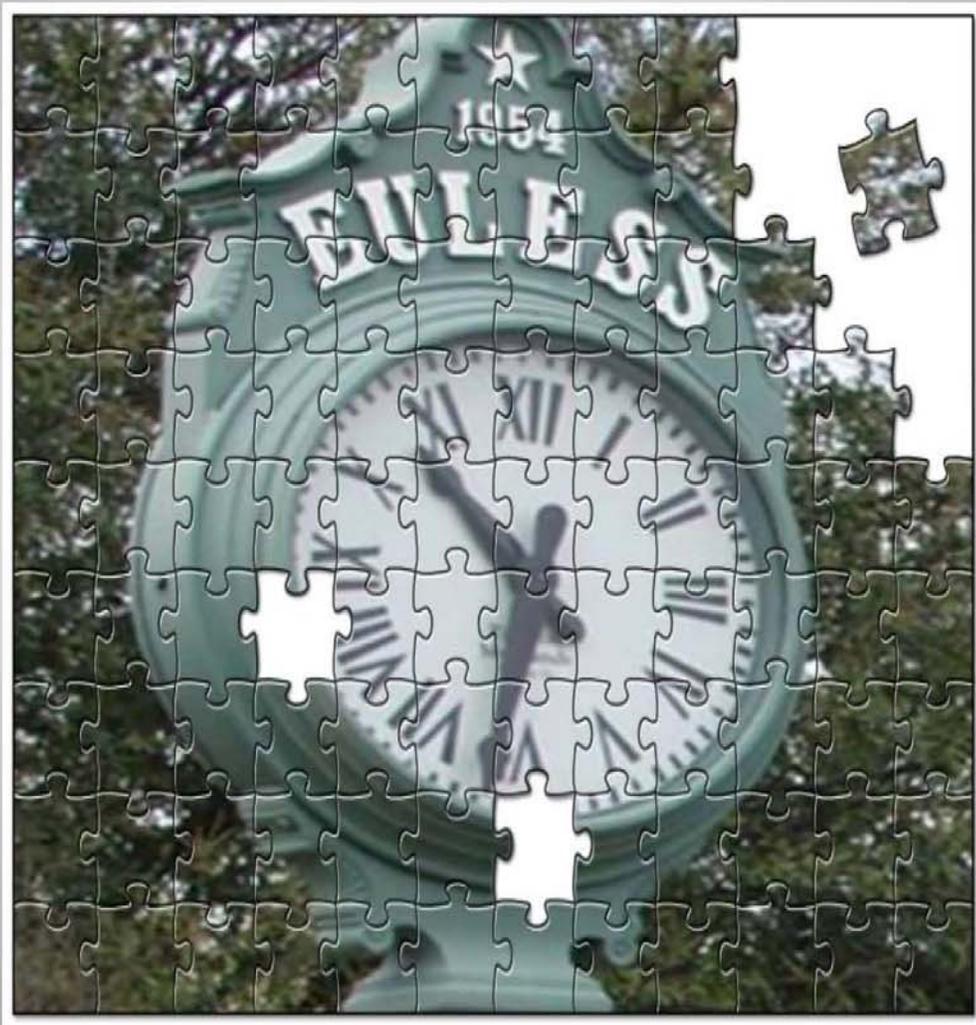


CITY OF EULESS, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDING SEPTEMBER 30, 2014



201 N. Ector Drive
Euless, TX 76039
www.eulesstx.gov

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City of Euless, Texas
Comprehensive Annual Financial Report
Fiscal Year Ending
September 30, 2014

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, 2014**

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**CITY OF EULESS, TEXAS
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 YEAR ENDED SEPTEMBER 30, 2014**

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INTRODUCTORY SECTION



February 10, 2015

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, 2014. 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, 2014, 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 unqualified ("clean") opinion that the City's financial statements for the fiscal year ended

September 30, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the Financial Section of this report. This report is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section includes this transmittal letter, a listing of City Officials, and an organizational chart of the City. The Financial Section includes the independent auditor's report on the basic financial statements, Management's Discussion and Analysis ("MD&A"), basic financial statements, the notes to the basic financial statements, and combining and individual fund statements and schedules. The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement, and should be read in conjunction with, the MD&A. The City of Euless' MD&A can be found immediately following the independent auditor's report. The Statistical Section includes financial and demographic information relevant to readers of the City's financial statements. The statistical data is generally presented on a multi-year basis.

Profile of the City of Euless, Texas

The City of Euless is located in North Central Texas in Northeast Tarrant County approximately 16 miles west of Dallas and 16 miles east of Fort Worth. Euless is readily accessible by State Highway 183 which is a multi-lane expressway linking Dallas to Fort Worth. Other major highways through the City include State Highway 121, State Highway 360, State Highway 10 and Farm-to-Market Road 157. Euless' centralized location provides quick access to both Dallas and Fort Worth metropolitan areas and is adjacent to Dallas-Fort Worth International Airport ("DFW Airport") in east Tarrant County, one of the world's busiest airports. The City is approximately 16.9 square miles and serves a population of approximately 53,780.

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

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

insurance coverage activities on a cost reimbursement basis. A private contractor, through a franchise agreement, provides solid waste and recycling collections and disposal services for the City.

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

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

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

Economic Condition

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

The City of Euless is located in Tarrant County, 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 Euless. 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 Metroplex, according to the North Texas Commission, with its highly-diversified economy has a population of over 6.8 million, a Gross Metro Product of \$420 billion, a labor force of over 3.37 million, employment of over 3.15 million, an unemployment rate of 6.7%, 18 Fortune 500 Firms, and college enrollment of almost 327,000. Such a diverse economic environment has helped the region weather economic downturns in key sectors better than other regions in the nation.

DFW Airport is the world's third largest in terms of operations and tenth largest in term of passengers with approximately 165,580 passengers a day and over 60 million passengers a year. DFW Airport provides service to 204 destinations (DFW Fast Facts at www.dfwairport.com).

The Alliance Texas development in North Fort Worth is an 18,000-acre master-planned, mixed-use community which is home to 400 companies, 40,000 employees, 8,750+ single-family homes, and is anchored by the inland port known as the Alliance Global Logistics Hub. This area offers a variety of commercial real estate options, industrial space, office space, and retail facilities and has a \$4.75 billion annual impact in North Texas (www.allianceairport.com, Alliance Texas Facts).

During FY2014, Euless realized significant improvement in local revenues. Property values have been restored to pre-recession levels as have sales tax revenue collections. Increased revenues have 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. Management continually monitors 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 \$3.05 billion for fiscal year 2014, which represents a 6.7% increase over the prior year. For fiscal year 2014, sales tax collections, another significant revenue source for the City, exceeded budget expectations by close to 7% and prior year collections by over 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 826 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 2014, more than 148 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 Karachi Village, Chop House Burger, Potbelly's, and Montgomery Cranes. Also during 2014, the City processed 107 new residential housing permits totaling approximately \$33.7 million in new development.

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

During the fiscal year, various capital improvement projects located throughout the City were completed. The projects included the 38th Year CDBG Infrastructure Improvements and street overlay projects throughout the City. The City finished replacement of wastewater lines along Ross, Slaughter and East and West Huitt.

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 \$54,576 (source: 2009-2013 American Community 5-Year Estimates) compares favorably to \$51,900 for the State.

Long-Term Financial Planning

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

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

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

Fiscal policies provide for a General Fund reserve equal to between 30 and 60 days of working capital. At no time shall the reserve fall below 8.3% of the General Fund expenditure budget (i.e. 30-day level). The current reserve is maintained at 101 days of operations which equates to approximately 27.6% 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 93-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, 2014, the revenue bond reserve totaled \$305,180 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 and Americans with Disability Act Transition Plan address 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.

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. The Texas Department of Transportation awarded a contract to Southgate Constructors for the State Highway 183 reconstruction and expansion from Farm-to-Market Road 157 through the eastern city limits called the Midtown Express Project. This project is expected to start in 2015. ADA Infrastructure Improvements (CDBG), overlay projects, replacement of the wastewater lines along Crane Drive and Town Creek Drive, and replacement of the 24 inch water valve at Cinnamon, Anice, and Fuller-Wiser are also anticipated to begin in the upcoming year.

The City of Euless, along with the City of Arlington and the DFW International Airport, contracted with the City of Fort Worth for the purchase of reclaimed water from the Village Creek Wastewater Plant. 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 and was completed in 2014. 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.

The City has also been working toward the replacement and enhancement of the City's fixed base meter reading system. Funding is being finalized in 2015 for expected installation in 2016.

Over the last several years, the City has worked with a developer on a major, mixed-use center located along the southwest corner of Glade Road and Highway 121. This center will ultimately provide approximately 1.2 million square feet of retail/office and includes a unique residential component. The City expects the sales tax benefit from this center to be significant. In an effort to promote development in this area, the City created a Tax Increment Reinvestment Zone ("TIRZ") for 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 2014 fiscal year-end, portions of the phase three and four infrastructure improvements were nearing completion.

To further promote development, the City also executed an agreement in 2011 with SLF – Euless 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. A 2013 National Homebuilders Association Developer of the Year, The NRP Group, is constructing 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 Euless for its Comprehensive Annual Financial Report (“CAFR”) for the fiscal year ended September 30, 2013. 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 27 consecutive years. We believe that the current CAFR meets the Certificate of Achievement program requirements and are submitting it to GFOA for review.

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

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

We would like to thank the Mayor and members of the City Council for their support in planning and conducting the financial operations of the City in a responsible, professional, and progressive manner. The City was saddened by the passing of Council Member Glenn Porterfield and acknowledges his service and many contributions over the last 15 years. His insight and guidance helped provide a strong financial vision for the City. He will be missed. As always, the City of Euless staff welcomes and appreciates your comments.

Respectfully Submitted,



Loretta Getchell
City Manager



Janina Jewell
Director of Finance

CITY OF EULESS

FISCAL YEAR 2014-2015



LINDA MARTIN, MAYOR

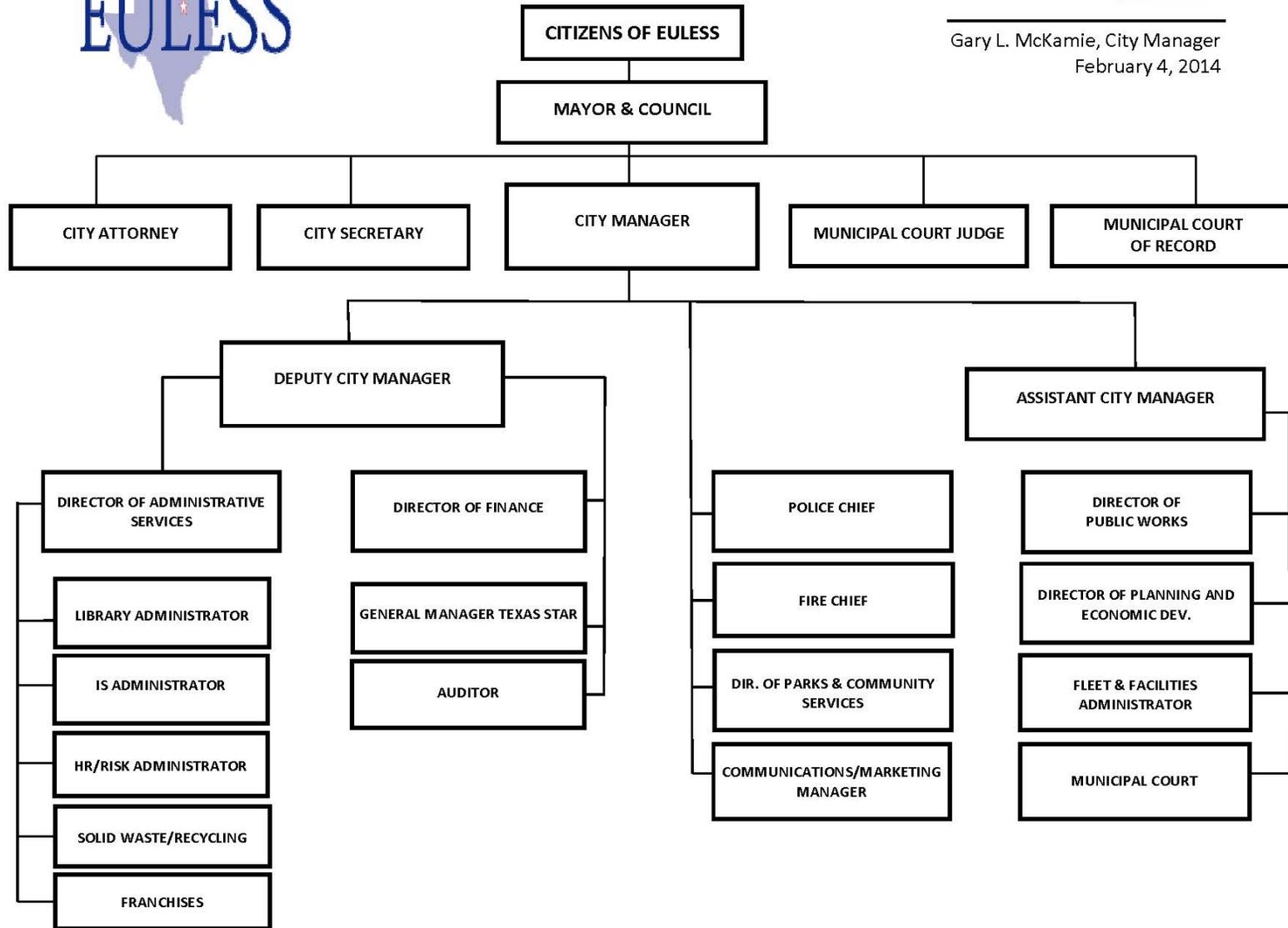
Tim Stinneford, Council Member – Place One
Jeremy Tompkins, Council Member – Place Two
Eddie Price, Council Member – Place Three
Linda Eilenfeldt, Mayor Pro Tem – Place Four
Glenn Porterfield, Council Member – Place Five
(Deceased August 16, 2014)
Perry Bynum, Council Member – Place Six

Gary McKamie, City Manager
Loretta Getchell, Deputy City Manager
Chris Barker, Assistant City Manager



ORGANIZATIONAL CHART

Gary L. McKamie, City Manager
February 4, 2014





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, 2013

Executive Director/CEO

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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, 2014, 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.

To the Honorable Mayor,
City Council and City Manager

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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

During 2014, as discussed in Note 13 to the basic financial statements, the City implemented Governmental Accounting Standards Board (GASB) No. 65, *Items Previously Reported as Assets and Liabilities*. Beginning net position has been restated to reflect the change in accounting principle resulting from GASB No. 65. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the analysis of funding progress, and budgetary comparison information on pages 4 through 17 and 66 through 68 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.

To the Honorable Mayor,
City Council and City Manager

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
February 9, 2015

CITY OF EULESS, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2014
(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, 2014. In the broadest context, the financial well-being of a government lies in the underlying wealth and willingness of its citizens and property owners to pay adequate taxes combined with the vision of the government's elected and appointed leadership to spend those taxes strategically so that the City's tax base, service levels, City assets, and the City's desirability will be maintained not just for the current year but well into the future.

Financial reporting is limited in its ability to provide the "big picture" but rather focuses on financial position and changes in financial position. In other words, are revenues and/or expenditures higher or lower than the previous year? Has net position (containing both short-term and long-term assets and liabilities) or fund balances (the current "spendable" assets less current liabilities") of the government been maintained? Readers are encouraged to consider the information presented here in conjunction with the additional information furnished in the letter of transmittal (pages i-viii of this report) and the statistical section (pages 96-115 of this report) as well as information in the annual budget and the capital improvement plan along with other community information found on the city's website at www.eulesstx.gov. It should be noted that the Independent Auditor's Report describes the auditors' association with the various sections of this report and that all of the additional information from the website and other City sources are unaudited.

Financial Highlights

- The assets of the City of Euless exceeded its liabilities at the close of the most recent fiscal year by \$195,718,321 (Net position). This number must be viewed in the context that the vast majority of the City's net position of \$149,323,806 (76%) 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 \$7,425,536 (4%). The remaining \$38,968,979 (20%) 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 \$6,246,004 and business-type activities realized a decrease in total net position of \$641,073 bringing the net increase in total net position for the City to \$5,604,931.
- At the close of the current fiscal year, the City of Eules' governmental funds reported combined ending fund balances of \$28,443,547, which represents an increase of \$1,024,534 in comparison with the prior year. Within this total, \$2,377,710 is restricted for debt service; \$398,756 is restricted by bond covenant for capital projects; \$120,093 and \$164,822 are restricted for court technology and juvenile case management, respectively; and another \$1,518,511 is restricted for capital projects by developer agreements. Amounts restricted for cable PEG fees and historical preservation total \$405,157 and \$1,245, respectively. Nonspendable fund balance of \$82,776 represents fund balance amounts for inventories and prepaid items. Fund balances of \$12,813,519 represent assigned fund balance in the general, special revenue, and capital projects funds. The unassigned fund balance in the General Fund of \$10,560,958 can be used for any lawful purpose. The General Fund unassigned balance represents 31% of fiscal year 2014 total fund expenditures.
- The City's total capital assets (net of accumulated depreciation) increased by \$2,695,577 which is primarily attributed to completion of capital improvement projects and other asset additions exceeding current year depreciation expense and asset retirements.
- The City's bonds payable decreased by \$5,015,000 or 11%, due to the scheduled repayment of principal on outstanding bonded debt. The City did not issue any new bonded debt in fiscal year 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The statement of net position presents information on all of the City of Eules' assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Eules is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues

and expenses are reported in this statement for some items that will only result in cash receipts and cash outlays in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

The government-wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government and administration, public safety, highways and streets, development, and culture and recreation. The business-type activities of the City include water and wastewater system, drainage system, golf course, and other recreational activities.

The government-wide financial statements include not only the City of Euless (the primary government), but also the 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 18-19 of this report.

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements with the exclusion of internal service fund activity. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twenty individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Debt Service, and Car Rental Tax funds, all of which are considered to be major funds. Data from the other seventeen

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 20-23 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 24-28 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 29-30 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 31-63 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 64-69 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 72-95 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 \$195,718,321 as of September 30, 2014.

