

City of Euless



Comprehensive Annual Financial Report Fiscal Year Ending September 30, 2018

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

T H E C I T Y O F
E U L E S S

The logo for The City of Euless features the words "THE CITY OF" in a small, blue, sans-serif font, spaced out above a horizontal line. Below the line, the word "EULESS" is written in a large, blue, serif font. A light blue silhouette of the state of Texas is positioned behind the word "EULESS", with a small red five-pointed star located in the center of the state, over the letter "U".

City of Euless, Texas
Comprehensive Annual Financial Report
Fiscal Year Ending
September 30, 2018

Prepared by
City of Euless
Finance Department

201 North Ector Drive
Euless, TX 76039

THE CITY OF
EULESS

The logo for The City of Euless features a blue outline of the state of Texas. A red five-pointed star is positioned in the center of the state outline, representing the state capital. The word "EULESS" is written in a large, blue, serif font across the middle of the Texas outline. Above the word "EULESS", the words "THE CITY OF" are written in a smaller, blue, serif font. Two horizontal lines, one red and one blue, run across the page, passing behind the text and the Texas outline.

**CITY OF EULESS, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED SEPTEMBER 30, 2018**

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**CITY OF EULESS, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

THE CITY OF
EULESS





February 26, 2019

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, 2018. 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, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the City's financial statements for the fiscal year ended September 30, 2018, 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"), one of the world's busiest airports. The City is approximately 16.2 square miles and serves a population of approximately 55,170.

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

The City of Euless provides a full range of services to its citizens including: police and fire protection; emergency ambulance services; municipal court operations; development and code services; construction and maintenance of streets and highways, parks, and recreational facilities; water service and wastewater collection and treatment; and library operations. The City also operates a top-ranked, 18-hole golf course and conference center, an adult softball facility, youth athletic complex, and an aquatics center. Internal services of the City account for risk management, equipment replacement, and employee insurance coverage activities on a cost reimbursement basis. Private contractors, through franchise agreements, provide solid waste and recycling collections and disposal services for the City.

Four component units of the City, the Euless Development Corporation, the Euless Crime Control and Prevention District, Tax Increment Reinvestment Zone (TIRZ) #3 – Glade Parks, and Tax Increment Reinvestment Zone (TIRZ) #4 – Midtown, are presented in the financial statements of the City as blended component units. Data for these organizations is recorded in and presented as special revenue funds in the City’s financial statements. Additional information on these component units can also be found in Note 1 in the Notes to the Basic Financial Statements.

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

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

Economic Condition

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

The City of Euless is located in Tarrant County in the heart of the Dallas/Fort Worth (DFW) Metroplex and adjacent to the DFW International Airport. Thus, the economic vitality of the region significantly impacts the economic health of Euless.

Airports Council International ranks DFW Airport as the fourth largest airport in terms of operations and twelfth largest in terms of passengers in the world, handling over 65 million passengers a year. DFW Airport reports service is provided to 244 destinations. Furthermore, the airport reports economic activity across North Texas attributable to DFW Airport totals \$37 billion in economic output, 228,000 in full-time jobs, and \$12.5 billion in payroll.

According to the North Texas Commission, DFW is the fourth largest region in the US and has experienced tremendous growth during the past decade. With its highly-diversified economy, DFW has a population of over 7.4 million, a Gross Metro Product of \$511.6 billion, a labor force of over 3.9 million, a 2.8% job growth rate, 22 Fortune 500 Firms, and college enrollment of almost 333,000. Such an economic environment has helped the region weather economic downturns in key sectors better than other regions in the nation.

The Alliance Texas development in North Fort Worth is a 26,000-acre master-planned, mixed-use community which is home to more than 480 companies, 48,000+ employees, 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 had a \$4.73 billion annual impact in North Texas in 2017 (www.allianceairport.com, Alliance Texas Facts).

Taxable value for all residential and commercial property in the City of Euless is estimated at approximately \$4.4 billion for tax year 2018, which is a 10.3% increase from the prior year, due to increases in both residential and commercial real estate property values. Sales tax collections decreased during FY2017-18. Euless continues to look for additional revenue opportunities in order to minimize the tax burden to citizens and strives to cut costs without impacting service.

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

The City of Euless has approximately 525 acres of undeveloped land outside of DFW Airport. Much of the Glade Parks mixed-use development consisting of major retail, restaurants, neighborhood pedestrian-oriented retail uses and residential neighborhoods has been completed or is under construction.

