-	-	1.73
Fire Hydrants	1,318	1,318	1,377	1,441	1,477	1,477	1,525	1,526	1,550	1,579
Wastewater Mains <sup>(2)</sup>	161.0	162.0	162.0	168.0	186.3	186.3	186.5	186.7	187.6	187.6

**Source:** City Departments

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

<sup>(2)</sup> 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.