The largest portion of the City's net position (76%) 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 \$38,968,979 (20%) 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	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 47,348	\$ 46,791	\$ 22,462	\$ 26,725	\$ 69,810	\$ 73,516
Capital assets	121,531	121,152	65,564	63,247	187,095	184,399
Deferred outflows	974	-	802	-	1,776	-
Total assets and deferred outflows	169,853	167,943	88,828	89,972	258,681	257,915
Long-term liabilities	32,933	37,492	12,119	12,290	45,052	49,782
Other liabilities	13,837	13,174	4,074	4,142	17,911	17,316
Total liabilities	46,770	50,666	16,193	16,432	62,963	67,098
Net position:						
Net investment in capital assets						
assets	94,163	88,228	55,161	52,335	149,324	140,563
Restricted	4,999	4,139	2,426	3,055	7,425	7,194
Unrestricted	23,921	24,910	15,048	18,150	38,969	43,060
Total net position	\$ 123,083	\$ 117,277	\$ 72,635	\$ 73,540	\$ 195,718	\$ 190,817

As of September 30, 2014, 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 2013.

The City's unrestricted net position decreased by \$4,092,041 in fiscal year 2014. Restricted net position realized an increase of \$231,935 and the amount invested in capital assets, net of related debt also increased by \$8,760,954. The increase in total net position of \$5.6 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	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
<u>REVENUES</u>						
Program revenues:						
Fees, fines and charges for services	\$ 6,759	\$ 6,336	\$ 25,931	\$ 26,551	\$ 32,690	\$ 32,887
Operating grants and contributions	633	2,979	-	-	633	2,979
Capital grants and contributions	1,552	1,213	2,037	1,847	3,589	3,060
General revenues:						
Property taxes	13,489	12,745	-	-	13,489	12,745
Sales taxes	17,525	16,142	-	-	17,525	16,142
Car rental taxes	14,083	13,592	-	-	14,083	13,592
Mixed beverage taxes	69	61	-	-	69	61
Occupancy taxes	343	329	-	-	343	329
Gross receipts taxes	4,459	4,209	-	-	4,459	4,209
Investment income	70	107	34	40	104	147
Rents and royalties	1,390	1,481	-	-	1,390	1,481
Gain (loss) on asset disposal	85	118	-	42	85	160
Miscellaneous	49	36	-	-	49	36
Total revenues	60,506	59,348	28,002	28,480	88,508	87,828
<u>EXPENSES</u>						
Culture and recreation	6,425	6,026	-	-	6,425	6,026
Development services	1,367	1,155	-	-	1,367	1,155
General government	18,018	17,146	-	-	18,018	17,146
Highways and streets	3,578	3,334	-	-	3,578	3,334
Public safety	24,278	23,324	-	-	24,278	23,324
Interest on LTD	1,126	1,227	-	-	1,126	1,227
Water and wastewater	-	-	20,298	18,555	20,298	18,555
Drainage utility	-	-	1,373	1,246	1,373	1,246
Golf course	-	-	4,152	4,750	4,152	4,750
Recreational enterprises	-	-	2,288	2,313	2,288	2,313
Total expenses	54,792	52,212	28,111	26,864	82,903	79,076
Increase (decrease) in net position before transfers	5,714	7,136	(109)	1,616	5,605	8,752
Transfers	532	693	(532)	(693)	-	-
Increase (decrease) in net position	6,246	7,829	(641)	923	5,605	8,752
Net position, beginning*	116,837	109,008	73,276	72,353	190,113	181,361
Net position ending	\$ 123,083	\$ 116,837	\$ 72,635	\$ 73,276	\$ 195,718	\$ 190,113

* Restated for change in generally accepted accounting principles

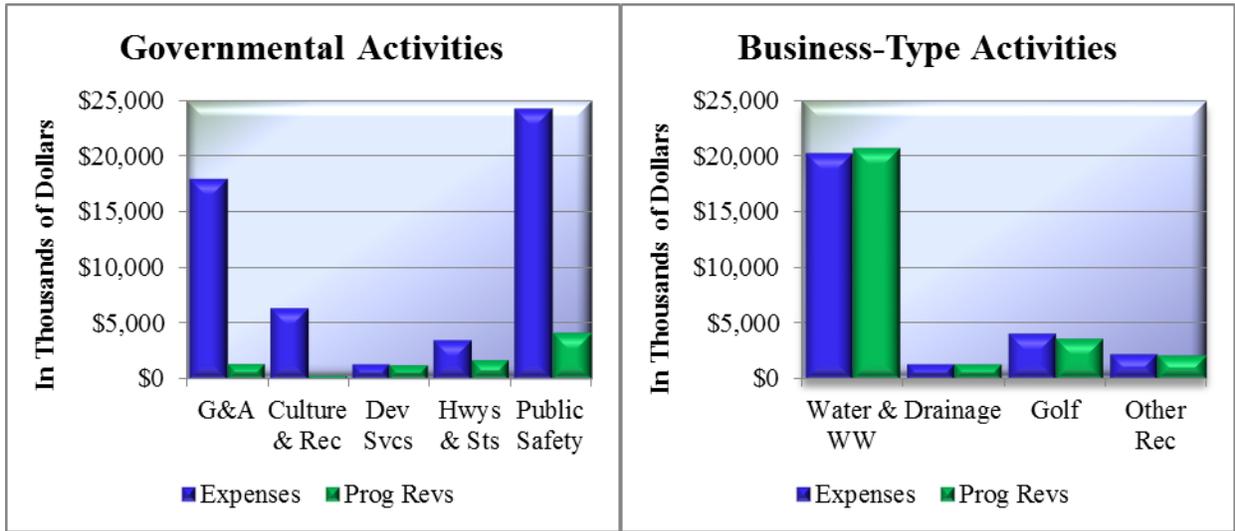
- **Governmental activities.** Governmental activities increased the City's net position by \$6,246,004, thereby accounting for the growth in total net position. Most revenue categories, including sales taxes, charges for services, and capital grant revenues, exceeded projections. Sound fiscal management, continued holding of frozen positions, and close monitoring of revenues and expenses allowed the City to realize an increase in governmental activities net position before transfers of \$5,714,030.

Total revenue for the governmental activities (excluding transfers from business-type activities) increased from the previous year by \$1,157,061. General Revenue, which is primarily made up of property taxes, sales taxes, and car rental taxes, had a net increase of \$2,741,112. Property tax revenue increased due to an overall increase in both the residential and commercial tax base. Sales tax collections increased as a result of new business openings and continued improvement in the local economy. Program revenues, which consist primarily of fines, fees, and charges for services increased \$423,025. All charges for services categories, with the exception of general and administrative, realized increases in the current year. Development charges for services increased due to an upswing in local development activity in both commercial and residential. Public safety service revenues increased primarily as a result of increased municipal court activity and ambulance revenues. In the prior year, the receipt of police seized asset funds accounts for close to \$2.5 million in operating contributions. No similar receipts of this magnitude were recorded in the current year, which results in the decline in operating grants and contributions. Capital grants and contributions increased significantly in FY2014 as a result of developer contributions of capital assets.

Total expenses increased by \$2,579,744 from FY2013 to FY2014. The raise package for employees included an increase of 3.50%, which accounts for a large portion of the expense increase. Furthermore, two new police officers were added in the police seized asset fund, additional EDC funds were allocated to staffing for the aquatic center, and funding for several authorized, unfilled positions was restored. 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 63% of total net position.

- **Business-type activities.** Business-type activities decreased the City's net position by \$641,073. The change in net position before transfers is a loss of \$109,099. Charges for services program revenues for the business-type activities decreased from the previous year by \$620,019 due primarily to closure of the Texas Star Golf Course for 3½ months in the summer for renovations. Capital grants and contributions increase by \$190,166 due to developer contributions. Some expense categories realized decreases for the year, but overall business-type expenses increased 4.6%, a portion of which is attributable to the raise package mentioned previously. Water purchases increased despite a reduction in consumption of approximately 7% due to the increase in purchase costs. Wastewater charges increased as a result of treatment cost increases regardless of a decline in treatment volume of more than 30 million gallons. Net position for business-type activities represents 37% 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 \$28,443,547, an increase of \$1,024,534 in comparison with prior year. Approximately 37% or \$10.6 million constitutes unassigned fund balance in the general fund that is available for spending at the City’s discretion. Another \$82,776 in non-spendable fund balance represents amounts invested in inventories and prepayments. Another portion is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay debt service (\$2,377,710); 2) to pay for specific capital improvements per developer agreements (\$1,518,511); 3) restricted by bond covenant for specific capital projects (\$398,756); and 4) for a variety of other restricted purposes (\$691,317). 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 \$12,813,519 and includes assigned fund balance in the general fund of \$121,334 and \$12,692,185, 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 \$2,537,838. Due to a positive budget variance in overall revenues and expenditures, the General Fund ended the year with an increase to fund balance of \$959,783, which represents a positive original budget variance of \$3,497,621 resulting primarily from increased revenues of \$1.5 million and expenditure savings of more than \$2 million.

Most General Fund revenue categories realized increases over the prior year and many surpassed budget estimates as well. Property tax collections, sales tax receipts, gross receipts taxes, fines and fees, licenses and permits, intergovernmental revenues, and other revenues exceeded both budget and prior year. Sales taxes and licenses and permits grew as a result of new development and continued improvement in the local economy. 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. Ambulance fees exceeded budget parameters, but fell below prior year levels. Jail revenues fell short of both budget projections and prior year collections, as did investment income.

Personnel and related benefit budgetary savings of approximately \$550,000 result primarily from holding several vacant and funded positions open for at least a portion of the year and rolling one-time personnel-related funds into next fiscal year. In addition to salary and benefit savings, general and administrative expenditures realized savings in supplies, training, travel, and contingencies. Increased rebate incentive payments from the improvement in sales tax revenues resulted in additional expenditures of approximately \$84,000, while the revenue sharing agreement with the cities of Dallas and Fort Worth realized a budgetary overage of approximately \$81,000. Electric service costs exceeded budget parameters by more than \$78,000 due primarily to increased consumption. Aside from salaries and benefits, public safety expenditure savings were also noted in supplies, travel, training, equipment rentals, and maintenance. Savings in mowing services, structural maintenance, and chemical supplies are primarily responsible for the positive budget variance in culture and recreation. The closure of the South Euless pool resulted in reductions to part-time salaries, maintenance, water service, and chemical supplies. Capital expenditures including street overlay and lighting realized budgetary savings of nearly \$98,000, while sidewalks and traffic signals exceeded budget by \$8,500. Street overlay was scaled back in the current year while a street condition assessment was performed and maintenance needs were identified and prioritized. One-time expenditures were \$490,000 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 decreased \$10,600, which is \$112,851 less than the anticipated drawdown of \$123,451. The Car Rental Tax fund balance was originally anticipated to increase \$719,859, but instead ended the year with an increase of \$1,519,610 resulting from an increase in net car rental taxes and savings in capital outlay. The non-major governmental funds realized a combined decrease in fund balance of \$1,444,259 primarily resulting from the payoff of the radio system lease in the police seized asset fund and capital project expenditures offsetting increases in other funds. The combined net effect of these changes in governmental fund balances totals an increase of \$1,024,534.

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 \$8,193,320; Drainage Utility fund \$1,323,286; Golf Course fund \$1,070,993; and all other non-major recreation enterprise funds combined \$2,230,737. The Water and Wastewater fund realized a decrease in operating income resulting predominantly from a decline

in water consumption and wastewater treatment volume which, in turn, caused reductions in water and wastewater revenues. Conservation efforts, tiered water rates, and watering restrictions are primarily responsible for the decline in consumption. Impact fee revenues and developer contributions were insufficient to offset the net loss, resulting in an overall loss in this fund of \$618,550 for the year.

The decrease in net position of the Drainage Utility fund results primarily from depreciation expense exceeding developer contributions for the year. Net position for the Golf Course fund decreased \$91,281 due in large part to the 3½ month closure for course renovations commenced and completed in the summer of 2014. All other non-major recreation enterprise funds combined realized a decrease of \$38,189 which is primarily attributable to one-time expenses in the Recreation Classes fund and rental expense in the Arbor Daze fund. The combined effect of these declines in net position totals \$791,907.

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, 2014, totaled \$187,095,104 (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 \$2,695,577 or about 1.50%.

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

- Capital asset contributions for the year primarily consisted of \$82,017 in Community Development Block Grant (CDBG) contributions for the ADA/TAS infrastructure improvements throughout the City and developer contributions of \$1.3 million in street infrastructure, more than \$1 million in utility infrastructure and \$649,002 in drainage infrastructure.
- Street overlay projects located throughout the city in the amount of \$507,911 were completed during the year.
- The police department security upgrade project was completed at a cost of \$150,000.
- Miscellaneous irrigation improvements of nearly \$21,000 were also recorded in FY2014.
- The aquatic facility project was finished in 2014.
- Construction-in-progress related to general government operations of \$3,743,481 primarily consisted of Glade Parks Infrastructure (\$2.6 million), Cullum Drive (\$976,428) and the Glade Parks Trail (\$44,000).
- Capital asset additions for governmental operations include, but are not limited to, an asphalt zipper, HVAC units, fitness equipment, fire pumper truck, Lifepak 15 defibrillators, lightning detection system and annual city replacement vehicles and equipment.
- Construction-in-progress additions related to business-type operations totaled \$353,219 and consisted of the El Camino Real water line at \$301,098 and the Denton drive wastewater line for \$52,121.

- Golf course renovations were completed at the end of the summer at a cost of \$581,296. Golf course equipment and carts were also purchased during the year.
- The wastewater line replacements along Ross Avenue, Slaughter Lane, and Huitt Lane were completed at a cost of \$569,322. Well repairs and miscellaneous wastewater rehab were finished at a cost of \$75,178 and \$34,831, respectively. The building of a pump station along Bear Creek Parkway and the construction of the reclaimed water line along Bear Parkway between Midway Drive and East Ash Lane completed the first phase of the reclaimed water system extension project. Infrastructure was recorded at a cost of \$3.2 million.
- Capital asset additions for the business-type activities include equipment.

Capital Assets (Net of Accumulated Depreciation)

Amounts shown in 000s	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 26,584	\$ 26,476	\$ 3,619	\$ 3,619	\$ 30,203	\$ 30,095
Buildings	39,234	37,002	2,072	2,198	41,306	39,200
Other improvements	6,029	2,730	10,082	9,914	16,111	12,644
M&E	7,548	6,768	355	395	7,903	7,163
Infrastructure	38,393	38,574	49,083	45,890	87,476	84,464
Construction in Progress	3,743	9,603	353	1,231	4,096	10,834
Total	\$ 121,531	\$ 121,153	\$ 65,564	\$ 63,247	\$ 187,095	\$ 184,400

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

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$37,448,648 net of unamortized losses on prior refundings. Of this amount, \$32,220,876 comprises debt backed by the full faith and credit of the government, where \$12,408,317 is the amount of self-supported debt for Softball World, Texas Star Golf Course and Stars Center. The remainder of the City’s debt, \$5,227,772, 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	
	2014	2013	2014	2013	2014	2013
GO bonds	\$ 24,070	\$ 27,095	\$ 6,915	\$ 7,495	\$ 30,985	\$ 34,590
COs	2,780	2,910	-	-	2,780	2,910
GO/CO deferred loss	(928)	(1,061)	(616)	(669)	(1,544)	(1,730)
Revenue bonds	1,175	2,050	4,285	4,690	5,460	6,740
Revenue deferred loss	(47)	(56)	(185)	(204)	(232)	(260)
Totals	\$ 27,050	\$ 30,938	\$ 10,399	\$ 11,312	\$ 37,449	\$ 42,250

In fiscal year 2014, the City did not issue any additional bonded debt. The City’s total debt decreased \$5,015,000 or 11% during fiscal year 2014, which is attributed to scheduled annual principal payments.

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

Economic Factors and Next Year’s Budgets and Rates

In the FY2014-15 budget, General Fund revenues and transfers are budgeted to increase by 5.4% from the 2013-14 original budget. Property taxes account for 31% of budgeted revenues and sales taxes comprise approximately 31% of budgeted revenues. Certified assessed valuations as of July 1, 2014, increased 6.7% from the preceding year.

As of September 30, 2014, the City’s unemployment rate is 5.0% compared to the State of Texas, which is 5.2%. In the FY2014-15 budget, sales tax receipts are projected to increase 3% over prior year estimates plus an additional estimate for upcoming development. The car rental tax receipts are projected to increase approximately 1.25% over prior year projections.

Baseline budgeted expenditures in the General Fund are projected to increase approximately 5.5% from the FY2013-14 original budget. This increase is primarily attributed to rebates associated with increased revenue collections and the employee raise package and related costs. Other baseline increases include cost for maintenance, supplies, and utilities as well as increased transfers for equipment replacement. The City elected to use excess reserves in various funds to cash flow capital programs including city computer and technology upgrades, public safety radio replacement program, career preparation program in conjunction with the local school district, fire suppression and EMS equipment, continuation of the local selective traffic enforcement program, equipment and floor resurfacing for the Euless Family Life Center, and various facility

maintenance items. In addition, the FY2014-15 budget includes funding for continued technological advancements in the City's municipal court operations. Continued funding is also provided for the City's contribution to the Tarrant County Home Program, community revitalization, and street overlay. The property tax rate declined to .4675¢ per \$100 of assessed valuation for FY2014-15.

For the Water and Wastewater Fund, the FY2014-15 budget includes the continuation of the tiered rate structure for residential and irrigation water volume billing. Under the tiered structure, customers pay a graduated volume rate based on varying levels of monthly water consumption. Residential volume rates range from \$2.97 to \$5.60 per thousand gallons. Monthly water base rates are increasing by 5.9% for both residential and commercial customers. A wastewater volume charge of \$3.33 per thousand gallons applies to all customer classes and monthly base rates are increasing by 50¢. 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 \$842,000 for replacement of a 24-inch valve at Cinnamon/Anice/Fuller-Wiser and wastewater line replacements along Crane Drive and Town Creek Drive. The budget also includes funding for miscellaneous water and wastewater projects and well repairs. One-time capital in the amount of approximately \$630,000 is included for computer and technology upgrades, fuel contingency, a sewer camera, a masonry screening wall, a water line leak detection program, and a transfer to capital projects for pump rehabilitation.