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

During the fiscal year, the City continued the annual street overlay program, Americans with Disability Act (ADA) improvements, and street light and sidewalk maintenance programs. Additionally, the City completed the water and wastewater line relocations for Phase II of the SH183 expansion, Phase II wastewater line replacement in Oakwood Terrace, signal installation at Harwood and Bear Creek, FY2018 street improvements, several property purchases, and the Glade Parks Trail Connection.

Population with a median age of 34.9 years (U.S. Census Bureau American Fact Finder 2016) has increased from 54,200 to 55,170 in ten years. The City's median household income is \$58,606, which compares favorably to \$54,727 for the State of Texas (U.S. Census Bureau American Fact Finder 2016). The educational level is 89.5% high school graduate or higher (U.S. Census Bureau American Fact Finder 2016).

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.

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, utility infrastructure, 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 operating reserve is at 117 days of operations which equates to approximately 32% of next year's budgeted expenditures. At the end of the current year, the City was in compliance with this policy.

The City's fiscal policies for the Water and Wastewater Fund require the maintenance of a minimum reserve of 45 to 75 days of working capital. The City currently maintains an 85.8-day reserve. Water and Wastewater revenue bond covenants require the City to maintain reserve amounts sufficient to cover the average annual debt service requirements. This revenue bond reserve is in addition to the working capital required by the City's fiscal policies and is maintained in a separate fund on the general ledger. As of September 30, 2018, the revenue bond reserve totaled \$682,366 which meets the required average annual debt service per bond covenants.

Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. rates the City's general obligation debt and sales tax revenue debt at AA and the water and wastewater revenue debt at AA+. Moody's Investor Service, Inc. rates the general obligation debt and water and wastewater revenue debt at Aa2. 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 these partnerships, the cities of Hurst, Euless, and Bedford have joined forces to assist qualifying residents in all three communities.

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

The City has completed several projects in the past year and has many others underway. The City believes it is critical that the street, water, wastewater, and drainage systems are properly maintained and systematically upgraded. While these are not glamorous, these represent the most basic governmental functions. Deferral of these projects creates a financial burden for future generations.

During 2018, several street overlay projects were completed in accordance with Pavement Condition Index scoring. Fiscal Year 2019 will continue this program as well as begin the construction phase of the street reconstruction project that includes portions of Fuller Wiser Road and Bear Creek Parkway. Additionally, the design phase of the FY2019 street reconstruction project that includes portions of West Pipeline Road, South Pipeline Road, Harwood Road, and Mills Drive will begin.

The design/engineering work on Phase III of the Reclaimed Water Line is in progress. The construction phase is scheduled to begin in Fiscal Year 2019. Water well replacement design work is underway for the Fuller and Far North wells. The City will seek additional low interest financing from the Texas Water Development Board to complete the well replacement project. Replacement of the wastewater lines in Cedar Hills North and Oakwood Terrace Phase III is scheduled for 2019. The water line located along Kynette Drive is scheduled for replacement in the upcoming year as well.

Glade Parks Trail Connection was completed prior to the end of the fiscal year. Library remodel design is underway and the construction phase began in early 2019 and is scheduled for completion in the spring of 2020.

Over the last several years, the City has worked with a developer on a major, mixed-use center located along the southwest corner of Glade Road and Highway 121. This center will ultimately provide approximately 1.2 million square feet of retail/office and includes a unique residential component. The City expects the sales tax benefit from this center to be significant. In an effort to promote development in this area, the City created a Tax Increment Reinvestment Zone (“TIRZ”) for the Glade Parks development and approved the related project and financing plan. This plan authorized the City to undertake certain public improvements associated with the Glade Parks development. The City also executed a development agreement with Ruby 12 Glade Retail, LLC, formally known as Glade 121 L.P., which specified the extent of City

provided improvements and provided for the conditions under which these improvements will be constructed or reimbursed. Additionally, the City created the Glade Parks Public Improvement District (“PID”) which is funded from assessments within the district. The infrastructure improvements were completed in fiscal year 2015. Over the last several fiscal years, numerous businesses opened in this development creating increased property values and retail sales. The single family residential component continues to add value to the property tax base as well. An additional phase was added to this development in 2015 that included construction of a parking garage, park, and park amenities. The existing Glade Parks TIRZ also covers this project as well as a PID to support debt service for these additional public improvements. This construction was completed in early FY2019.