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. Course renovations were completed at the end of FY2013-14, and the course re-opened to rave reviews. Proposed revenues of \$4,465,069 and proposed operating expenses of \$4,456,616 comprise the FY2014-15 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, 201 North Ector Drive, Euless, Texas 76039, call (817) 685-1626, or e-mail jjewell@eulesstx.gov.

CITY OF EULESS, TEXAS
GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Deposits and investments	\$ 41,296,887	\$ 14,481,415	\$ 55,778,302
Receivables, net of allowances	7,735,147	3,003,205	10,738,352
Internal balances	(2,229,256)	2,229,256	-
Inventories, at cost	8,758	275,474	284,232
Prepaid items	74,018	22,824	96,842
Restricted assets			
Deposits and investments	398,756	2,426,451	2,825,207
Net OPEB asset	63,075	28,370	91,445
Capital assets			
Land and construction in progress	30,327,268	3,971,764	34,299,032
Other capital assets, net of accumulated depreciation	91,203,921	61,592,151	152,796,072
Total assets	<u>168,878,574</u>	<u>88,030,910</u>	<u>256,909,484</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	974,523	801,829	1,776,352
Total deferred outflows of resources	<u>974,523</u>	<u>801,829</u>	<u>1,776,352</u>
LIABILITIES			
Accounts payable	11,731,775	1,924,924	13,656,699
Accrued liabilities	1,754,597	219,797	1,974,394
Accrued interest payable	153,961	47,682	201,643
Unearned revenue	196,006	121,239	317,245
Money held in escrow	-	1,765,205	1,765,205
Noncurrent liabilities			
Due within one year	4,509,422	1,052,810	5,562,232
Due in more than one year	28,423,958	11,066,139	39,490,097
Total liabilities	<u>46,769,719</u>	<u>16,197,796</u>	<u>62,967,515</u>
NET POSITION			
Net investment in capital assets	94,162,906	55,160,900	149,323,806
Restricted for			
Debt service	2,390,501	317,758	2,708,259
Capital projects	398,756	232,300	631,056
Impact fees	-	1,876,393	1,876,393
Court technology	120,093	-	120,093
Juvenile cases	164,822	-	164,822
PEG fees	405,157	-	405,157
Developer agreements	1,518,511	-	1,518,511
Historical preservation	1,245	-	1,245
Unrestricted	23,921,387	15,047,592	38,968,979
Total net position	<u>\$ 123,083,378</u>	<u>\$ 72,634,943</u>	<u>\$ 195,718,321</u>

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

CITY OF EULESS, TEXAS
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2014

Program Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business - Type Activities	Total
Primary government							
Governmental activities							
Culture and recreation	\$ 6,424,683	\$ 304,283	\$ 7,871	\$ -	\$ (6,112,529)	\$ -	\$ (6,112,529)
Development services	1,367,005	1,321,040	-	-	(45,965)	-	(45,965)
General and administrative	18,017,535	1,347,600	15,069	-	(16,654,866)	-	(16,654,866)
Highways and streets	3,578,341	218,012	-	1,552,118	(1,808,211)	-	(1,808,211)
Public safety	24,278,144	3,567,917	610,140	-	(20,100,087)	-	(20,100,087)
Interest on long-term debt	1,126,017	-	-	-	(1,126,017)	-	(1,126,017)
Total governmental activities	54,791,725	6,758,852	633,080	1,552,118	(45,847,675)	-	(45,847,675)
Business-type activities							
Water and wastewater	20,298,024	19,353,144	-	1,388,261	-	443,381	443,381
Drainage utility	1,373,036	712,971	-	649,002	-	(11,063)	(11,063)
Golf course	4,152,015	3,622,952	-	-	-	(529,063)	(529,063)
Other recreation enterprises	2,288,337	2,241,920	-	-	-	(46,417)	(46,417)
Total business-type activities	28,111,412	25,930,987	-	2,037,263	-	(143,162)	(143,162)
Total primary government	<u>\$ 82,903,137</u>	<u>\$ 32,689,839</u>	<u>\$ 633,080</u>	<u>\$ 3,589,381</u>	(45,847,675)	(143,162)	(45,990,837)
General Revenues							
Taxes							
Property taxes, levied for general purposes					13,488,816	-	13,488,816
Sales taxes					17,525,123	-	17,525,123
Car rental taxes					14,082,518	-	14,082,518
Mixed beverage taxes					69,160	-	69,160
Hotel/motel occupancy taxes					343,312	-	343,312
Gross receipts taxes					4,458,682	-	4,458,682
Investment income					70,374	34,063	104,437
Rents and royalties					1,390,283	-	1,390,283
Gain on sale of capital assets					84,664	-	84,664
Miscellaneous					48,773	-	48,773
Transfers					531,974	(531,974)	-
Total general revenues and transfers					52,093,679	(497,911)	51,595,768
Change in net position					6,246,004	(641,073)	5,604,931
NET POSITION, beginning of year, as restated (Note 13)					116,837,374	73,276,016	190,113,390
NET POSITION, end of year					<u>\$ 123,083,378</u>	<u>\$ 72,634,943</u>	<u>\$ 195,718,321</u>

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

**CITY OF EULESS, TEXAS
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	General Fund	Debt Service Fund	Car Rental Tax Fund	Non-major Governmental Funds	Total Governmental Funds
ASSETS					
Deposits and investments	\$ 11,242,033	\$ 797,811	\$ 11,471,353	\$ 10,291,389	\$ 33,802,586
Receivables					
Property taxes	400,219	169,727	-	-	569,946
Accounts receivable	1,010,708	-	2,403,546	263,093	3,677,347
Accrued interest receivable	8,911	-	2,295	6,308	17,514
Due from other governments	1,965,275	-	-	1,179,844	3,145,119
Prepays and deposits	39,314	-	10,000	24,704	74,018
Inventories, at cost	8,758	-	-	-	8,758
Restricted deposits and investments	-	-	-	398,756	398,756
Total assets	<u>\$ 14,675,218</u>	<u>\$ 967,538</u>	<u>\$ 13,887,194</u>	<u>\$ 12,164,094</u>	<u>\$ 41,694,044</u>
LIABILITIES					
Accounts payable	\$ 1,909,894	\$ 1,322	\$ 8,494,603	\$ 563,531	\$ 10,969,350
Accrued liabilities	875,066	3,010	-	134,749	1,012,825
Unearned revenue	140,165	-	-	55,841	196,006
Total liabilities	<u>2,925,125</u>	<u>4,332</u>	<u>8,494,603</u>	<u>754,121</u>	<u>12,178,181</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue- property taxes	400,220	166,752	-	-	566,972
Unavailable revenue- other	499,416	-	-	5,928	505,344
Total deferred inflows of resources	<u>899,636</u>	<u>166,752</u>	<u>-</u>	<u>5,928</u>	<u>1,072,316</u>
FUND BALANCES					
Nonspendable					
Prepays, deposits, and inventories	48,072	-	10,000	24,704	82,776
Restricted for					
Debt service	-	796,454	-	1,581,256	2,377,710
Capital projects	-	-	-	398,756	398,756
Developer agreements	-	-	-	1,518,511	1,518,511
Court technology	120,093	-	-	-	120,093
Juvenile case management	-	-	-	164,822	164,822
Cable PEG	-	-	-	405,157	405,157
Historical preservation	-	-	-	1,245	1,245
Assigned	121,334	-	5,382,591	7,309,594	12,813,519
Unassigned	10,560,958	-	-	-	10,560,958
Total fund balances	<u>10,850,457</u>	<u>796,454</u>	<u>5,392,591</u>	<u>11,404,045</u>	<u>28,443,547</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,675,218</u>	<u>\$ 967,538</u>	<u>\$ 13,887,194</u>	<u>\$ 12,164,094</u>	<u>\$ 41,694,044</u>

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

**CITY OF EULESS, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014**

Total fund balances - governmental funds	\$	28,443,547
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.		118,479,662
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.		(153,961)
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.		7,135,578
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.		1,072,316
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.		63,075
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.		<u>(31,956,839)</u>
Net position of governmental activities	<u>\$</u>	<u>123,083,378</u>

CITY OF EULESS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	General Fund	Debt Service Fund	Car Rental Tax Fund	Non-major Governmental Funds	Total Governmental Funds
Revenues					
General property tax	\$ 10,234,363	\$ 3,123,956	\$ -	\$ 110,075	\$ 13,468,394
Gross receipts tax	4,322,847	-	-	479,147	4,801,994
Mixed beverage tax	69,160	-	-	-	69,160
General sales tax	10,946,869	-	-	6,578,254	17,525,123
Car rental tax	-	-	14,082,518	-	14,082,518
Fines and fees	4,646,390	-	-	-	4,646,390
Licenses and permits	1,286,753	-	-	-	1,286,753
Investment income	26,601	516	8,577	22,186	57,880
DEA revenues	-	-	-	15,316	15,316
Intergovernmental	379,467	-	-	82,017	461,484
Rents and royalties	444,364	694,755	-	251,164	1,390,283
Other revenues	475,972	-	-	734,114	1,210,086
Total revenues	32,832,786	3,819,227	14,091,095	8,272,273	59,015,381
Expenditures					
Current					
Culture and recreation	2,844,380	-	-	2,714,083	5,558,463
Development services	632,694	-	-	385,209	1,017,903
General and administrative	7,841,424	-	9,508,744	361,273	17,711,441
Highways and streets	1,253,036	-	-	98,368	1,351,404
Public safety	20,668,937	-	-	2,452,520	23,121,457
Debt service					
Principal	90,801	3,155,000	-	2,321,603	5,567,404
Interest and fiscal charges	6,919	1,111,535	-	29,615	1,148,069
Capital outlay	700,866	-	-	1,971,144	2,672,010
Total expenditures	34,039,057	4,266,535	9,508,744	10,333,815	58,148,151
Excess (deficiency) of revenues over (under) expenditures	(1,206,271)	(447,308)	4,582,351	(2,061,542)	867,230
Other financing sources (uses)					
Transfers in	2,532,431	436,708	-	1,397,510	4,366,649
Transfers out	(366,377)	-	(3,062,741)	(780,227)	(4,209,345)
Total other financing sources (uses)	2,166,054	436,708	(3,062,741)	617,283	157,304
Net change in fund balances	959,783	(10,600)	1,519,610	(1,444,259)	1,024,534
Fund balances, beginning of year	9,890,674	807,054	3,872,981	12,848,304	27,419,013
Fund balances, end of year	\$ 10,850,457	\$ 796,454	\$ 5,392,591	\$ 11,404,045	\$ 28,443,547

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

**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, 2014**

Net change in fund balances - total governmental funds \$ 1,024,534

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. 4,144,606

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. (4,461,375)

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position. 5,567,404

Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. (44,581)

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. (217,664)

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. 15,133

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. 151,090

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. 66,857

Change in net position of governmental activities \$ 6,246,004

CITY OF EULESS, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2014

(1 of 2)

ASSETS	Business - Type Activities - Enterprise Funds					Governmental
	Water and Wastewater	Drainage Utility	Golf Course	Other Enterprise Funds	Total Enterprise Funds	Activities -
						Internal Service Funds
Current assets						
Deposits and investments	\$ 9,677,017	\$ 1,336,793	\$ 1,269,099	\$ 2,198,506	\$ 14,481,415	\$ 7,494,301
Accounts receivable and unbilled revenue						
less allowance for uncollectibles of						
\$23,336 for water and wastewater and						
\$246 for drainage utility	2,683,463	79,576	205,326	27,212	2,995,577	318,181
Accrued interest receivable	7,380	-	248	-	7,628	7,040
Prepays and deposits	270	-	7,843	14,711	22,824	-
Inventory	100,660	-	99,051	75,763	275,474	-
Total unrestricted current assets	12,468,790	1,416,369	1,581,567	2,316,192	17,782,918	7,819,522
Restricted assets						
W&WW impact fees - deposits and investments	1,876,393	-	-	-	1,876,393	-
Revenue bond deposits and investments	232,300	-	-	-	232,300	-
Revenue bond reserve for debt service	317,758	-	-	-	317,758	-
Total restricted assets	2,426,451	-	-	-	2,426,451	-
Total current assets	14,895,241	1,416,369	1,581,567	2,316,192	20,209,369	7,819,522
Non-current assets						
Net OPEB asset	20,998	-	3,768	3,604	28,370	-
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	1,064,000	16,780	760,292	215,309	2,056,381	9,746,769
Improvements	1,033,401	883,184	8,614,304	8,150,654	18,681,543	-
Construction in progress	353,219	-	-	-	353,219	-
Utility system	68,735,595	26,745,470	-	-	95,481,065	-
Total property, plant, and equipment in service	72,859,976	28,205,260	13,795,848	9,438,770	124,299,854	9,746,769
Less accumulated depreciation	35,990,225	11,940,695	6,384,130	4,420,889	58,735,939	6,695,242
Net property, plant, and equipment in service	36,869,751	16,264,565	7,411,718	5,017,881	65,563,915	3,051,527
Total non-current assets	36,890,749	16,264,565	7,415,486	5,021,485	65,592,285	3,051,527
Total assets	51,785,990	17,680,934	8,997,053	7,337,677	85,801,654	10,871,049
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charges on refunding	185,573	-	602,966	13,290	801,829	-
Total deferred outflows of resources	185,573	-	602,966	13,290	801,829	-

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

CITY OF EULESS, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2014

(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	\$ 1,701,786	\$ 21,285	\$ 148,948	\$ 52,905	\$ 1,924,924	\$ 762,425
Accrued salaries and wages	298,653	33,850	86,307	23,680	442,490	6,325
Current portion of bonds payable	410,000	-	445,000	150,000	1,005,000	-
Accrued insurance claims	-	-	-	-	-	737,465
Unearned revenue	-	-	121,239	-	121,239	-
Accrued interest	24,179	-	21,953	1,550	47,682	-
Total current liabilities	2,434,618	55,135	823,447	228,135	3,541,335	1,506,215
Non-current liabilities						
Customer and escrow deposits	1,696,869	-	68,336	-	1,765,205	-
Net pension obligation	342,681	37,948	67,559	10,924	459,112	-
Bonds payable	3,850,564	-	6,405,732	175,848	10,432,144	-
Total non-current liabilities	5,890,114	37,948	6,541,627	186,772	12,656,461	-
Total liabilities	8,324,732	93,083	7,365,074	414,907	16,197,796	1,506,215
NET POSITION						
Net investment in capital assets	33,027,060	16,264,565	1,163,952	4,705,323	55,160,900	3,051,527
Restricted for						
Impact fees	1,876,393	-	-	-	1,876,393	-
Capital projects	232,300	-	-	-	232,300	-
Debt service	317,758	-	-	-	317,758	-
Unrestricted	8,193,320	1,323,286	1,070,993	2,230,737	12,818,336	6,313,307
Total net position	\$ 43,646,831	\$ 17,587,851	\$ 2,234,945	\$ 6,936,060	70,405,687	\$ 9,364,834
Reconciliation to government-wide statement of net position						
Adjustment to reflect the consolidation of internal						
service funds' activities related to enterprise funds						2,229,256
Net position of business-type activities						<u>\$ 72,634,943</u>

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

CITY OF EULESS, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	Business - Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water and Wastewater	Drainage Utility	Golf Course	Other Enterprise Funds	Total Enterprise Funds	
Operating revenues						
Water service	\$ 10,786,403	\$ -	\$ -	\$ -	\$ 10,786,403	\$ -
Reclaimed water service	167,083	-	-	-	167,083	-
Wastewater service	7,100,795	-	-	-	7,100,795	-
Drainage fees	-	712,971	-	-	712,971	-
Recreation fees	-	-	-	527,281	527,281	-
Insurance premiums	-	-	-	-	-	5,665,639
Service fees and miscellaneous	1,298,863	-	3,622,952	1,714,639	6,636,454	972,343
Total operating revenues	19,353,144	712,971	3,622,952	2,241,920	25,930,987	6,637,982
Operating expenses						
General and administrative	437,533	-	-	-	437,533	1,151,966
Water production	7,233,678	-	-	-	7,233,678	-
Water distribution	965,801	-	-	-	965,801	-
Utility engineering	494,742	-	-	-	494,742	-
Wastewater collection and treatment	3,479,744	-	-	-	3,479,744	-
Nondepartmental	3,948,990	-	-	-	3,948,990	-
Geographic information systems	501,592	-	-	-	501,592	-
Service center	1,207,013	-	-	-	1,207,013	-
Drainage	-	663,625	-	-	663,625	-
Recreation classes	-	-	-	564,986	564,986	-
Golf course	-	-	1,458,457	-	1,458,457	-
Pro shop	-	-	377,466	-	377,466	-
Food and beverage	-	-	1,255,738	-	1,255,738	-
Conference center	-	-	322,542	-	322,542	-
Cart operations	-	-	123,898	-	123,898	-
Texas Star Sports Complex	-	-	-	1,313,986	1,313,986	-
Arbor Daze	-	-	-	82,852	82,852	-
Insurance costs	-	-	-	-	-	5,159,524
Depreciation	1,822,762	709,411	386,010	310,154	3,228,337	725,179
Amortization	19,843	-	27,480	(1,279)	46,044	-
Total operating expenses	20,111,698	1,373,036	3,951,591	2,270,699	27,707,024	7,036,669
Operating loss	(758,554)	(660,065)	(328,639)	(28,779)	(1,776,037)	(398,687)
Nonoperating revenues (expenses)						
Gain (loss) on sale of capital assets	-	-	(18,963)	3,345	(15,618)	88,445
Investment income	28,453	2,829	2,011	770	34,063	12,496
Interest expense	(122,229)	-	(178,850)	(13,525)	(314,604)	-
Total nonoperating revenues (expenses), net	(93,776)	2,829	(195,802)	(9,410)	(296,159)	100,941
Loss before contributions and transfers	(852,330)	(657,236)	(524,441)	(38,189)	(2,072,196)	(297,746)
Developer contributions	1,388,261	649,002	-	-	2,037,263	-
Transfers in	34,455	-	433,160	-	467,615	599,670
Transfers out	(1,188,936)	(35,653)	-	-	(1,224,589)	-
Net income (loss)	(618,550)	(43,887)	(91,281)	(38,189)	(791,907)	301,924
Net position, beginning, as restated (Note 13)	44,265,381	17,631,738	2,326,226	6,974,249		9,062,910
Net position, end of year	\$ 43,646,831	\$ 17,587,851	\$ 2,234,945	\$ 6,936,060		\$ 9,364,834

Reconciliation to government-wide statement of net position
Adjustment to reflect the consolidation of internal
service funds' activities related to enterprise funds
Change in net position of business-type activities

	150,834
	<u>\$ (641,073)</u>

CITY OF EULESS, TEXAS
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	Business - Type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Water and Wastewater	Drainage Utility	Golf Course	Other Enterprise Funds		
OPERATING ACTIVITIES						
Cash received from customers	\$ 19,468,625	\$ 713,069	\$ 3,648,744	\$ 2,245,822	\$ 26,076,260	\$ 7,170,859
Cash payments to suppliers for goods and services	(15,299,613)	(372,516)	(2,012,365)	(1,496,122)	(19,180,616)	(6,268,998)
Cash payments to employees for services	(3,099,793)	(277,160)	(1,475,614)	(461,511)	(5,314,078)	(91,644)
Net cash provided by operating activities	1,069,219	63,393	160,765	288,189	1,581,566	810,217
NONCAPITAL FINANCING ACTIVITIES						
Transfer in	34,455	-	433,160	-	467,615	599,670
Transfer out	(1,188,936)	(35,653)	-	-	(1,224,589)	-
Net cash provided by (used in) noncapital financing activities	(1,154,481)	(35,653)	433,160	-	(756,974)	599,670
CAPITAL AND RELATED FINANCING ACTIVITIES						
Impact fees	313,487	-	-	-	313,487	-
Interest paid on bonds	(123,397)	-	(179,925)	(13,900)	(317,222)	-
Principal paid on bonds	(405,000)	-	(430,000)	(150,000)	(985,000)	-
Purchase of capital assets	(3,035,080)	(215,346)	(594,383)	(15,034)	(3,859,843)	(1,578,635)
Proceeds from sale of capital assets	-	-	19,430	3,345	22,775	246,445
Net cash used in capital and related financing activities	(3,249,990)	(215,346)	(1,184,878)	(175,589)	(4,825,803)	(1,332,190)
INVESTING ACTIVITIES						
Interest received on investments	29,422	3,762	1,763	770	35,717	7,573
Net cash provided by investing activities	29,422	3,762	1,763	770	35,717	7,573
Net change in cash and cash equivalents	(3,305,830)	(183,844)	(589,190)	113,370	(3,965,494)	85,270
Cash and cash equivalents, beginning of year	15,409,298	1,520,637	1,858,289	2,085,136	20,873,360	7,409,031
Cash and cash equivalents, end of year	<u>\$ 12,103,468</u>	<u>\$ 1,336,793</u>	<u>\$ 1,269,099</u>	<u>\$ 2,198,506</u>	<u>\$ 16,907,866</u>	<u>\$ 7,494,301</u>

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

CITY OF EULESS, TEXAS
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS – CONTINUED
YEAR ENDED SEPTEMBER 30, 2014

	Business - Type Activities - Enterprise Funds					Governmental Activities -
	Water and Wastewater	Drainage Utility	Golf Course	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Reconciliation of operating loss to net cash provided by operating activities						
Operating loss	\$ (758,554)	\$ (660,065)	\$ (328,639)	\$ (28,779)	\$ (1,776,037)	\$ (398,687)
Adjustments to reconcile operating loss to net cash provided by operating activities						
Depreciation and amortization	1,842,605	709,411	413,490	308,875	3,274,381	725,179
Changes in assets and liabilities:						
Accounts receivable and unbilled revenue	108,466	98	21,700	3,902	134,166	(187,571)
Prepays and deposits	285	-	384	3,727	4,396	54,775
Inventory	185	-	1,884	(8,298)	(6,229)	-
Net OPEB asset	34,106	364	9,867	1,076	45,413	-
Net pension obligation	7,539	266	(10,946)	647	(2,494)	-
Accounts payable	(166,730)	16,806	45,258	2,762	(101,904)	369,570
Accrued salaries and wages	(5,701)	(3,487)	3,676	4,277	(1,235)	(5,189)
Accrued insurance claims	-	-	-	-	-	252,140
Customer and escrow deposit	7,018	-	-	-	7,018	-
Unearned revenue	-	-	4,091	-	4,091	-
Net cash provided by operating activities	<u>\$ 1,069,219</u>	<u>\$ 63,393</u>	<u>\$ 160,765</u>	<u>\$ 288,189</u>	<u>\$ 1,581,566</u>	<u>\$ 810,217</u>
Noncash financing activities						
Developer contributed assets	<u>\$ 1,074,774</u>	<u>\$ 649,002</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,723,776</u>	
Reconciliation of cash to balance sheet:						
Cash - current	\$ 9,677,017	\$ 1,336,793	\$ 1,269,099	\$ 2,198,506	\$ 14,481,415	
Cash - restricted	<u>2,426,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,426,451</u>	
Cash and cash equivalents	<u>\$ 12,103,468</u>	<u>\$ 1,336,793</u>	<u>\$ 1,269,099</u>	<u>\$ 2,198,506</u>	<u>\$ 16,907,866</u>	

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

**CITY OF EULESS, TEXAS
STATEMENT OF NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2014**

	Agency Funds	OPEB Trust Fund
ASSETS		
Investments at fair value		
Money market account	\$ 5,009,102	\$ 76,105
Fixed income funds	-	1,141,263
Equity funds	-	1,826,812
Total assets	<u>\$ 5,009,102</u>	3,044,180
LIABILITIES		
Due to other entities	\$ 5,008,983	400
Refunds payable	119	-
Total liabilities	<u>\$ 5,009,102</u>	400
NET POSITION		
Held in trust for OPEB		<u>\$ 3,043,780</u>

**CITY OF EULESS, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
OPEB TRUST FUND
YEAR ENDED SEPTEMBER 30, 2014**

	OPEB Trust Fund
ADDITIONS	
Employer contributions	\$ 825,930
Other contributions	279,063
Investment income	
Net increase in fair value of investments	196,114
Less: investment expense	(13,941)
Net investment earnings	182,173
Total additions	1,287,166
DEDUCTIONS	
Insurance claims	592,193
Administrative expenses	105,911
Total deductions	698,104
Change in net position	589,062
NET POSITION, beginning	2,454,718
NET POSITION, ending	\$ 3,043,780

**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 substantively the same as the City Council, and management of the City has operational responsibility for TIRZ #3. The Board is comprised of seven directors, four of whom are council members, which constitutes a voting majority of the Board. The remaining three board members are representatives selected by the other participating taxing entities and the Tarrant County Hospital District.

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

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 five 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, Glade Parks III Escrow agency fund, and Glade Parks IV 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 developers. Upon satisfactory completion, any excess funds will be returned to the developers 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, deferred inflows/outflows of resources, and liabilities (whether current or noncurrent) are included on the statement of net position and the operating statements present increases and decreases in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water, wastewater, and drainage services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes and other revenues as available if they are collected within 60 days of year-end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and other long-term liabilities are recorded only when payment is due.

The significant revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income, and intergovernmental revenues. Sales taxes 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 deposit within established criterion.

Taxes

Property taxes are levied for appropriation for the fiscal year beginning on October 1, are due October 1, attach as an enforceable lien on property as of January 1, and become delinquent on February 1. Property taxes are accrued based on the period for which they are levied and available. Delinquent taxes estimated not to be available are treated as deferred inflows of resources. Property taxes for cities, including those applicable to debt service, are limited by the Texas Constitution to \$2.50 per \$100 of assessed valuation. The City's current tax rate is \$.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	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable	\$ 48,072	\$ -	\$ 10,000	\$ 24,704	\$ 82,776
Restricted for					
Debt service	-	796,454	-	1,581,256	2,377,710
Capital projects	-	-	-	398,756	398,756
Developer agreements	-	-	-	1,518,511	1,518,511
Court technology	120,093	-	-	-	120,093
Juvenile case processing	-	-	-	164,822	164,822
PEG fees	-	-	-	405,157	405,157
Historical preservation	-	-	-	1,245	1,245
Assigned					
Capital projects	-	-	-	2,941,236	2,941,236
Betterments	48,591	-	-	-	48,591
Emergency/radio systems	47,230	-	-	-	47,230
Tourism and conference facilities Parks, library, and economic development	-	-	-	252,551	252,551
Police department	-	-	-	2,307,461	2,307,461
Grants	-	-	-	1,732,839	1,732,839
Other	-	-	-	75,507	75,507
Other	25,513	-	5,382,591	-	5,408,104
Unassigned	10,560,958	-	-	-	10,560,958
Total	\$ 10,850,457	\$ 796,454	\$ 5,392,591	\$ 11,404,045	\$ 28,443,547

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has classified prepaid items and inventory as being nonspendable.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balance Classifications – Continued

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

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

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action (ordinance) of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City has no committed fund balance at year-end.

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

- a. Assigned for capital projects represents revenue sources that are to be used for capital projects for the City.
- 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 as well as the residual balance in the Car Rental Tax special revenue fund.

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, 2014, the City's portfolio contained the following investments:

Investment Type	Book Value	Fair Value	% of Portfolio	WAM	Rating	Rating Agency
Overnight pools						
TexPool	\$ 13,160,618	\$ 13,160,618	20.62%	51	AAAm	S&P
TexStar	15,027,054	15,027,054	23.54%	50	AAAm	S&P
Bank of Texas	6,804	6,804	0.01%	52	A-/A2	S&P/Moodys
Total overnight	<u>28,194,476</u>	<u>28,194,476</u>	<u>44.17%</u>			
Investment securities						
FFCB	15,152,420	15,163,279	23.75%	73	AA+/Aaa	S&P/Moody's
FHLB	17,203,364	17,213,435	26.97%	58	AA+/Aaa	S&P/Moody's
FHLMC	500,653	500,250	0.78%	1	AA+/Aaa	S&P/Moody's
FNMA	1,302,350	1,300,900	2.04%	16	AA+/Aaa	S&P/Moody's
FAMCA	1,500,000	1,459,940	2.29%	5		not rated
Total investment securities	<u>35,658,787</u>	<u>35,637,804</u>	<u>55.83%</u>			
Total portfolio	<u>\$ 63,853,263</u>	<u>\$ 63,832,280</u>	<u>100.00%</u>	153		

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, 2014. At year-end, the carrying amount of the City's deposits was \$269,235, with a bank balance of \$462,182.

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

NOTE 2. DEPOSITS AND INVESTMENTS

GASB 40 Disclosures – Continued

Deposits – Continued

The bank balance is covered by \$250,000 by Federal Depository Insurance Corporation (FDIC) insurance and pledged collateral. 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 \$2,198,092.

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, 2014, 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, 2014, 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 270 days.

The following table details the maturity schedule for the City’s investments as of September 30, 2014.

<u>Maturity Schedule</u>	<u>Book Value</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
Overnight	\$ 28,194,476	\$ 28,194,476	44.2%
Less than 1 month	2,999,475	3,000,065	4.7%
1 to 6 months	10,306,896	10,317,012	16.1%
6 to 9 months	9,208,695	9,176,040	14.4%
9 to 12 months	2,499,924	2,500,820	3.9%
12 to 18 months	8,743,797	8,745,247	13.7%
18 to 24 months	1,000,000	1,000,600	1.6%
Over 24 months	900,000	898,020	1.4%
Total	<u>\$ 63,853,263</u>	<u>\$ 63,832,280</u>	<u>100.0%</u>

Credit Risk

In compliance with the City’s Investment Policy, as of September 30, 2014, 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 for securities held as collateral.

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, 2014, 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, 2014, was as follows:

	Balance Beginning of Year	Increase	Decrease	Adjustment/ Transfer	Balance End of Year
Governmental activities					
Capital assets not being depreciated					
Land	\$ 26,476,056	\$ 107,731	\$ -	\$ -	\$ 26,583,787
Construction in progress	9,602,560	1,481,196	-	(7,340,275)	3,743,481
Total capital assets not being depreciated	36,078,616	1,588,927	-	(7,340,275)	30,327,268
Capital assets being depreciated					
Buildings	54,605,586	-	-	3,822,551	58,428,137
Improvements other than buildings	5,869,383	41,331	-	3,466,525	9,377,239
Infrastructure	70,098,923	1,808,567	-	-	71,907,490
Machinery and equipment	9,024,899	722,132	(214,675)	51,199	9,583,555
Total capital assets being depreciated	139,598,791	2,572,030	(214,675)	7,340,275	149,296,421
Less accumulated depreciation					
Buildings	(17,603,557)	(1,590,958)	-	-	(19,194,515)
Improvements other than buildings	(3,139,864)	(208,722)	-	-	(3,348,586)
Infrastructure	(31,524,975)	(1,989,513)	-	-	(33,514,488)
Machinery and equipment	(4,612,580)	(672,182)	198,324	-	(5,086,438)
Total accumulated depreciation	(56,880,976)	(4,461,375)	198,324	-	(61,144,027)
Total capital assets being depreciated, net	82,717,815	(1,889,345)	(16,351)	7,340,275	88,152,394
Total governmental fund capital assets, net	118,796,431	(300,418)	(16,351)	-	118,479,662
Internal service funds					
Capital assets being depreciated					
Machinery and equipment	8,612,201	1,578,635	(444,067)	-	9,746,769
Total internal service assets being depreciated	8,612,201	1,578,635	(444,067)	-	9,746,769
Less accumulated depreciation					
Machinery and equipment	(6,256,130)	(725,179)	286,067	-	(6,695,242)
Total internal service funds capital assets, net	2,356,071	853,456	(158,000)	-	3,051,527
Total governmental activities capital assets, net	\$ 121,152,502	\$ 553,038	\$ (174,351)	\$ -	\$ 121,531,189

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3. CAPITAL ASSETS – CONTINUED

	Balance Beginning of Year	Increase	Decrease	Adjustment/ Transfer	Balance End of Year
Business-type activities					
Capital assets not being depreciated					
Land	\$ 3,618,545	\$ -	\$ -	\$ -	\$ 3,618,545
Construction in progress	1,230,655	2,913,171	-	(3,790,607)	353,219
Total assets not being depreciated	4,849,200	2,913,171	-	(3,790,607)	3,971,764
Capital assets being depreciated					
Buildings	4,109,101	-	-	-	4,109,101
Equipment	2,162,184	112,492	(218,295)	-	2,056,381
Improvements	17,862,799	799,349	-	19,395	18,681,543
Utility system	89,951,245	1,758,607	-	3,771,212	95,481,064
Total capital assets being depreciated	114,085,329	2,670,448	(218,295)	3,790,607	120,328,089
Less accumulated depreciation					
Buildings	(1,910,613)	(126,073)	-	-	(2,036,686)
Equipment	(1,766,680)	(114,963)	179,903	-	(1,701,740)
Improvements	(7,948,496)	(650,623)	-	-	(8,599,119)
Utility system	(44,061,715)	(2,336,678)	-	-	(46,398,393)
Total accumulated depreciation	(55,687,504)	(3,228,337)	179,903	-	(58,735,938)
Total capital assets being depreciated, net	58,397,825	(557,889)	(38,392)	3,790,607	61,592,151
Total business-type activities capital assets, net	<u>\$ 63,247,025</u>	<u>\$ 2,355,282</u>	<u>\$ (38,392)</u>	<u>\$ -</u>	<u>\$ 65,563,915</u>

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

Governmental activities	
Culture and recreation	\$ 817,050
Development services	330,586
General administrative	1,034,791
Highways and streets	2,100,298
Public safety	903,829
Total depreciation expense - governmental activities	<u>\$ 5,186,554</u>
Business-type activities	
Water and wastewater	\$ 1,822,762
Drainage utility	709,411
Golf course	386,010
Other recreation enterprises	310,154
Total depreciation expense - business-type activities	<u>\$ 3,228,337</u>

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

NOTE 3. CAPITAL ASSETS – CONTINUED

Outstanding commitments at September 30, 2014, under authorized construction contracts, were \$461,526. 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, 2014, 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 4.50% to 5.00%.	\$ 7,100,000	\$ -
\$8,110,000 Series 2010, Taxable General Obligation Refunding Bonds, dated August 15, 2010, due in annual installments through 2025, bearing interest rates of 2.20% to 4.40%.	6,215,000	-
\$6,575,000 Series 2011, General Obligation Refunding Bonds, dated January 15, 2011, due in annual installments through 2021, bearing interest rates of 3.00% to 4.00%.	5,340,000	-
\$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%.	2,780,000	-
\$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%.	-	2,760,000
\$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%.	1,175,000	-
\$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%.	4,640,000	-
\$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%.	775,000	6,915,000
\$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%.	-	1,525,000
	<u>\$ 28,025,000</u>	<u>\$ 11,200,000</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, 2014:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due within One Year
Governmental activities					
General obligation bonds	\$ 27,095,000	\$ -	\$ (3,025,000)	\$ 24,070,000	\$ 3,120,000
Certificates of obligation	2,910,000	-	(130,000)	2,780,000	130,000
Sales tax revenue bonds	2,050,000	-	(875,000)	1,175,000	890,000
Capital leases	1,631,600	-	(1,537,404)	94,196	94,196
Premium on bonds	795,843	-	(103,937)	691,906	103,938
Discount on bonds	(75,862)	-	6,323	(69,539)	(6,322)
Net pension obligation	2,393,098	22,851	(217)	2,415,732	-
Compensated absences	1,808,989	353,023	(385,927)	1,776,085	177,610
Total governmental activities	38,608,668	375,874	(6,051,162)	32,933,380	4,509,422
Business-type activities					
Water and sewer revenue bonds	4,690,000	-	(405,000)	4,285,000	410,000
General obligation refunding bonds	7,495,000	-	(580,000)	6,915,000	595,000
Premiums on bonds	295,190	-	(27,163)	268,027	27,166
Discounts on bonds	(32,506)	-	1,625	(30,881)	(1,625)
Net pension obligation	461,606	-	(2,494)	459,112	-
Compensated absences	254,290	42,460	(74,059)	222,691	22,269
Total business-type activities	13,163,580	42,460	(1,087,091)	12,118,949	1,052,810
Total primary government	<u>\$ 51,772,248</u>	<u>\$ 418,334</u>	<u>\$ (7,138,253)</u>	<u>\$ 45,052,329</u>	<u>\$ 5,562,232</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.