The City approved a planned development known as RiverWalk! which includes approximately 200 acres located at the northwest corner of Airport Freeway and State Highway 360 extending north to Harwood Road. Lennar Homes is developing five (5) subdivisions within the RiverWalk! mixed use project, including The Dominion at Bear Creek, which is a 174 lot single-family subdivision located south of Midway Drive, between Fuller-Wiser Road and Bear Creek Parkway. The Dominion Phase V includes an additional 67 lots. The Villas at Bear Creek is a 60 lot single-family subdivision at the southeast corner of Bear Creek Parkway and Midway Drive and The Estates at Bear Creek is a 112 lot single-family subdivision. At the end of FY2018, Lennar has completed construction of 415 homes and has thirty-two lots remaining in the three active subdivisions. The NRP Group 200 unit urban loft project was completed in early FY 2019.

The City also approved a 56-acre mixed-use development called Founders Parc, previously known as Midtown, located on the south side of State Highway 183, east of Farm-to-Market Road 157 and north of State Highway 10. This development will include 259 new single family homes, 285 urban lofts, and over 57,000 square feet of retail and commercial space. Both a TIRZ and a PID have been created by the City to support debt for public improvements needed for the area including roadways, water distribution system, sanitary sewer and storm sewer collections systems, hardscaping, and amenities. These public improvements were completed in FY2018.

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, 2017. 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 31 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 27 years. In order to qualify for the award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

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

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

Respectfully Submitted,



Loretta Getchell
City Manager



Janina Jewell
Director of Finance

CITY OF EULESS

FISCAL YEAR 2017-2018



LINDA MARTIN, MAYOR

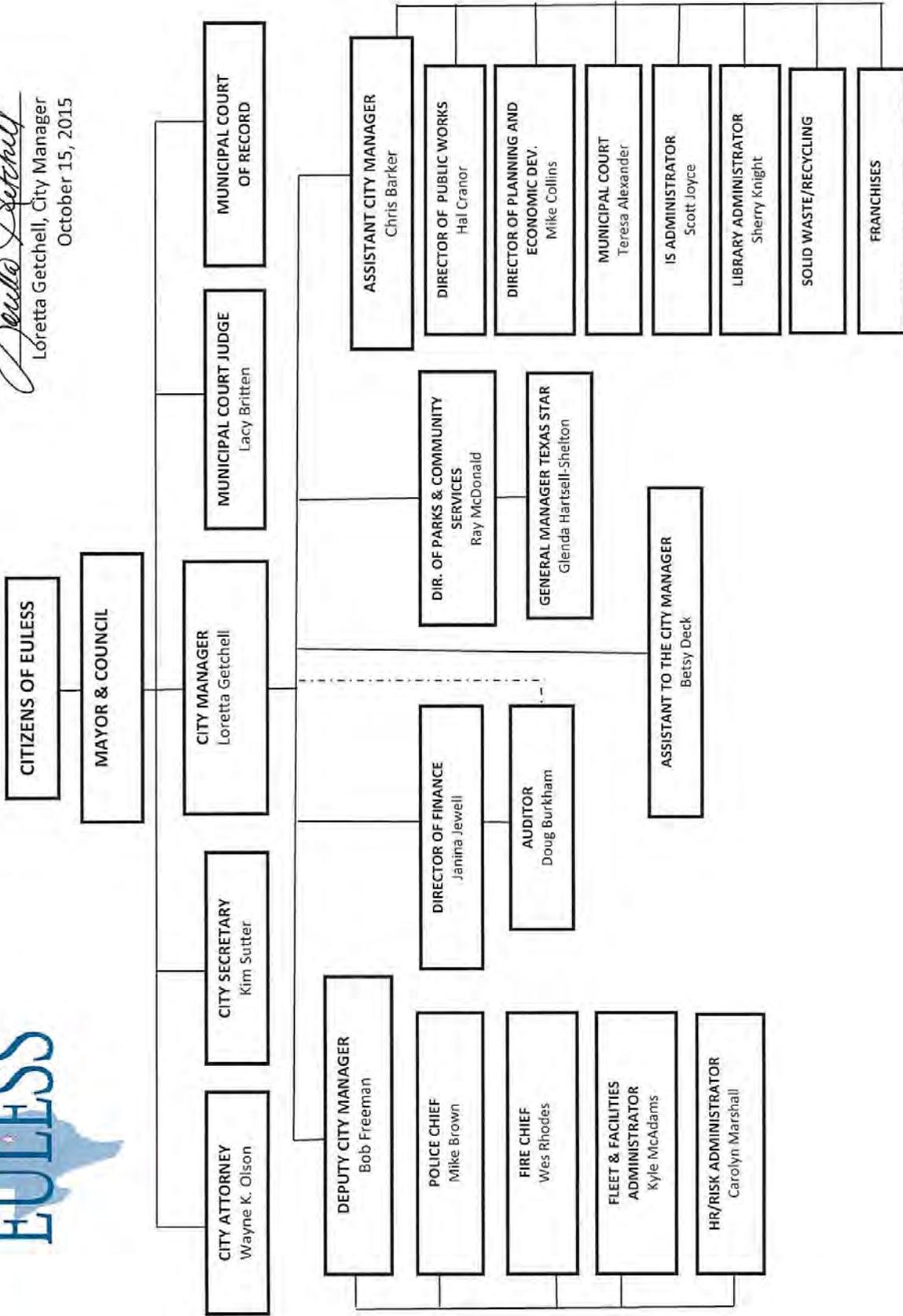
Tim Stinneford, Place One, Mayor Pro Tem
Jeremy Tompkins, Council Member - Place Two
Eddie Price, Council Member - Place Three
Linda Eilenfeldt, Council Member - Place Four
Harry Zimmer, Council Member - Place Five
Salman Bhojani, Council Member - Place Six