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

NOTE 4. LONG-TERM DEBT – CONTINUED

Annual Requirements to Retire Debt Obligations

The annual aggregate maturities for each bond type for the years subsequent to September 30, 2014, 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>	
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	2,740,000	433,422	475,000	113,600	3,762,022
2020-2024	8,225,000	884,634	2,590,000	363,707	12,063,341
2025-2027	685,000	30,140	1,705,000	66,169	2,486,309
	<u>\$ 24,070,000</u>	<u>\$ 4,247,247</u>	<u>\$ 6,915,000</u>	<u>\$ 1,131,426</u>	<u>\$ 36,363,673</u>

Certificates of Obligation:

	<u>Governmental Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
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	150,000	90,844	240,844
2020-2024	835,000	360,020	1,195,020
2025-2029	1,015,000	178,645	1,193,645
2030	230,000	9,775	239,775
	<u>\$ 2,780,000</u>	<u>\$ 1,044,660</u>	<u>\$ 3,824,660</u>

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

NOTE 4. LONG-TERM DEBT – CONTINUED

Annual Requirements to Retire Debt Obligations – Continued

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>	
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	40,000	572	450,000	81,438	572,010
2020-2024	-	-	1,285,000	287,047	1,572,047
2025-2029	-	-	430,000	166,150	596,150
2030-2033	-	-	430,000	55,000	485,000
	<u>\$ 1,175,000</u>	<u>\$ 24,240</u>	<u>\$ 4,285,000</u>	<u>\$ 1,006,387</u>	<u>\$ 6,490,627</u>

Water and sewer revenue bonds authorized and unissued as of September 30, 2014, 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.

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

NOTE 4. LONG-TERM DEBT – CONTINUED

Annual Requirements to Retire Debt Obligations – Continued

All funding requirements for the above reserves were met at September 30, 2014.

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 one capital lease agreement under which the related equipment will become the property of the City when all terms of the lease agreements are met.

As of September 30, 2014, capital lease annual amortization is as follows:

	Governmental Activities
2015	\$ 97,720
Total	97,720
Less interest	(3,524)
Present value of remaining payments	\$ 94,196

Equipment and related accumulated amortization under capital leases are as follows at September 30, 2014:

	Governmental Activities
Equipment	\$ 494,322
Less: accumulated amortization	(148,296)
Net book value	\$ 346,026

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

NOTE 5. COMMITMENTS AND CONTINGENT LIABILITIES

The City entered into a contract dated January 21, 1972, with Trinity River Authority (TRA) whereby TRA agreed to provide treated water to the City. This contract was for an original term of thirty-five (35) years and continues in effect until all bonds, or any bonds issued to refund same, have been paid in full. Additionally, on October 10, 1973, the City entered into a contract with TRA to provide wastewater treatment services to the City. The contract remains in force and effect for a period of fifty (50) years and thereafter until any bonds, or any bonds issued to refund same, have been paid in full. Payments by the City are based on metered usage at rates designed to charge the City a prorata share of TRA's annual operating and maintenance expenses and principal and interest requirements on bonds issued by TRA. Payments under these contracts approximated \$9,390,382 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 \$195,079 in the year ended September 30, 2014 and are included as operating expenses of the water and wastewater fund.

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

NOTE 6. SERVICE CENTER

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

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. INTERFUND TRANSFERS

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

	Transfers in			
	<i>Major Governmental</i>			Subtotal governmental
	General	Debt service	Nonmajor governmental	
Transfers out				
General	\$ -	\$ -	\$ 127,382	\$ 127,382
Car rental tax	1,532,842	198,443	1,106,786	2,838,071
Water and wastewater	963,936	-	-	963,936
Drainage utility	35,653	-	-	35,653
Nonmajor governmental	-	238,265	163,342	401,607
Total transfers in	<u>\$ 2,532,431</u>	<u>\$ 436,708</u>	<u>\$ 1,397,510</u>	<u>\$ 4,366,649</u>

	Transfers in					
	Internal service	<i>Major Enterprise</i>			Subtotal proprietary	Total transfers out
		Water and wastewater	Golf course			
Transfers out						
General	\$ 225,000	\$ -	\$ 13,995	\$ 238,995	\$ 366,377	
Car rental tax	149,670	-	75,000	224,670	3,062,741	
Water and wastewater	225,000	-	-	225,000	1,188,936	
Drainage utility	-	-	-	-	35,653	
Nonmajor governmental	-	34,455	344,165	378,620	780,227	
Total transfers in	<u>\$ 599,670</u>	<u>\$ 34,455</u>	<u>\$ 433,160</u>	<u>\$ 1,067,285</u>	<u>\$ 5,433,934</u>	

Transfers are primarily used to move funds from:

- The general fund to the non-major governmental funds to satisfy grant matching requirements and for approved CIP projects.
- 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 non-major governmental funds for approved capital projects and to provide additional seed money for the Glade Parks Public Improvement District.
- The car rental tax fund to the golf course fund for capital improvements.
- The non-major governmental funds to the debt service fund for the debt service payments on the 2011 certificates of obligation and to the other non-major governmental funds for approved projects.
- The non-major governmental funds to the water and wastewater fund 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.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. INTERFUND TRANSFERS – CONTINUED

- The general fund to the golf course fund to rebate the City portion of sales taxes paid.
- The car rental fund to the internal service fund for equipment purchases.
- 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.

NOTE 8. RISK MANAGEMENT

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

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

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

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

The City provides employee health insurance coverage on a self-insured basis. Premiums are paid into a separate insurance fund by other funds, by the City's employees, and by retirees. The premiums are used to fund claims, administrative costs of the program, and claim reserves. An excess coverage insurance policy covers individual claims in excess of \$100,000 and aggregate claims in excess of \$4,217,094. During fiscal year 2014, the City and the City's employees contributed approximately \$4,063,996 and \$1,246,813 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.

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

NOTE 8. RISK MANAGEMENT – CONTINUED

Changes in the balances of health and dental claims liabilities for the years ended September 30, 2014 and 2013 are as follows:

	2014	2013
Unpaid claims, beginning of year	\$ 372,657	\$ 721,422
Incurred claims	4,487,700	4,241,373
Paid claims	(4,372,458)	(4,590,138)
Unpaid claims, end of year	\$ 487,899	\$ 372,657

Settlement amounts have not exceeded stop loss insurance coverage for the year ended September 30, 2014 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 statewide 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.

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 2013	Plan Year 2014
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

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

NOTE 9. EMPLOYEE RETIREMENT SYSTEM – CONTINUED

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)	\$ 4,822,582
Interest on net pension obligations	199,828
Adjustment to the ARC	<u>(179,688)</u>
Annual pension cost (APC)	4,842,722
Contributions made	<u>(4,822,582)</u>
Increase (decrease) in net pension obligation	20,140
Net pension obligation, beginning of year	<u>2,854,704</u>
 Net pension obligation, end of year	 <u><u>\$ 2,874,844</u></u>

The required contribution rates for fiscal year 2014 were determined as a part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial value, December 31, 2013, also follows:

Valuation date	December 31, 2011	December 31, 2012	December 31, 2013
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining amortization period	26.1 years - closed	25.1 years - closed	20.0 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%
Euleless payroll growth assumptions	3%	3%	3%

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

NOTE 9. EMPLOYEE RETIREMENT SYSTEM – CONTINUED

Contribution – Continued

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
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%
2013	142,209,128	168,246,211	26,037,083	84.52%	25,199,148	103.33%

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
2012	\$ 4,661,466	\$ 4,416,702	95%	\$ 2,830,645
2013	4,739,776	4,715,718	99%	2,854,704
2014	4,842,722	4,822,582	100%	2,874,844

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.

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

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.

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.

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

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Postemployment Healthcare Plan – Continued

Plan Description – Continued

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.

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

	Monthly Contribution		
	Medical and Dental Plan A	Medical and Dental Plan B	Vision
Retiree Only	\$ 673.28	\$ 587.34	\$ 7.87
Retiree plus Children	1,279.23	1,115.96	12.87
Retiree plus Spouse	1,548.55	1,350.90	15.29
Retiree plus Family	1,952.52	1,703.31	21.60

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

- a) Retired and enrolled in the Plan on or prior to September 30, 2007; or
- b) Retired and not enrolled in the Plan on or prior to September 30, 2007, and meet guidelines for reinstatement to the Plan; or

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

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Postemployment Healthcare Plan – Continued

Funding Policy – Continued

- 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.

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, 2013, 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.

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

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Postemployment Healthcare Plan – Continued

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, 2014, the City has estimated the cost of providing these benefits through an actuarial valuation as of October 1, 2013. 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	\$ 1,104,233
Interest on net OPEB obligation	(26,908)
Adjustments to annual required contribution	<u>25,718</u>
Annual OPEB cost (expense)	1,103,043
Contributions made	<u>(835,719)</u>
Change in OPEB obligation	267,324
Net OPEB obligation (asset) - beginning of year	<u>(358,769)</u>
Net OPEB obligation (asset) - end of year	<u><u>\$ (91,445)</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2014 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	9/30/2012	7.0%	\$ 865,928	100.26%	\$ (634,234)
10/1/2012	9/30/2013	7.5%	1,456,357	81.09%	(358,769)
10/1/2013	9/30/2014	7.5%	1,103,043	75.76%	(91,445)

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

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Funding Status and Funding Progress

Valuation Dated 10/01,	Fiscal Year Ended 09/30,	10/1 Actuarial Value of Assets	Discount Rate	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability ("UAAL")	Funded Ratio	Covered Payroll	UAAL % of Payroll
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%
2013	2014	2,454,718	7.5%	11,822,647	9,367,929	21%	25,470,582	37%

As of October 1, 2013, the Plan was 79% unfunded. The value of plan assets was \$2,454,718, resulting in an UAAL of \$9,367,929.

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, 2014, the public safety grant special revenue fund had an excess of expenditures over appropriations of \$44,630 and the police drug enforcement special revenue fund had an excess of expenditures over appropriations of \$50.

NOTE 12. SUBSEQUENT EVENT

Early in fiscal year 2015, the City executed a current refunding in the amount of \$5,930,000 of series 2005 general obligation refunding bonds with a single issue of \$5,685,000 series 2014 general obligation refunding bonds dated October 15, 2014 bearing an interest rate of 3.00%. A cash contribution combined with the net proceeds from the refunding issue totaling \$6,162,579 provided sufficient resources for the completion of the refunding transaction. The refunding was undertaken to reduce total debt service payments over the next six years by \$565,400 and to obtain an economic gain of \$525,552.

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

NOTE 12. SUBSEQUENT EVENT – CONTINUED

The City also issued \$5,715,000 in Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2014 dated October 15, 2014, payable from a combination of (i) the levy and collection of a direct and continuing ad valorem tax, levied within the limits prescribed by law, on all taxable property within the City, and (ii) a limited pledge (not to exceed \$1,000) of the Net Revenues of the City's Waterworks and Sewer System as provided in the ordinance authorizing the Certificates. Payment of principal and interest is due in annual installments through 2034. Interest rates on the debt range from 3.00% to 5.00%. The proceeds from the Certificates will be used for (i) street improvements, including drainage, landscaping, curbs, gutters, sidewalks, entryways, signage, lighting and traffic signalization incident thereto and the acquisition of land and rights-of-way therefore, and (ii) professional services rendered in relation to such projects and the financing thereof.

NOTE 13. CHANGE IN ACCOUNTING PRINCIPLE

The City implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, during the fiscal year ended September 30, 2014. In accordance with GASB Statement No. 65, debt issuance costs should be recognized as expenses in the period incurred. Previously, debt issuance costs were recorded as assets and amortized over the life of the debt. The implementation of GASB Statement No. 65 resulted in the following prior period adjustment to the net position on the government-wide statement of activities:

	Governmental Activities	Business- type Activities
Net position, beginning of year, prior to restatement	\$ 117,277,635	\$ 73,539,838
Cumulative effect of change in accounting principle	(440,261)	(263,822)
Net position, beginning of year, as restated	<u>\$ 116,837,374</u>	<u>\$ 73,276,016</u>

	Water and Wastewater	Golf Course	Non-major Funds
Net position, beginning of year, prior to restatement	\$ 44,370,582	\$ 2,473,998	\$ 6,985,098
Cumulative effect of change in accounting principle	(105,201)	(147,772)	(10,849)
Net position, beginning of year, as restated	<u>\$ 44,265,381</u>	<u>\$ 2,326,226</u>	<u>\$ 6,974,249</u>

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REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF EULESS, TEXAS
SCHEDULE OF FUNDING PROGRESS FOR PARTICIPATION IN
TEXAS MUNICIPAL RETIREMENT SYSTEM
SEPTEMBER 30, 2014**

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
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%
2013	142,209,128	168,246,211	26,037,083	84.52%	25,199,148	103.33%

The Schedule of Funding Progress summarizes the actuarial value of the plan's assets and actuarial accrued liability as of December 31, 2013 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, 2013, the plan's funded ratio was 84.52%.

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, 2013, the plan's ratio of the UAAL to its covered payroll was 103.33%.

	Calendar Years				
	2014	2013	2012	2011	2010
City's annual contribution stated as a % of covered payroll	18.73%	19.46%	19.36%	17.99%	16.49%

Note Source: TMRS Comprehensive Annual Report for the Year Ending December 31, 2013 and City records.

**CITY OF EULESS, TEXAS
SCHEDULE OF FUNDING PROGRESS – OPEB TRUST
SEPTEMBER 30, 2014**

Valuation Dated 10/01,	Fiscal Year Ended 09/30,	10/1 Actuarial Value of Assets	Discount Rate	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability ("UAAL")	Funded Ratio	Covered Payroll	UAAL % of Payroll
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%
2013	2014	2,454,718	7.5%	11,822,647	9,367,929	21%	25,470,582	37%

The Schedule of Funding Progress summarizes the actuarial value of the plan's assets and actuarial accrued liability as of October 1, 2013 and the two preceding actuarial valuations for which the trust has been in effect.

The schedule is presented to provide a consistent basis for measuring the plan's annual progress toward funding its actuarial accrued liability in accordance with its actuarial funding method. The primary measure of funding progress is the plan's funded ratio (i.e. actuarial value of assets expressed as a percentage of the actuarial accrued liability). An increase in the funded ratio indicates an improvement in the plan's ability to pay all projected benefits as they come due. The plan is fully funded if the funded ratio is greater than or equal to 100%. At October 1, 2013, the plan's funded ratio was 21%.

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
General property tax				
Current and delinquent taxes	\$ 10,156,088	\$ 10,156,088	\$ 10,181,232	\$ 25,144
Penalty and interest	55,000	55,000	53,131	(1,869)
Total property tax	10,211,088	10,211,088	10,234,363	23,275
Gross receipts and mixed beverage tax				
Telephone line access fee	329,000	329,000	330,022	1,022
Electric company	1,643,000	1,643,000	1,719,260	76,260
Gas company	276,500	276,500	425,948	149,448
Cable TV	650,000	650,000	672,194	22,194
City garbage service	212,000	212,000	194,961	(17,039)
Water and wastewater system	1,041,048	1,041,048	963,936	(77,112)
Others	69,750	69,750	85,686	15,936
Total gross receipts and mixed beverage tax	4,221,298	4,221,298	4,392,007	170,709
General sales tax	10,228,179	10,228,179	10,946,869	718,690
Fines and fees				
Municipal court fines	3,005,445	3,005,445	3,214,950	209,505
Jail income	350,000	350,000	346,665	(3,335)
Dog licenses and pound fees	7,000	7,000	3,952	(3,048)
Ambulance fees	805,000	805,000	869,270	64,270
Library fees	37,100	37,100	34,042	(3,058)
Zoning fees	15,000	15,000	25,794	10,794
Deferred adjudication fee	145,000	145,000	151,717	6,717
Total fines and fees	4,364,545	4,364,545	4,646,390	281,845
Licenses and permits				
Building permits	610,000	610,000	845,258	235,258
Miscellaneous permits	238,585	238,585	222,966	(15,619)
Minimum housing	211,820	211,820	218,529	6,709
Total licenses and permits	1,060,405	1,060,405	1,286,753	226,348
Investment income	61,725	61,725	26,601	(35,124)
Intergovernmental	376,325	376,325	379,467	3,142
Other revenues				
Rental income	442,850	442,850	444,364	1,514
Swimming pools	112,500	112,500	248,590	136,090
Miscellaneous income	253,375	253,375	227,382	(25,993)
Total other revenues	808,725	808,725	920,336	111,611
Total revenues	31,332,290	31,332,290	32,832,786	1,500,496

CITY OF EULESS, TEXAS
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Current				
Culture and recreation	\$ 3,038,893	\$ 3,038,893	\$ 2,844,380	\$ 194,513
Development services	695,749	695,749	632,694	63,055
General and administrative	9,843,443	9,995,571	8,542,290	1,453,281
Highways and streets	1,291,724	1,291,724	1,253,036	38,688
Public safety	21,105,235	21,105,235	20,668,937	436,298
Debt service	97,720	97,720	97,720	-
Total expenditures	36,072,764	36,224,892	34,039,057	2,185,835
Excess (deficiency) of revenues over (under) expenditures	(4,740,474)	(4,892,602)	(1,206,271)	3,686,331
Other financing sources (uses)				
Transfers in	2,569,472	2,569,472	2,532,431	(37,041)
Transfers out	(366,836)	(366,836)	(366,377)	459
Total other financing sources (uses), net	2,202,636	2,202,636	2,166,054	(36,582)
Net change in fund balance	(2,537,838)	(2,689,966)	959,783	3,649,749
Fund balance, beginning of year	9,890,674	9,890,674	9,890,674	-
Fund balance, end of year	\$ 7,352,836	\$ 7,200,708	\$ 10,850,457	\$ 3,649,749

CITY OF EULESS, TEXAS
BUDGETARY COMPARISON SCHEDULE – CAR RENTAL TAX SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Car rental tax	\$ 13,440,816	\$ 13,440,816	\$ 14,082,518	\$ 641,702
Investment income	21,935	21,935	8,577	(13,358)
Total revenues	13,462,751	13,462,751	14,091,095	628,344
Expenditures				
General and administrative	9,360,544	9,956,080	9,508,744	447,336
Total expenditures	9,360,544	9,956,080	9,508,744	447,336
Excess of revenues over expenditures	4,102,207	3,506,671	4,582,351	1,075,680
Other financing uses				
Transfers out	(3,023,323)	(3,062,741)	(3,062,741)	-
Total other financing uses	(3,023,323)	(3,062,741)	(3,062,741)	-
Net change in fund balance	1,078,884	443,930	1,519,610	1,075,680
Fund balance, beginning of year	3,872,981	3,872,981	3,872,981	-
Fund balance, end of year	<u>\$ 4,951,865</u>	<u>\$ 4,316,911</u>	<u>\$ 5,392,591</u>	<u>\$ 1,075,680</u>

CITY OF EULESS, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1. BUDGET BASIS OF ACCOUNTING

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

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

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

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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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 and fire departments, 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 zone.

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 (CIP) 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.

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

**CITY OF EULESS, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	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	TIRZ #3 Glade Parks Fund	Cable PEG Fees Fund
ASSETS										
Deposits and investments	\$ 163,295	\$ 2,657,700	\$ 228,431	\$ 349,707	\$ 72,758	\$ 844,655	\$ 170,975	\$ 656,737	\$ 2,416	\$ 370,472
Accounts receivable	146,342	-	-	-	5,051	-	5,928	-	8,186	35,000
Accrued interest receivable	-	5,341	-	-	-	-	-	-	-	-
Due from other governments	-	786,110	-	393,734	-	-	-	-	-	-
Prepays	-	4,034	-	20,670	-	-	-	-	-	-
Restricted deposits and investments	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 309,637	\$ 3,453,185	\$ 228,431	\$ 764,111	\$ 77,809	\$ 844,655	\$ 176,903	\$ 656,737	\$ 10,602	\$ 405,472
LIABILITIES										
Liabilities										
Accounts payable	\$ -	\$ 169,005	\$ 550	\$ 11,776	\$ -	\$ -	\$ 3,836	\$ -	\$ -	\$ 315
Accrued salaries and wages	-	58,768	-	66,159	2,302	5,203	2,317	-	-	-
Unearned revenue	55,841	-	-	-	-	-	-	-	-	-
Total liabilities	55,841	227,773	550	77,935	2,302	5,203	6,153	-	-	315
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue	-	-	-	-	-	-	5,928	-	-	-
FUND BALANCES										
Fund Balances										
Nonspendable	-	4,034	-	20,670	-	-	-	-	-	-
Restricted, debt service	-	913,917	-	-	-	-	656,737	10,602	-	-
Restricted, capital projects	-	-	-	-	-	-	-	-	-	-
Restricted, historical preservation	1,245	-	-	-	-	-	-	-	-	-
Restricted, juvenile case management	-	-	-	-	-	-	164,822	-	-	-
Restricted, PEG fees	-	-	-	-	-	-	-	-	-	405,157
Restricted, developer agreements	-	-	-	-	-	-	-	-	-	-
Assigned	252,551	2,307,461	227,881	665,506	75,507	839,452	-	-	-	-
Total fund balances	253,796	3,225,412	227,881	686,176	75,507	839,452	164,822	656,737	10,602	405,157
Total liabilities, deferred inflows of resources, and fund balances	\$ 309,637	\$ 3,453,185	\$ 228,431	\$ 764,111	\$ 77,809	\$ 844,655	\$ 176,903	\$ 656,737	\$ 10,602	\$ 405,472

**CITY OF EULESS, TEXAS
COMBINING BALANCE SHEET - CONTINUED
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	Capital Projects Funds							
	Streets CIP Fund	Half-Penny Sales Tax Capital Projects	Developers' Contribution Fund	Police Facility Construction Fund	General Capital Projects Fund	Redevelopment Fund	Car Rental CIP Fund	Total Non-major Governmental Funds
ASSETS								
Deposits and investments	\$ 762,662	\$ 987,712	\$ 1,517,544	\$ 77,552	\$ 880,340	\$ 67,737	\$ 480,696	\$ 10,291,389
Accounts receivable	-	-	-	-	62,586	-	-	263,093
Accrued interest receivable	-	-	967	-	-	-	-	6,308
Due from other governments	-	-	-	-	-	-	-	1,179,844
Prepays	-	-	-	-	-	-	-	24,704
Restricted deposits and investments	398,756	-	-	-	-	-	-	398,756
Total assets	\$ 1,161,418	\$ 987,712	\$ 1,518,511	\$ 77,552	\$ 942,926	\$ 67,737	\$ 480,696	\$ 12,164,094
LIABILITIES								
Liabilities								
Accounts payable	\$ 303,585	\$ 479	\$ -	\$ 73,480	\$ -	\$ -	\$ 505	\$ 563,531
Accrued salaries and wages	-	-	-	-	-	-	-	134,749
Unearned revenue	-	-	-	-	-	-	-	55,841
Total liabilities	303,585	479	-	73,480	-	-	505	754,121
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	-	-	-	-	5,928
FUND BALANCES								
Fund Balances								
Nonspendable	-	-	-	-	-	-	-	24,704
Restricted, debt service	-	-	-	-	-	-	-	1,581,256
Restricted, capital projects	398,756	-	-	-	-	-	-	398,756
Restricted, historical preservation	-	-	-	-	-	-	-	1,245
Restricted, juvenile case management	-	-	-	-	-	-	-	164,822
Restricted, PEG fees	-	-	-	-	-	-	-	405,157
Restricted, developer agreements	-	-	1,518,511	-	-	-	-	1,518,511
Assigned	459,077	987,233	-	4,072	942,926	67,737	480,191	7,309,594
Total fund balances	857,833	987,233	1,518,511	4,072	942,926	67,737	480,191	11,404,045
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,161,418	\$ 987,712	\$ 1,518,511	\$ 77,552	\$ 942,926	\$ 67,737	\$ 480,696	\$ 12,164,094

CITY OF EULESS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	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	TIRZ #3 Glade Parks Fund	Cable PEG Fees Fund
Revenues										
General property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,075	\$ -
Gross receipts tax	343,312	-	-	-	-	-	-	-	-	135,835
General sales tax	-	4,387,330	-	2,169,467	-	-	-	-	21,457	-
Investment income	42	11,240	32	110	-	338	27	-	-	-
DEA revenues	-	-	15,316	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Rents and royalties	-	-	-	-	-	-	-	-	-	-
Other revenues	-	-	91,927	-	138,746	-	105,483	218,012	-	-
Total revenues	343,354	4,398,570	107,275	2,169,577	138,746	338	105,510	218,012	131,532	135,835
Expenditures										
Culture and recreation	-	2,616,240	-	-	-	-	-	-	-	-
Development services	-	385,209	-	-	-	-	-	-	-	-
General and administrative	-	222,041	-	-	-	-	73,395	-	-	12,411
Highways and Streets	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	5,557	2,088,064	216,057	142,842	-	-	-	-
Debt service										
Principal	-	875,000	-	-	-	1,446,603	-	-	-	-
Interest and fiscal charges	-	29,615	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	8,734
Total expenditures	-	4,128,105	5,557	2,088,064	216,057	1,589,445	73,395	-	-	21,145
Excess (deficiency) of revenues over (under) expenditures	343,354	270,465	101,718	81,513	(77,311)	(1,589,107)	32,115	218,012	131,532	114,690
Other financing sources (uses)										
Transfers in	-	-	-	-	77,382	-	-	500,000	-	-
Transfers out	(344,165)	(50,000)	-	-	-	-	-	(117,335)	(120,930)	-
Total other financing sources (uses)	(344,165)	(50,000)	-	-	77,382	-	-	382,665	(120,930)	-
Net change in fund balances	(811)	220,465	101,718	81,513	71	(1,589,107)	32,115	600,677	10,602	114,690
Fund balance, beginning of year	254,607	3,004,947	126,163	604,663	75,436	2,428,559	132,707	56,060	-	290,467
Fund balance, end of year	\$ 253,796	\$ 3,225,412	\$ 227,881	\$ 686,176	\$ 75,507	\$ 839,452	\$ 164,822	\$ 656,737	\$ 10,602	\$ 405,157

CITY OF EULESS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS – CONTINUED
YEAR ENDED SEPTEMBER 30, 2014

	Capital Projects Funds							
	Streets CIP Fund	Half-Penny Sales Tax Capital Projects	Developers' Contribution Fund	Police Facility Construction Fund	General Capital Projects Fund	Redevelopment Fund	Car Rental CIP Fund	Total Non-major Governmental Funds
Revenues								
General property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,075
Gross receipts tax	-	-	-	-	-	-	-	479,147
General sales tax	-	-	-	-	-	-	-	6,578,254
Investment income	2,229	1,987	3,137	26	242	36	2,740	22,186
DEA revenues	-	-	-	-	-	-	-	15,316
Intergovernmental	82,017	-	-	-	-	-	-	82,017
Rents and royalties	-	-	-	-	251,164	-	-	251,164
Other revenues	-	-	169,445	-	10,501	-	-	734,114
Total revenues	84,246	1,987	172,582	26	261,907	36	2,740	8,272,273
Expenditures								
Culture and recreation	-	97,682	161	-	-	-	-	2,714,083
Development services	-	-	-	-	-	-	-	385,209
General and administrative	-	-	-	-	-	29,964	23,462	361,273
Highways and Streets	98,368	-	-	-	-	-	-	98,368
Public safety	-	-	-	-	-	-	-	2,452,520
Debt service								
Principal	-	-	-	-	-	-	-	2,321,603
Interest and fiscal charges	-	-	-	-	-	-	-	29,615
Capital outlay	1,387,795	10,480	-	73,480	-	107,731	382,924	1,971,144
Total expenditures	1,486,163	108,162	161	73,480	-	137,695	406,386	10,333,815
Excess (deficiency) of revenues over (under) expenditures	(1,401,917)	(106,175)	172,421	(73,454)	261,907	(137,659)	(403,646)	(2,061,542)
Other financing sources (uses)								
Transfers in	603,128	50,000	-	-	-	-	167,000	1,397,510
Transfers out	-	-	(101,669)	-	-	-	(46,128)	(780,227)
Total other financing sources (uses)	603,128	50,000	(101,669)	-	-	-	120,872	617,283
Net change in fund balances	(798,789)	(56,175)	70,752	(73,454)	261,907	(137,659)	(282,774)	(1,444,259)
Fund balance, beginning of year	1,656,622	1,043,408	1,447,759	77,526	681,019	205,396	762,965	12,848,304
Fund balance, end of year	\$ 857,833	\$ 987,233	\$ 1,518,511	\$ 4,072	\$ 942,926	\$ 67,737	\$ 480,191	\$ 11,404,045

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Gross receipts tax	\$ 305,000	\$ 305,000	\$ 343,312	\$ 38,312
Investment income	120	120	42	(78)
Total revenues	305,120	305,120	343,354	38,234
Expenditures				
General and administrative	55,398	15,398	-	15,398
Total expenditures	55,398	15,398	-	15,398
Other financing uses				
Transfers out	(304,165)	(344,165)	(344,165)	-
Total other financing uses	(304,165)	(344,165)	(344,165)	-
Net change in fund balance	(54,443)	(54,443)	(811)	53,632
Fund balance, beginning of year	254,607	254,607	254,607	-
Fund balance, end of year	<u>\$ 200,164</u>	<u>\$ 200,164</u>	<u>\$ 253,796</u>	<u>\$ 53,632</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
General sales tax	\$ 4,092,732	\$ 4,092,732	\$ 4,387,330	\$ 294,598
Investment income	7,800	7,800	11,240	3,440
Total revenues	4,100,532	4,100,532	4,398,570	298,038
Expenditures				
Culture and recreation	2,914,410	2,914,410	2,616,240	298,170
Development services	830,763	830,763	385,209	445,554
General and administrative	238,853	274,531	222,041	52,490
Debt service				
Principal	875,000	875,000	875,000	-
Interest and fiscal charges	29,615	29,615	29,615	-
Total expenditures	4,888,641	4,924,319	4,128,105	796,214
Excess (deficiency) of revenues over (under) expenditures	(788,109)	(823,787)	270,465	1,094,252
Other financing uses				
Transfers out	(50,000)	(50,000)	(50,000)	-
Total other financing uses	(50,000)	(50,000)	(50,000)	-
Net change in fund balance	(838,109)	(873,787)	220,465	1,094,252
Fund balance, beginning of year	3,004,947	3,004,947	3,004,947	-
Fund balance, end of year	<u>\$ 2,166,838</u>	<u>\$ 2,131,160</u>	<u>\$ 3,225,412</u>	<u>\$ 1,094,252</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ 1,000	\$ 1,000	\$ 32	\$ (968)
DEA revenues	-	-	15,316	15,316
Other	-	-	91,927	91,927
	<u>1,000</u>	<u>1,000</u>	<u>107,275</u>	<u>106,275</u>
Expenditures				
Public safety	<u>500</u>	<u>5,507</u>	<u>5,557</u>	<u>(50)</u>
	<u>500</u>	<u>5,507</u>	<u>5,557</u>	<u>(50)</u>
Net change in fund balance	500	(4,507)	101,718	106,225
Fund balance, beginning of year	<u>126,163</u>	<u>126,163</u>	<u>126,163</u>	<u>-</u>
Fund balance, end of year	<u>\$ 126,663</u>	<u>\$ 121,656</u>	<u>\$ 227,881</u>	<u>\$ 106,225</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
General sales tax	\$ 1,969,642	\$ 1,969,642	\$ 2,169,467	\$ 199,825
Investment income	160	160	110	(50)
Total revenues	1,969,802	1,969,802	2,169,577	199,775
Expenditures				
Public safety	2,220,039	2,220,039	2,088,064	131,975
Total expenditures	2,220,039	2,220,039	2,088,064	131,975
Net change in fund balance	(250,237)	(250,237)	81,513	331,750
Fund balance, beginning of year	604,663	604,663	604,663	-
Fund balance, end of year	<u>\$ 354,426</u>	<u>\$ 354,426</u>	<u>\$ 686,176</u>	<u>\$ 331,750</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other revenues	\$ 69,958	\$ 92,458	\$ 138,746	\$ 46,288
Total revenues	69,958	92,458	138,746	46,288
Expenditures				
Public safety	171,427	171,427	216,057	(44,630)
Total expenditures	171,427	171,427	216,057	(44,630)
Other financing sources				
Transfers in	78,969	78,969	77,382	(1,587)
Total other financing sources	78,969	78,969	77,382	(1,587)
Net change in fund balance	(22,500)	-	71	71
Fund balance, beginning of year	75,436	75,436	75,436	-
Fund balance, end of year	<u>\$ 52,936</u>	<u>\$ 75,436</u>	<u>\$ 75,507</u>	<u>\$ 71</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ -	\$ -	\$ 338	\$ 338
DEA revenues	-	-	-	-
Total revenues	-	-	338	338
Expenditures				
Public safety	271,234	271,234	142,842	128,392
Principal	1,446,603	1,446,603	1,446,603	-
Total expenditures	1,717,837	1,717,837	1,589,445	128,392
Net change in fund balance	(1,717,837)	(1,717,837)	(1,589,107)	128,730
Fund balance, beginning of year	2,428,559	2,428,559	2,428,559	-
Fund balance, end of year	<u>\$ 710,722</u>	<u>\$ 710,722</u>	<u>\$ 839,452</u>	<u>\$ 128,730</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ -	\$ -	\$ 27	\$ 27
Other revenues	87,500	87,500	105,483	17,983
 Total revenues	 87,500	 87,500	 105,510	 18,010
Expenditures				
General and administrative	81,780	81,780	73,395	8,385
 Total expenditures	 81,780	 81,780	 73,395	 8,385
 Net change in fund balance	 5,720	 5,720	 32,115	 26,395
 Fund balance, beginning of year	 132,707	 132,707	 132,707	 -
 Fund balance, end of year	 <u>\$ 138,427</u>	 <u>\$ 138,427</u>	 <u>\$ 164,822</u>	 <u>\$ 26,395</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other revenues	\$ 218,012	\$ 218,012	\$ 218,012	\$ -
Total revenues	218,012	218,012	218,012	-
Other financing sources (uses)				
Transfers in	500,000	500,000	500,000	-
Transfers out	(124,802)	(124,802)	(117,335)	7,467
Total other financing sources (uses)	375,198	375,198	382,665	7,467
Net change in fund balance	593,210	593,210	600,677	7,467
Fund balance, beginning of year	56,060	56,060	56,060	-
Fund balance, end of year	<u>\$ 649,270</u>	<u>\$ 649,270</u>	<u>\$ 656,737</u>	<u>\$ 7,467</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
General property tax	\$ 110,028	\$ 110,028	\$ 110,075	\$ 47
General sales tax	6,414	6,414	21,457	15,043
Total revenues	116,442	116,442	131,532	15,090
Other financing uses				
Transfers out	(116,442)	(120,930)	(120,930)	-
Total other financing uses	(116,442)	(120,930)	(120,930)	-
Net change in fund balance	-	(4,488)	10,602	15,090
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ (4,488)</u>	<u>\$ 10,602</u>	<u>\$ 15,090</u>