Loretta Getchell, City Manager
Bob Freeman, Deputy City Manager
Chris Barker, Assistant City Manager



ORGANIZATIONAL CHART

Loretta Getchell
 Loretta Getchell, City Manager
 October 15, 2015





Government Finance Officers Association

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

Presented to

**City of Euless
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morrill

Executive Director/CEO

THE CITY OF
EULESS



FINANCIAL SECTION

THE CITY OF
EULESS



Independent Auditor's Report

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

Report on the Financial Statements

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, 2018, 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

The City's 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, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. **The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.** Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Euless, Texas, as of September 30, 2018, 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.

The Honorable Mayor,
City Council and City Manager

Emphasis of Matter

As discussed in Note 13 to the financial statements, the City adopted the provisions of Government Accounting Standards Board Statement No. 75, *Accounting and Reporting for Postemployment Benefits Other than Pensions*, as of September 30, 2018. Our opinions are 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**, and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for **consistency with management's responses to our inquiries, the basic financial statements, and other** knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that **collectively comprise the City's basic financial statements**. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the financial statements.

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

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

The Honorable Mayor,
City Council and City Manager

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2019, on our consideration of the City's **internal control over financial reporting** and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
February 21, 2019



CITY OF EULESS, TEXAS

Management's Discussion and Analysis For the Year Ended September 30, 2018 (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, 2018. 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 119-138 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 \$220,475,725 (net position). This number must be viewed in the context that the vast majority of the City's net position of \$175,993,392 (80%) is net investment in capital assets and that most capital assets in government do not directly generate revenue nor can they be sold to generate liquid capital. The net position restricted for specific purposes totaled \$21,497,351 (10%). The remaining \$22,984,982 (10%) 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 \$11,758,647 and business-type activities realized an increase in total net position of \$4,219,878 bringing the total increase in net position for the City to \$15,978,525.
- At the close of the current fiscal year, the City of Euless' governmental funds reported combined ending fund balances of \$49,418,649 which represents an increase of \$10,993,183. Within this total, \$2,765,013 is restricted for debt service; \$7,503,695 is restricted by bond covenant for capital projects; \$123,067 and \$269,506 are restricted for court technology and juvenile case management, respectively; and another \$2,268,071 is restricted for capital projects by developer agreements. Amounts restricted for cable PEG fees and historical preservation total \$690,396 and \$1,245, respectively. Nonspendable fund balance of \$63,836 represents fund balance amounts for inventories and prepaid items. Fund balances of \$21,477,997 represent assigned fund balance in the

general, special revenue, and capital projects funds. The unassigned fund balance in the General Fund of \$14,255,823 can be used for any lawful purpose. The General Fund unassigned balance represents 37% of fiscal year 2018 total fund expenditures.

- The City's total capital assets (net of accumulated depreciation) increased by \$3,047,719 which is attributed to completion of capital improvement projects and other asset additions exceeding current year depreciation expense and asset retirements.
- The City's debt payable increased by \$6.7 million or 11% due primarily to the issuance of certificates of obligation, tax notes, and water and wastewater revenue bonds less scheduled principal payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the City of Eules's basic financial statements which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Eules's finances, in a manner similar to a private-sector business.