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
CABLE PEG FEES SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Gross tax receipts	\$ -	\$ -	\$ 135,835	\$ 135,835
Total revenues	-	-	135,835	135,835
Expenditures				
General and administrative	90,000	90,000	21,145	68,855
Total expenditures	90,000	90,000	21,145	68,855
Net change in fund balance	(90,000)	(90,000)	114,690	204,690
Fund balance, beginning of year	290,467	290,467	290,467	-
Fund balance, end of year	<u>\$ 200,467</u>	<u>\$ 200,467</u>	<u>\$ 405,157</u>	<u>\$ 204,690</u>

NON-MAJOR PROPRIETARY FUNDS

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

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

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

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

**CITY OF EULESS, TEXAS
COMBINING STATEMENT OF NET POSITION
NON-MAJOR PROPRIETARY FUNDS
SEPTEMBER 30, 2014**

(1 of 2)

	<u>Recreation Classes</u>	<u>Texas Star Sports Complex</u>	<u>Arbor Daze</u>	<u>Totals</u>
ASSETS				
Current assets				
Deposits and investments	\$ 314,445	\$ 1,856,963	\$ 27,098	\$ 2,198,506
Accounts receivable and unbilled revenue	83	27,129	-	27,212
Prepays and deposits	385	14,326	-	14,711
Inventory	110	75,653	-	75,763
Total current assets	315,023	1,974,071	27,098	2,316,192
Non-current assets				
Net OPEB asset	555	3,049	-	3,604
Total non-current assets	555	3,049	-	3,604
Property, plant, and equipment, at cost				
Land	-	584,532	-	584,532
Building	-	488,275	-	488,275
Equipment	88,811	126,498	-	215,309
Improvements	-	8,150,654	-	8,150,654
Total property, plant, and equipment	88,811	9,349,959	-	9,438,770
Less accumulated depreciation	68,755	4,352,134	-	4,420,889
Net property, plant, and equipment	20,056	4,997,825	-	5,017,881
Total non-current assets	20,611	5,000,874	-	5,021,485
Total assets	\$ 335,634	\$ 6,974,945	\$ 27,098	\$ 7,337,677
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	\$ -	\$ 13,290	\$ -	\$ 13,290
Total deferred outflows of resources	\$ -	\$ 13,290	\$ -	\$ 13,290

**CITY OF EULESS, TEXAS
COMBINING STATEMENT OF NET POSITION
NON-MAJOR PROPRIETARY FUNDS
SEPTEMBER 30, 2014**

(2 of 2)

	<u>Recreation Classes</u>	<u>Texas Star Sports Complex</u>	<u>Arbor Daze</u>	<u>Totals</u>
LIABILITIES				
Current liabilities				
Payable from current assets				
Accounts payable	\$ 9,813	\$ 43,092	\$ -	\$ 52,905
Accrued salaries and wages	1,979	21,701	-	23,680
Current portion of bonds payable	-	150,000	-	150,000
Accrued interest	-	1,550	-	1,550
Total current liabilities	11,792	216,343	-	228,135
Non-current liabilities				
Net pension obligation	-	10,924	-	10,924
Bonds payable	-	175,848	-	175,848
Total non-current liabilities	-	186,772	-	186,772
Total liabilities	11,792	403,115	-	414,907
NET POSITION				
Net investment in capital assets	20,056	4,685,267	-	4,705,323
Unrestricted	303,786	1,899,853	27,098	2,230,737
Total net position	\$ 323,842	\$ 6,585,120	\$ 27,098	\$ 6,936,060

CITY OF EULESS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION
NON-MAJOR PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	<u>Recreation Classes</u>	<u>Texas Star Sports Complex</u>	<u>Arbor Daze</u>	<u>Totals</u>
Operating revenues				
Recreation fees	\$ 527,281	\$ -	\$ -	\$ 527,281
Service fees and miscellaneous	-	1,638,224	76,415	1,714,639
Total operating revenues	527,281	1,638,224	76,415	2,241,920
Operating expenses				
Recreation classes	564,986	-	-	564,986
Texas Star Sports Complex	-	1,313,986	-	1,313,986
Arbor Daze	-	-	82,852	82,852
Depreciation	4,057	306,097	-	310,154
Amortization	-	(1,279)	-	(1,279)
Total operating expenses	569,043	1,618,804	82,852	2,270,699
Operating income (loss)	(41,762)	19,420	(6,437)	(28,779)
Nonoperating revenues (expenses)				
Gain on sale of capital asset	3,345	-	-	3,345
Investment income	108	658	4	770
Interest expense	-	(13,525)	-	(13,525)
Total nonoperating revenues (expenses), net	3,453	(12,867)	4	(9,410)
Change in net position	(38,309)	6,553	(6,433)	(38,189)
Net position, beginning, as restated	362,151	6,578,567	33,531	6,974,249
Net position, end of year	<u>\$ 323,842</u>	<u>\$ 6,585,120</u>	<u>\$ 27,098</u>	<u>\$ 6,936,060</u>

**CITY OF EULESS, TEXAS
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2014**

	<u>Recreation Classes</u>	<u>Texas Star Sports Complex</u>	<u>Arbor Daze</u>	<u>Totals</u>
OPERATING ACTIVITIES				
Cash received from customers	\$ 527,862	\$ 1,641,545	\$ 76,415	\$ 2,245,822
Cash payments to suppliers for goods and services	(389,296)	(1,023,974)	(82,852)	(1,496,122)
Cash payments to employees for services	(176,519)	(284,992)	-	(461,511)
Net cash provided by (used in) operating activities	(37,953)	332,579	(6,437)	288,189
CAPITAL AND RELATED FINANCING ACTIVITIES				
Interest paid on bonds	-	(13,900)	-	(13,900)
Reduction in bonds payable	-	(150,000)	-	(150,000)
Proceeds from sale of capital assets	3,345	-	-	3,345
Purchases of capital assets	(15,034)	-	-	(15,034)
Net cash used in capital and related financing activities	(11,689)	(163,900)	-	(175,589)
INVESTING ACTIVITIES				
Interest received on investments	108	658	4	770
Net cash provided by investing activities	108	658	4	770
Net change in cash and cash equivalents	(49,534)	169,337	(6,433)	113,370
Cash and cash equivalents, beginning of year	363,979	1,687,626	33,531	2,085,136
Cash and cash equivalents, end of year	<u>\$ 314,445</u>	<u>\$ 1,856,963</u>	<u>\$ 27,098</u>	<u>\$ 2,198,506</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ (41,762)	\$ 19,420	\$ (6,437)	\$ (28,779)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization	4,057	304,818	-	308,875
Changes in assets and liabilities				
Accounts receivable and unbilled revenue	581	3,321	-	3,902
Prepays and deposits	613	3,114	-	3,727
Net OPEB asset	-	1,076	-	1,076
Net pension obligation	-	647	-	647
Inventory	(110)	(8,188)	-	(8,298)
Accounts payable	(757)	3,519	-	2,762
Accrued salaries and wages	(575)	4,852	-	4,277
Net cash provided by (used in) operating activities	<u>\$ (37,953)</u>	<u>\$ 332,579</u>	<u>\$ (6,437)</u>	<u>\$ 288,189</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, 2014**

	Equipment Replacement Fund	Insurance Fund	Risk/WC Fund	Total
ASSETS				
Deposits and investments	\$ 2,561,848	\$ 2,900,731	\$ 2,031,722	\$ 7,494,301
Accounts receivable	215,600	102,581	-	318,181
Accrued interest receivable	296	6,433	311	7,040
Total current assets	2,777,744	3,009,745	2,032,033	7,819,522
Property, plant, and equipment, at cost				
Equipment	9,676,555	-	70,214	9,746,769
Less accumulated depreciation	6,681,597	-	13,645	6,695,242
Net property, plant, and equipment	2,994,958	-	56,569	3,051,527
Total assets	5,772,702	3,009,745	2,088,602	10,871,049
LIABILITIES				
Accounts payable	389,021	3,396	370,008	762,425
Accrued salary and wages	-	2,188	4,137	6,325
Accrued insurance claims	-	487,899	249,566	737,465
Total liabilities	389,021	493,483	623,711	1,506,215
NET POSITION				
Net investment in capital assets	2,994,958	-	56,569	3,051,527
Unrestricted	2,388,723	2,516,262	1,408,322	6,313,307
Total net position	<u>\$ 5,383,681</u>	<u>\$ 2,516,262</u>	<u>\$ 1,464,891</u>	<u>\$ 9,364,834</u>

**CITY OF EULESS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2014**

	Equipment Replacement Fund	Insurance Fund	Risk/WC Fund	Total
Operating revenues				
Insurance premiums	\$ -	\$ 5,310,979	\$ 354,660	\$ 5,665,639
Service fees and miscellaneous	942,906	29,437	-	972,343
Total operating revenues	942,906	5,340,416	354,660	6,637,982
Operating expenses				
General and administrative	142,236	921,817	87,913	1,151,966
Insurance costs	-	4,555,987	603,537	5,159,524
Depreciation	720,448	-	4,731	725,179
Total operating expenses	862,684	5,477,804	696,181	7,036,669
Operating income (loss)	80,222	(137,388)	(341,521)	(398,687)
Nonoperating revenues				
Gain on sale of capital assets	88,445	-	-	88,445
Investment income	3,369	6,821	2,306	12,496
Total nonoperating revenues	91,814	6,821	2,306	100,941
Income (loss) before transfers	172,036	(130,567)	(339,215)	(297,746)
Other financing sources				
Transfers in	149,670	-	450,000	599,670
Change in net position	321,706	(130,567)	110,785	301,924
Net position, beginning of year	5,061,975	2,646,829	1,354,106	9,062,910
Net position, end of year	<u>\$ 5,383,681</u>	<u>\$ 2,516,262</u>	<u>\$ 1,464,891</u>	<u>\$ 9,364,834</u>

**CITY OF EULESS, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2014**

	Equipment Replacement Fund	Insurance Fund	Risk/WC Fund	Total
OPERATING ACTIVITIES				
Cash received from customers	\$ 1,456,158	\$ 5,360,041	\$ 354,660	\$ 7,170,859
Cash payments to suppliers for goods and services	(475,238)	(5,272,653)	(521,107)	(6,268,998)
Cash payments to employees for services	-	(46,303)	(45,341)	(91,644)
Net cash provided by (used in) operating activities	980,920	41,085	(211,788)	810,217
NONCAPITAL FINANCING ACTIVITIES				
Transfers in	149,670	-	450,000	599,670
Net cash provided by noncapital financing activities	149,670	-	450,000	599,670
CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(1,522,291)	-	(56,344)	(1,578,635)
Proceeds from sale of capital assets	246,445	-	-	246,445
Net cash used in capital and related financing activities	(1,275,846)	-	(56,344)	(1,332,190)
INVESTING ACTIVITIES				
Interest received on investments	3,245	2,213	2,115	7,573
Net cash provided by investing activities	3,245	2,213	2,115	7,573
Net increase (decrease) in cash and cash equivalents	(142,011)	43,298	183,983	85,270
Cash and cash equivalents, beginning of year	<u>2,703,859</u>	<u>2,857,433</u>	<u>1,847,739</u>	<u>7,409,031</u>
Cash and cash equivalents, end of year	<u>\$ 2,561,848</u>	<u>\$ 2,900,731</u>	<u>\$ 2,031,722</u>	<u>\$ 7,494,301</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 80,222	\$ (137,388)	\$ (341,521)	\$ (398,687)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	720,448	-	4,731	725,179
Change in assets and liabilities				
Receivables	(207,196)	19,625	-	(187,571)
Prepays	-	54,775	-	54,775
Accounts payable	387,446	(6,085)	(11,791)	369,570
Accrued salaries and wages	-	(5,084)	(105)	(5,189)
Accrued insurance claims	-	115,242	136,898	252,140
Net cash provided by (used in) operating activities	<u>\$ 980,920</u>	<u>\$ 41,085</u>	<u>\$ (211,788)</u>	<u>\$ 810,217</u>

**CITY OF EULESS, TEXAS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ESCROW AGENCY FUNDS
YEAR ENDED SEPTEMBER 30, 2014**

	Balance October 1, 2013	Additions	Deductions	Balance September 30, 2014
Stars Center Escrow Fund				
Assets				
Investments at fair value	\$ 1,420,710	\$ 478	\$ (522)	\$ 1,420,666
Total assets	<u>\$ 1,420,710</u>	<u>\$ 478</u>	<u>\$ (522)</u>	<u>\$ 1,420,666</u>
Liabilities				
Due to other entities	\$ 1,420,547	\$ -	\$ -	\$ 1,420,547
Refunds payable	163	119	(163)	119
Total liabilities	<u>\$ 1,420,710</u>	<u>\$ 119</u>	<u>\$ (163)</u>	<u>\$ 1,420,666</u>
Glade Parks Escrow Fund				
Assets				
Investments at fair value	\$ 283,742	\$ 475,009	\$ (758,751)	\$ -
Total assets	<u>\$ 283,742</u>	<u>\$ 475,009</u>	<u>\$ (758,751)</u>	<u>\$ -</u>
Liabilities				
Due to other entities	\$ 283,742	\$ 475,009	\$ (758,751)	\$ -
Total liabilities	<u>\$ 283,742</u>	<u>\$ 475,009</u>	<u>\$ (758,751)</u>	<u>\$ -</u>
Glade Parks III Escrow Fund				
Assets				
Investments at fair value	\$ -	\$ 5,871,398	\$ (3,722,750)	\$ 2,148,648
Total assets	<u>\$ -</u>	<u>\$ 5,871,398</u>	<u>\$ (3,722,750)</u>	<u>\$ 2,148,648</u>
Liabilities				
Due to other entities	\$ -	\$ 5,871,398	\$ (3,722,750)	\$ 2,148,648
Total liabilities	<u>\$ -</u>	<u>\$ 5,871,398</u>	<u>\$ (3,722,750)</u>	<u>\$ 2,148,648</u>
Glade Parks IV Escrow Fund				
Assets				
Investments at fair value	\$ -	\$ 1,768,463	\$ (328,675)	\$ 1,439,788
Total assets	<u>\$ -</u>	<u>\$ 1,768,463</u>	<u>\$ (328,675)</u>	<u>\$ 1,439,788</u>
Liabilities				
Due to other entities	\$ -	\$ 1,768,463	\$ (328,675)	\$ 1,439,788
Total liabilities	<u>\$ -</u>	<u>\$ 1,768,463</u>	<u>\$ (328,675)</u>	<u>\$ 1,439,788</u>
Total Agency Funds				
Assets				
Investments at fair value	\$ 1,704,452	\$ 8,115,348	\$ (4,810,698)	\$ 5,009,102
Total assets	<u>\$ 1,704,452</u>	<u>\$ 8,115,348</u>	<u>\$ (4,810,698)</u>	<u>\$ 5,009,102</u>
Liabilities				
Due to other entities	\$ 1,704,289	\$ 8,114,870	\$ (4,810,176)	\$ 5,008,983
Refunds payable	163	119	(163)	119
Total liabilities	<u>\$ 1,704,452</u>	<u>\$ 8,114,989</u>	<u>\$ (4,810,339)</u>	<u>\$ 5,009,102</u>

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**STATISTICAL SECTION
(Unaudited)**

STATISTICAL SECTION

(Unaudited)

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

Contents	Tables
Financial Trends 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
Revenue Capacity The revenue capacity schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	5-8
Debt Capacity 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
Demographic and Economic Information 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
Operating Information 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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 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	\$ 94,162,906
Restricted	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	4,999,085
Unrestricted	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	23,921,387
Total governmental activities net position	\$ 68,627,979	\$ 76,829,456	\$ 87,081,950	\$ 93,655,202	\$ 97,972,650	\$ 100,124,897	\$ 104,318,579	\$ 109,447,971	\$ 117,277,635	\$ 123,083,378
Business-type activities										
Net investment in capital assets	\$ 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	\$ 55,160,900
Restricted for debt service	-	-	-	-	3,963,919	438,340	438,948	309,595	314,171	317,758
Restricted for capital projects	-	-	-	-	-	2,999,156	2,649,336	2,401,217	2,740,656	1,876,393
Restricted for impact fees and debt service	-	-	-	-	-	-	-	-	-	-
Unrestricted	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	15,047,592
Total business-type activities net position	\$ 63,818,954	\$ 67,377,927	\$ 66,608,668	\$ 69,055,888	\$ 70,513,119	\$ 70,743,440	\$ 73,169,094	\$ 72,616,918	\$ 73,539,838	\$ 72,634,943
Primary government										
Net investment in capital assets	\$ 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	\$ 149,323,806
Restricted	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	7,425,536
Unrestricted	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	38,968,979
Total primary government net position	\$ 132,446,933	\$ 144,207,383	\$ 153,690,618	\$ 162,711,090	\$ 168,485,769	\$ 167,869,181	\$ 177,487,673	\$ 182,064,889	\$ 190,817,473	\$ 195,718,321

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
Culture and recreation	\$ 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	\$ 6,424,683
Development services	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	1,367,005
General and administrative	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	18,017,535
Highways and streets	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	3,578,341
Public safety	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	24,278,144
Interest on long-term debt	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	1,126,017
Total governmental activities expenses	<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>	<u>54,791,725</u>
Business-type activities:										
Water and wastewater	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	20,298,024
Drainage utility	875,995	884,763	1,059,272	932,771	947,869	1,107,206	1,177,938	1,283,617	1,245,838	1,373,036
Golf	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	4,152,015
Other recreation enterprises	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	2,288,337
Total business-type activities expenses	<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>	<u>28,111,412</u>
Total primary government expenses	<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>	<u>82,903,137</u>
Program Revenues										
Governmental activities:										
Fees, fines, and charges for services										
Culture and recreation	91,925	92,837	83,084	65,349	67,283	66,368	69,950	65,912	\$ 297,361	304,283
Development services	896,894	841,033	833,822	688,348	783,955	751,323	779,939	1,263,477	1,186,347	1,321,040
General and administrative	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	1,347,600
Highways and streets	-	6,300	(8,026)	722,334	11,008	-	-	54,622	112,736	218,012
Public safety	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	3,567,917
Operating grants and contributions	1,302,332	592,231	411,857	486,862	487,059	511,093	469,404	481,655	2,978,933	633,080
Capital grants and contributions	-	8,706	2,199,106	1,885,266	268,130	602,372	1,015,402	689,642	1,213,341	1,552,118
Total governmental activities program revenues	<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>	<u>8,944,050</u>
Business-type activities:										
Charges for services										
Water and wastewater	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	19,353,144
Drainage utility	659,949	658,231	701,476	661,725	689,889	691,800	694,751	705,474	708,984	712,971
Golf	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	3,622,952
Other recreation enterprises	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	2,241,920
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	2,037,263
Total business-type activities program revenues	<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>	<u>27,968,250</u>
Total primary government program revenues	<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>	<u>36,912,300</u>
	(Continued)									