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

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

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

The government-wide financial statements include not only the City of Eules (the primary government), but also the Eules Development Corporation, the Crime Control and Prevention District, the Tax Increment Reinvestment Zone #3 – Glade Parks, and Tax Increment Reinvestment Zone #4 – Midtown 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-two individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Debt Service, Car Rental Tax, and Street CIP funds, all of which are considered to be major funds. Data from the other eighteen 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 course operations, as well as other recreational enterprises. 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, Golf Course, and Other Recreation Enterprises all of which are considered to be major funds of the City. 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 24-35 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 36-37 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 38-80 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 and Car Rental Tax funds are also located in this section of the report. Required supplementary information can be found on page 82-89 of this report.

The combining statements referred to earlier in connection with non-major governmental 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 94-116 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 \$220,475,725 as of September 30, 2018.

The largest portion of the City's net position (80%) reflects its investment in capital assets (i.e., land, buildings, equipment, improvements, construction in progress, and infrastructure) net of accumulated depreciation, less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently these assets are not available for future spending and with the exception of business-type assets, do not generate direct revenue for the City. They do, however, represent 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 (10%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$22,984,982 (10%) 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	
	2018	2017*	2018	2017*	2018	2017*
Current and other assets	\$ 71,687	\$ 59,823	\$ 35,247	\$ 26,932	\$ 106,934	\$ 86,755
Capital assets	153,752	150,353	75,257	75,609	229,009	225,962
Total assets	225,439	210,176	110,504	102,541	335,943	312,717
Deferred outflows	4,450	9,678	1,282	2,284	5,732	11,962
Long-term liabilities	73,470	78,173	20,930	21,229	94,400	99,402
Other liabilities	14,064	15,255	6,410	4,157	20,474	19,412
Total liabilities	87,534	93,428	27,340	25,386	114,874	118,814
Deferred inflows	5,325	1,155	1,001	213	6,326	1,368
Net position:						
Net investment in capital assets	112,710	113,509	63,283	62,421	175,993	175,930
Restricted	13,621	10,293	7,876	4,367	21,497	14,660
Unrestricted*	10,699	1,469	12,286	12,438	22,985	13,907
Total net position*	\$ 137,030	\$ 125,271	\$ 83,445	\$ 79,226	\$ 220,475	\$ 204,497

*restated 9/30/17 balances for implementation of GASB Statement #75

As of September 30, 2018 the City reports positive balances in all three categories of net position, for the government as a whole, as well as for its separate governmental and business-type activities. The same situation was true for fiscal year 2017.

In fiscal year 2018, the City implemented GASB Statement #75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Implementation required the restatement of the prior year net position for the government-wide financial statements as well as the enterprise statements. Additional information concerning this change in accounting principles can be found in Note 13 in the Notes to the Financial Statements.

The City's unrestricted net position increased by \$9,078,013 in fiscal year 2018 as compared to the unrestricted net position for the prior year as restated. Restricted net position realized an increase of \$6,837,493 and the amount invested in capital assets, net of related debt increased by \$63,019. The increase in total net position of almost \$16 million results primarily from current year operating results flowing to the unrestricted and restricted categories of net position. The increase in the net investment in capital assets portion of net position primarily results from asset additions and unspent debt proceeds outpacing current year depreciation expenses, asset disposals, and the scheduled payments on debt used to acquire those capital assets. 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			
	2018	2017	2018	2017	2018	2017
<u>REVENUES</u>						
Program revenues:						
Charges for services	\$ 7,286	\$ 7,200	\$ 34,784	\$ 31,325	\$ 42,070	\$ 38,525
Operating grants and contributions	741	593	-	-	741	593
Capital grants and contributions	2,355	2,356	1,729	2,281	4,084	4,637
General revenues:						
Property taxes	18,630	16,656	-	-	18,630	16,656
Sales taxes	20,728	21,252	-	-	20,728	21,252
Car rental taxes	14,776	14,402	-	-	14,776	14,402
Mixed beverage taxes	154	128	-	-	154	128
Occupancy taxes	865	799	-	-	865	799
Gross receipts taxes	4,811	4,455	-	-	4,811	4,455
Investment income	964	451	385	159	1,349	610
Rents and royalties	1,224	1,150	-	-	1,224	1,150
Gain (loss) on asset disposal	-	125	3	57	3	182
Miscellaneous	773	756	-	-	773	756
Total revenues	<u>73,307</u>	<u>70,323</u>	<u>36,901</u>	<u>33,822</u>	<u>110,208</u>	<u>104,145</u>
<u>EXPENSES</u>						
Culture and recreation	7,071	7,349	-	-	7,071	7,349
Development services	1,038	999	-	-	1,038	999
General government	21,357	20,816	-	-	21,357	20,816
Highways and streets	3,787	4,143	-	-	3,787	4,143
Public safety	27,424	28,265	-	-	27,424	28,265
Interest and fiscal charges	1,632	1,503	-	-	1,632	1,503
Water and wastewater	-	-	23,226	21,674	23,226	21,674
Drainage utility	-	-	1,515	1,397	1,515	1,397
Golf course	-	-	4,764	4,633	4,764	4,633
Recreational enterprises	-	-	2,416	2,321	2,416	2,321
Total expenses	<u>62,309</u>	<u>63,075</u>	<u>31,921</u>	<u>30,025</u>	<u>94,230</u>	<u>93,100</u>
Increase (decrease) in net position before transfers	10,998	7,248	4,980	3,797	15,978	11,045
Transfers	761	(234)	(761)	234	-	-
Increase (decrease) in net position	11,759	7,014	4,219	4,031	15,978	11,045
Net position, beginning*	125,271	118,257	79,226	75,195	204,497	193,452
Net position ending	<u>\$ 137,030</u>	<u>\$ 125,271</u>	<u>\$ 83,445</u>	<u>\$ 79,226</u>	<u>\$ 220,475</u>	<u>\$ 204,497</u>

*restated 9/30/17 balances for implementation of GASB Statement #75

- Governmental activities.** Governmental activities increased the City's net position by \$11,758,647 thereby accounting for most of the growth (74%) in total net position. Most revenue categories, including property taxes, car rental taxes, occupancy taxes, gross receipts taxes, investment income, charges for services, and operating grants and contributions, exceeded prior year receipts. Sound

fiscal management and close monitoring of revenues and expenses allowed the City to realize an increase in governmental activities net position before transfers of \$10,998,057.

Total revenue for the governmental activities (excluding transfers) increased from the previous year by \$2,983,831. General revenue, which is primarily comprised of property taxes, sales taxes, and car rental taxes, realized a net increase of \$2,750,989. Property tax revenue increased due to an overall increase in taxable values of 12.6% over the prior year values. Sales tax collections decreased as a result of a decline in taxable sales for several large taxpayers. Additionally, unusually high rainfall throughout the year adversely impacted the construction sector sales tax collections. New business openings and continued improvement in the local economy helped to partially offset these declines. Car rental taxes realized an increase of nearly \$375,000 over the prior year due to an upswing in rentals at the consolidated car rental facility located at DFW Airport. Total governmental program revenues, which consist primarily of charges for services, grants, and contributions, net to an increase of \$233,000. Charges for services account for approximately \$87,000 of this increase. The Midtown PID assessment for the current year accounts for the increase in highways and streets program revenues of \$381,000. Although development remained strong throughout the year, development charges fell short of last year's revenues by \$144,000. General and administrative charges for services decreased by \$91,000 due in large part to the decline in other municipal court collections. Public safety charges for services decreased due to a decline in restricted jail revenues of \$110,000 combined with an increase in municipal court fines of \$59,000. The police department received \$148,000 more in grant revenues in FY2018 than in the prior year.

Total expenses of governmental activities decreased by \$767,000 from FY2017 to FY2018. The raise package for employees included an increase of 2.5% which accounts for an increase in expenses across all functions. Pension-related entries decreased expenses \$270,000 primarily due to the recording of changes in and amortization of deferred outflows and deferred inflows combined with the decline in the net pension liability. OPEB-related expenses which includes the change in the net OPEB liability, related deferred inflows and deferred outflows, as well as the amortization of the deferrals decreased expenses by approximately \$412,000. The allocation of internal service fund activity decreased expenses compared to the prior year. Furthermore, fluctuations in depreciation expense as a result of the acquisition and disposal of capital assets affect the various expense categories. General and administrative and streets and highways realized expense increases of \$78,000 and \$31,000, respectively, due to depreciation charges. Approximately half of the decrease in public safety expenses results from the internal service fund allocation. The net position of general governmental operations accounts for 62% of total net position.

- **Business-type activities.** Business-type activities increased the City's net position by \$4,219,878. The change in net position before transfers is \$4,980,468. Charges for services program revenues for the business-type activities increased from the previous year by \$3.5 million due primarily to increased water and wastewater revenues. Capital grants and contributions decreased by \$552,000 due to a reduction in developer contributions.

Some expense categories realized decreases for the year, but overall business-type expenses increased 6.3%, a portion of which is attributable to the employee raise package and related benefits. An increase in the suppliers' volume rates resulted in increases in water purchase costs (in relation to purchased volume), reclaimed water expenses, and wastewater treatment charges. Franchise fees and administrative costs also increased. Pension entries reduced business-type expenses by approximately \$97,000 for the year, while OPEB-related entries decreased expenses \$77,000. Net position for business-type activities represents 38% of total net position.