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

Table 2

Net (Expense) Revenue										
Governmental activities	\$ (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)	\$ (45,847,675)
Business-type activities	3,456,372	316,910	(1,930,497)	446,244	1,271,476	786,406	3,406,339	77,701	1,534,196	(143,162)
Total primary government net expense	<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>	<u>(45,990,837)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes, levied for general purposes	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	13,488,816
Sales taxes	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	17,525,123
Car rental taxes	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	14,082,518
Mixed beverage taxes	82,759	85,659	87,400	84,653	76,433	71,653	66,383	54,138	60,823	69,160
Hotel/motel occupancy taxes	179,989	216,591	240,457	234,780	185,417	237,429	272,809	292,931	329,368	343,312
Gross receipts taxes	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	4,458,682
Investment income	870,841	1,611,815	2,031,580	1,727,542	863,225	292,761	168,929	132,607	106,521	70,374
Contributions from property owners	1,229,401	-	-	-	-	-	-	-	-	-
Rents and royalties	-	-	-	-	-	-	-	397,527	1,481,305	1,390,283
Gain/(loss) on disposal of assets	(21,023)	24,866	74,163	71,143	37,909	116,978	100,110	68,329	117,763	84,664
Miscellaneous	-	-	-	-	11,018	103,569	1,419,512	637,975	35,884	48,773
Transfers	608,721	709,969	617,418	(1,012,140)	90,303	647,463	904,867	690,629	692,951	531,974
Total governmental activities	<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>	<u>52,093,679</u>
Business-type activities:										
Investment income	407,468	771,888	1,023,865	726,385	254,071	87,799	66,161	60,752	40,045	34,063
Contributions from property owners	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	(608,721)	(709,969)	(617,418)	1,012,140	(90,303)	(647,463)	(904,867)	(690,629)	(692,951)	(531,974)
Total business-type activities	<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>	<u>(497,911)</u>
Total primary government	<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>	<u>51,595,768</u>
Change in Net Position										
Governmental activities	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	6,246,004
Business-type activities	3,629,243	3,558,973	(769,259)	2,447,220	1,457,231	230,321	2,425,654	(552,176)	922,920	(641,073)
Total primary government	<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>	<u>\$ 5,604,931</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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved for other	\$ 239,592	\$ 310,956	\$ 392,950	\$ 362,018	\$ 354,882	\$ 492,776	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	-	-	-	-	19,344	28,796	49,262	48,072
Restricted	-	-	-	-	-	-	311,076	258,765	124,312	120,093
Assigned	-	-	-	-	-	-	103,423	111,096	121,542	121,334
Unreserved/Unassigned	6,363,113	8,989,805	10,594,492	8,355,946	7,288,976	7,121,683	7,296,719	8,913,078	9,595,558	10,560,958
Total general fund	\$ 6,602,705	\$ 9,300,761	\$ 10,987,442	\$ 8,717,964	\$ 7,643,858	\$ 7,614,459	\$ 7,730,562	\$ 9,311,735	\$ 9,890,674	\$ 10,850,457
All Other Governmental Funds										
Reserved for:										
Debt service	\$ 1,642,766	\$ 1,587,754	\$ 1,893,893	\$ 1,967,502	\$ 1,987,783	\$ 1,622,584	\$ -	\$ -	\$ -	\$ -
Development Agreements	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	7,677	-	-	-	-
Unreserved, reported in:										
Special revenue funds	8,086,786	7,643,232	11,330,717	5,741,072	6,020,996	7,780,378	-	-	-	-
Capital funds	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	34,704
Restricted for:										
Debt service	-	-	-	-	-	-	1,818,957	1,867,971	1,776,644	2,377,710
Capital projects	-	-	-	-	-	-	2,168,956	606,505	365,641	398,756
Other	-	-	-	-	-	-	87,972	1,694,821	1,872,178	2,089,735
Assigned	-	-	-	-	-	-	14,855,820	15,802,863	13,504,412	12,692,185
Total all other governmental funds	\$ 22,311,246	\$ 18,250,295	\$ 19,451,941	\$ 20,321,476	\$ 20,482,416	\$ 16,658,007	\$ 18,937,370	\$ 19,977,963	\$ 17,528,339	\$ 17,593,090

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
General property tax	\$ 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	\$ 13,468,394
Gross receipts tax	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	4,871,154
General sales tax	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	17,525,123
Car rental tax	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	14,082,518
Fines and fees	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	4,646,390
Licenses and permits	870,010	806,476	804,404	752,421	783,955	719,918	744,978	1,233,465	1,152,875	1,286,753
Investment income	798,485	1,468,812	1,784,492	1,512,898	742,444	253,302	143,564	107,195	92,118	57,880
DEA revenues	14,607	77,461	5,360	26,580	14,883	15,350	6,589	12,488	3,571	15,316
Intergovernmental	303,713	315,487	334,979	353,567	379,503	376,512	377,660	1,012,673	2,839,545	461,484
Rents and royalties	-	-	-	-	-	1,620,210	1,233,686	1,111,873	1,024,021	1,390,283
Other revenues	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	1,210,086
Total Revenues	43,106,643	49,342,244	52,168,021	53,356,647	51,614,032	48,671,435	49,746,424	53,860,646	58,350,451	59,015,381
Expenditures:										
Culture and recreation	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	5,558,463
Development services	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	1,017,903
General and administrative	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	17,711,441
Highways and streets	670,742	656,964	693,711	943,171	861,885	610,996	713,742	861,748	1,144,223	1,351,404
Public safety	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	23,121,457
Debt Service:										
Principal	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	5,567,404
Interest and fiscal charges	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	1,148,069
Issuance costs	128,000	97,810	5,946	-	-	95,000	178,229	184,966	26,064	-
Capital outlay	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	2,672,010
Total expenditures	42,461,018	49,530,624	49,382,111	53,519,446	52,392,501	52,051,146	51,721,051	56,323,634	62,155,819	58,148,151
Excess (deficiency) of revenues over (under) expenditures	645,625	(188,380)	2,785,910	(162,799)	(778,469)	(3,379,711)	(1,974,627)	(2,462,988)	(3,805,368)	867,230
Other Financing Sources (Uses):										
Proceeds from capital lease	-	-	-	-	-	-	494,322	-	1,446,603	-
Proceeds from issuance of debt	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	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	4,366,649
Transfers out	(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)	(4,209,345)
Total other financing sources	106,189	(1,174,516)	102,418	(1,237,140)	(134,697)	(474,097)	4,370,093	5,084,754	1,934,683	157,304
Net change in fund balances	\$ 751,814	\$ (1,362,896)	\$ 2,888,328	\$ (1,399,939)	\$ (913,166)	\$ (3,853,808)	\$ 2,395,466	\$ 2,621,766	\$ (1,870,685)	\$ 1,024,534
Debt service as a percentage of noncapital expenditures	14.8%	13.2%	12.3%	11.4%	11.4%	11.9%	11.6%	18.5%	10.1%	12.4%

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				
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
2014	2,759,268,619	461,065,240	3,220,333,859	356,283,956	2,864,049,903	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
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
2014	0.360619	0.109381	0.470000	1.3875	1.3201	0.2640	0.2279	0.1495

Sources: City of Euless Budget Office, Tarrant Appraisal District

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

Table 7

Fiscal Year 2014			Fiscal Year 2005		
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value (1)</u>	<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value (2)</u>
Ean Holdings, LLC	\$ 58,256,170	2.03 %	Hertz Corp. Rent-a-Car	\$ 74,388,839	3.40 %
UDR The Mandolin LLC	53,670,000	1.87	Vanguard Car Rental USA, Inc.	45,403,046	2.08
Stoneleigh at Bear Creek	46,900,000	1.64	Avis Rent-a-Car, Inc.	34,713,647	1.59
Avis Rent A Car System LLC	46,362,017	1.62	Somerset Village Partners LP	30,606,615	1.40
Somerset Village Partners LP	41,093,060	1.43	Seramont, LP	28,010,033	1.28
AP WP Seramont Reit LLC	38,600,000	1.35	Bear Apartments	27,775,966	1.27
AP WP Vineyard Reit LLC	37,800,000	1.32	Oncor Electric Delivery Co.	27,752,749	1.27
CMF 15 Portfolio LLC	36,900,000	1.29	Fairfield Bear Creek	25,835,793	1.18
Oncor Electric Delivery Co. LLC	36,733,528	1.28	Saluda Apartments, LP	24,639,355	1.13
The Hertz Corp.	33,287,400	1.16	South West Properties	24,121,440	1.10
Total	\$ 429,602,175	14.99 %	Total	\$ 343,247,483	15.70 %

Source: Tarrant County Tax Office

Note:

- (1) Total Taxable Assessed Value including real and personal property for tax year 2013 (fiscal year 2014) is \$2,864,049,903.
(2) Total Taxable Assessed Value including real and personal property for tax year 2004 (fiscal year 2005) is \$2,185,914,016.

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
2005	10,789,150	55,448	10,844,597	10,663,367	98.33%	136,122	10,799,489	99.58%	45,109	0.42%
2006	11,194,338	1,289	11,195,627	11,007,368	98.32%	171,578	11,178,946	99.85%	16,681	0.15%
2007	11,908,489	(9,233)	11,899,256	11,801,183	99.18%	83,832	11,885,015	99.88%	14,241	0.12%
2008	12,083,956	(39,271)	12,044,685	11,986,396	99.52%	43,004	12,029,400	99.87%	15,285	0.13%
2009	12,747,343	(125,462)	12,621,881	12,556,281	99.48%	18,848	12,575,129	99.63%	46,752	0.37%
2010	12,318,061	(12,880)	12,305,181	12,182,266	99.00%	102,161	12,284,427	99.83%	20,754	0.17%
2011	11,796,659	(39,891)	11,756,768	11,637,719	98.99%	96,104	11,733,823	99.80%	22,945	0.20%
2012	12,436,816	(88,779)	12,348,037	12,252,510	99.23%	64,444	12,316,954	99.75%	31,083	0.25%
2013	12,926,215	(220,229)	12,705,986	12,648,635	99.55%	16,159	12,664,794	99.68%	41,192	0.32%
2014	13,426,248	(49,237)	13,377,011	13,303,694	99.45%	-	13,303,694	99.45%	73,317	0.55%

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			
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
2014	24,070,000	2,780,000	-	1,175,000	94,196	4,285,000	-	-	6,915,000	39,319,196	2.53%	\$ 731

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

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

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

Table 10

Fiscal Year	General Bonded Debt Outstanding				Net O/S Debt Total	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					
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
2014	30,985,000	2,780,000	94,196	796,454	33,062,742	53,780	2,864,049,903	1.15%	\$ 615

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

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

(2) Tarrant Appraisal District

CITY OF EULESS, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of September 30, 2014 – (Unaudited)

Table 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Grapevine-Colleyville Independent School District	\$ 338,573,481	8.78%	\$ 29,726,752
Hurst-Euless-Bedford Independent School District	290,687,648	20.61%	59,910,724
Tarrant County	317,820,000	2.22%	7,055,604
Tarrant County Hospital District	24,425,000	2.22%	542,235
Tarrant County College District	7,935,000	2.22%	<u>176,157</u>
Subtotal, overlapping debt			97,411,472
City of Euless (direct debt)	20,729,197	100.00%	<u>20,729,197</u>
Total direct and overlapping debt			<u><u>\$ 119,576,637</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. Self-supporting general obligation debt is excluded from the calculation.

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
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
2014	19,729,539	18,269,093	1,460,446	405,000	122,229	527,229	2.77

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
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
2014	715,800	663,625	52,175	-	-	-	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)
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%
2014	53,780	\$ 28,947	\$ 1,556,770	31.8	22,138	5.0%

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

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

Table 15

2014			2005		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>	<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
HEB ISD	1,000	3.74%	City of Euless	400	1.72%
LSG Sky Chefs, Inc.	600	2.25%	Super Target	300	1.29%
Autogrill Group, Inc.	450	1.68%	Krispy Kreme	200	0.86%
City of Euless	434	1.62%	Atlas Match	150	0.64%
Life Outreach International	180	0.67%	Home Depot	150	0.64%
Lowe's	140	0.52%	First Odyssey Group	100	0.43%
Super Target	160	0.60%	Office Depot	100	0.43%
Home Depot	125	0.47%	Ferguson Enterprises	90	0.39%
Redi-Mix Concrete	67	0.25%	Heath & Company	75	0.32%
Structural and Steel Products	40	0.15%	F&H Ribbon	65	0.28%
Total	<u>3,196</u>	<u>11.95%</u>		<u>1,630</u>	<u>7.00%</u>

Source: 2005 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>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>	<u>2014</u>
General Government and Administration	51.25	50.75	53.00	54.50	54.50	50.00	48.50	48.50	48.50	48.50
Public Safety	118.00	120.00	123.00	126.00	126.00	118.00	121.00	129.00	132.00	135.00
Fire Safety	64.00	67.00	70.00	73.00	73.00	71.00	71.00	72.00	72.00	72.00
Development Services	12.00	12.00	12.00	12.00	12.00	11.50	13.50	6.00	6.00	7.50
Culture and Recreational	35.75	35.75	36.50	36.00	36.00	30.00	31.00	32.00	30.50	33.25
Water and Wastewater	48.00	49.50	50.00	50.00	50.00	46.00	42.00	42.50	42.00	42.00
Golf Course	15.25	15.25	15.25	15.25	17.25	13.00	13.00	13.00	12.00	10.75
Public Works	15.75	15.75	15.75	15.75	15.75	14.00	17.50	18.50	18.50	18.50
Service Center	6.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00
Risk Management / Insurance	<u>2.00</u>	<u>2.00</u>	<u>1.50</u>							
Total	<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>	<u>374.00</u>

Source: City Budget Office

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

Table 17

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Police										
Number of Certified Officers	82	82	82	85	85	85	85	85	87	92
Number of Citations Issued	32,200	38,359	34,368	26,503	29,925	24,126	21,790	22,787	26,356	25,500
Fire										
Number of Certified Firefighters	62	65	68	71	70	69	69	70	70	70
Number of Alarms	3,949	3,661	3,675	4,197	3,827	4,097	4,196	4,204	4,296	4,505
Number of EMS Calls	2,202	2,317	2,561	2,688	2,634	2,793	2,848	2,982	3,108	3,230
Municipal Court										
Cases Filed	41,027	46,085	39,096	30,551	33,670	31,442	27,022	26,889	32,192	31,172
Development										
Number Residential Inspections - New	319	315	58	77	100	101	52	44	42	107
Number Commercial Inspections - New	8	10	24	28	16	14	11	29	16	29
Number Multifamily Inspections - New	0	0	0	0	0	0	0	0	0	1
Public Works										
Street Overlay (Square Footage)	1,391,889	1,117,894	664,472	999,285	797,326	770,380	953,406	368,654	540,613	631,260
Cultural and Recreational										
Parks and Recreation										
Recreation Center Memberships	4,260	4,160	3,990	3,944	3,703	2,443	4,337	3,654	5,137	6,261
Class Attendance (Youth/Adult)	24,575	25,704	29,067	59,541	74,452	56,833	28,804	41,766	Unavailable	Unavailable
Water and Wastewater										
Number of Water Consumers	25,012	24,486	24,484	24,608	24,677	24,760	24,924	24,428	25,039	25,319
Water Produced (In Gallons x 1000)	314,085	372,695	414,934	348,548	730,291	579,154	477,914	299,107	416,843	380,864
Water Purchased - TRA (In Gallons x 1000)	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	2,154,469
Water Supplied (In Gallons x 1000)	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	2,535,333
Annual Rainfall (In Inches)	32.51	20.74	53.51	27.10	36.32	38.65	22.26	36.57	24.41	23.98
Golf Course										
Number of Paid Rounds Played	32,725	36,639	35,094	36,528	43,029	32,996	35,075	34,550	35,890	22,110*

Source: City Departments
Comprehensive Annual Financial Report
City Budget Office

Notes: Unavailable - Data not available.
* Golf course closed for 3.5 months for renovations

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

Table 18

<u>Function/Program</u>	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	3	3	3	3	3	3	3	3	3	3
Public Works										
Streets - Paved ⁽¹⁾	182.0	182.0	211.0	217.6	217.6	217.6	332.1	332.4	333.4	340.6
Cultural and Recreational										
Swimming Pools	3	3	3	3	3	3	3	3	4	3
Parks	16	17	17	17	17	17	17	17	17	17
Parks Land (Acres)	539	566	632	632	632	632	632	632	632	632
Community Buildings	5	5	5	5	5	5	6	6	6	6
Ampitheater	2	2	2	2	2	2	2	2	2	3
Conference Centre	1	1	1	1	1	1	1	1	1	1
Golf Course	1	1	1	1	1	1	1	1	1	1
Athletic Fields	24	35	35	35	35	33	33	33	33	28
Library Holdings	99,972	97,334	98,613	101,672	103,122	106,121	110,149	111,230	111,312	105,500
Water and Wastewater										
Water Mains - Potable ⁽²⁾	212.00	218.00	222.10	226.80	226.80	228.20	228.50	227.99	231.06	232.28
Water Mains - Reclaimed ⁽²⁾	-	-	-	-	-	-	-	-	1.73	3.22
Fire Hydrants	1,318	1,377	1,441	1,477	1,477	1,525	1,526	1,550	1,579	1,633
Wastewater Mains ⁽²⁾	162.0	162.0	168.0	186.3	186.3	186.5	186.7	187.6	187.6	191.3

Source: City Departments

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

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