Financial Analysis of the City's Funds

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

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

At the end of the current fiscal year, the City of Euless' governmental funds reported combined ending fund balances of \$49,418,649, which represents an increase of \$10,993,183 in comparison with prior year. Approximately 29% or \$14 million constitutes unassigned fund balance in the general fund that is available for spending at the City's discretion. Another \$63,836 in non-spendable fund balance represents amounts invested in inventories and prepayments. Another portion is restricted to indicate that it is not available for new spending because it has already been committed 1) to pay debt service (\$2,765,013); 2) to pay for specific capital improvements per developer agreements (\$2,268,071); 3) restricted by bond covenant for specific capital projects (\$7,503,695); and 4) for a variety of other restricted purposes (\$1,084,214). Assigned fund balance includes funds that management intends to use for a specific purpose as well as any residual balances of governmental funds other than the general fund. Assigned fund balance totals \$21,477,997 and includes assigned fund balance in the general fund of \$121,708 and \$21,356,289 which represents residual balances in other governmental funds. See discussion under Fund Balance Classifications in Note 1 of the Notes to Basic Financial Statements for additional details on fund balance.

In the General Fund, the City originally budgeted for a decrease in fund balance (planned reduction) of \$2,742,035 which was later revised to a drawdown of \$6,010,946. Due to a positive budget variance in overall revenues and expenditures, the General Fund ended the year with an increase to fund balance of \$1,105,225. This figure represents a positive revised budget variance of \$7,116,171 resulting primarily from the issuance of debt of approximately \$3.3 million and expenditure savings of \$3.7 million, before transfers.

Several General Fund revenue categories realized increases over the prior year and surpassed budget estimates as well. Gross receipts taxes, intergovernmental revenue, and investment income are in this category. An increase in property values resulted in property tax collections surpassing prior year revenues. However, current year collections fell short of budget expectations. Sales taxes also fell short of budget estimates and prior year collections due to declines in the construction sector. Municipal court fines, jail income, and ambulance fees fell short of budgetary parameters and failed to attain prior year levels. Licenses and permits revenues exceeded budget estimates due to continued development and a strong local economy. However, this revenue stream fell short of prior year receipts by \$150,000.

Due to an anticipated shortfall in sales tax revenues, departments turned in budget reductions totaling \$1.36 million in the general fund. Personnel and related benefit budgetary savings of approximately \$1.2 million result primarily from vacant positions, changes in employee healthcare elections, and rolling one-time personnel-related funds into next fiscal year. Contract labor appropriations of \$88,000 remained unspent at the end of the year. Part-time salary expenses realized a favorable budget variance of \$145,000, while OPEB exceeded budget expectations by \$12,000. In addition to overall salary and benefit savings, general and administrative expenditures realized savings in capital, utilities, and other purchased services as well as professional services. Maintenance expenditures exceeded budget parameters by approximately \$91,000 due primarily to HVAC repairs. Service fees exceeded

appropriations by just under \$40,000 and water service went over budget by \$21,000. The general and administrative budget reduction totaled \$734,000.

Aside from salaries and benefits, public safety expenditure savings were also noted in supplies of \$28,000; alarm fees of \$16,000; and special services of \$7,000. Jail food expenditures realized a positive budget variance of \$9,000 due to a reduction in federal detainees. Budget reductions for public safety totaled \$193,000. Savings in mowing services, maintenance, professional services, and supplies are primarily responsible for the positive budget variance in culture and recreation. Budget reductions of \$83,000 were attained in culture and recreation. Development savings were realized in salaries and related benefits and training and certifications. Budget reductions for development were \$65,000 and were \$282,000 for streets and highways. Streets and highways also saw savings in salaries and related benefits as well as capital outlay such as sidewalks, lighting, and signs and markings. One-time capital expenditures were under budget as a result of cost savings and timing of purchases (for which the funds will roll into the next fiscal year). Transfers out increased as a result of funding the City's portion of the final phase of Glade Parks Improvements.

The Debt Service fund balance increased \$515,646 which is \$459,925 better than the revised budgeted increase of \$55,721. The positive variance results primarily from property tax collections and investment income surpassing budgetary projections. Savings in expenditures resulted from reductions in interest and issuance costs. The Car Rental Tax fund balance was originally anticipated to increase \$657,784, but rather ended the year with an increase of \$1,720,934 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 \$1,615,101; special revenue funds contributed \$346,460 in positive fund balance, while the capital projects funds declined \$1,961,561. Of the special revenue funds, the Glade Parks TIRZ #3 realized the largest increase in fund balance in the amount of almost \$390,000. The net decrease from CIP funds results primarily from spending \$3.6 million in previously-issued debt proceeds recorded in the TIRZ #4 Midtown CIP fund. Conversely, the EDC, General and Redevelopment CIP funds realized increases in fund balances of \$1.8 million primarily as a result of current year project funding. The Car Rental CIP fund decreased combined fund balances by about \$370,000; while Developers Escrow added approximately \$177,000 to fund balances. The combined net effect of these changes in governmental fund balances results in a decrease of \$1.6 million.

Enterprise funds. The City's enterprise fund statements provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail. Most of the City's enterprise funds are heavily dependent upon local weather conditions. During the spring months, rainfall was under a "normal" year by more than six inches. However, during the summer months, rainfall exceeded the norm by nearly nine inches. The effects of this substantial increase in rainfall during peak operating season resulted in revenue shortfalls in many of the City's enterprise funds.

Unrestricted net position of the enterprise funds at the close of the fiscal year was: Water and Wastewater fund \$6,547,725; Drainage Utility fund \$1,228,583; Golf Course fund \$711,784; and Other Recreation Enterprise fund \$1,138,101. The Water and Wastewater fund realized an increase in operating income resulting primarily from increased water and wastewater rates. Water consumption and wastewater treatment volume were 7% and 4% higher than anticipated, respectively. Water purchases exceeded budget parameters by approximately \$407,000 resulting primarily from the additional volume. However, wastewater costs were in line with budgetary expectations. The additional volume is largely attributed to growth in the customer base. Impact fee revenues and developer

dedication of assets of \$1.6 million contributed to the overall net income in the Water and Wastewater fund.

The decrease in net position of the Drainage Utility fund results primarily from depreciation on drainage infrastructure and capital assets. Net position for the Golf Course fund increased \$185,709 due in large part to transfers from other funds offsetting negative operating income and interest and fiscal charges. Other Recreation Enterprises fund realized a decrease of \$246,685 in net position. The combined net effect of these changes in enterprise fund net position totals an increase of \$4,035,248.

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, 2018, totaled \$229,009,548 (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 \$3,047,719 or about 1.3%.

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

- Capital asset contributions were comprised of \$65,000 in Community Development Block Grant (CDBG) expenditures for ADA/TAS infrastructure improvements and developer asset dedications totaling nearly \$3 million in street infrastructure, land, water and wastewater facilities, and drainage structures.
- Street improvement projects located throughout the City in the amount of approximately \$711,000 were finalized during the year. The Glade Parks Trail was completed in fiscal year 2018 at a total cost of \$1.45 million.
- Capital asset additions for governmental activities include, but are not limited to, preparation of the temporary library facility, police training simulator, Council chambers voting system, fire equipment, wayfinding signs, traffic detection systems, and other scheduled annual vehicle and equipment replacements.
- Construction-in-progress related to general government activity of \$18,099,872 primarily consists of Midtown infrastructure (\$17.7 million), the Library Design project (\$214,000), and the Municipal Plaza (\$61,000).
- Phase II of the SH183 water and wastewater line relocations at a total cost of \$1.4 million and the Oakwood Terrace wastewater line replacement project were completed during the fiscal year.
- Capital asset additions for the business-type activities include, but are not limited to, upgrade to the fuel island and outfield fencing at the Parks at Texas Star.
- Construction-in-progress related to business-type operations of \$953,413 consists of Phase III of the Reclaimed Water System Extension and the Well Replacement projects.

Capital Assets (Net of Accumulated Depreciation)

Amounts shown in 000s	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
	Land	\$ 32,539	\$ 30,462	\$ 3,618	\$ 3,619	\$ 36,157
Buildings	35,616	36,620	1,676	1,800	37,292	38,420
Other improvements	8,811	7,669	10,033	10,566	18,844	18,235
M&E	10,094	10,064	2,131	2,438	12,225	12,502
Infrastructure	48,592	49,815	56,846	57,115	105,438	106,930
Construction in Progress	18,100	15,722	953	72	19,053	15,794
Total	<u>\$ 153,752</u>	<u>\$ 150,352</u>	<u>\$ 75,257</u>	<u>\$ 75,610</u>	<u>\$ 229,009</u>	<u>\$ 225,962</u>

Additional information on the City's capital assets can be found in Note 3 on pages 55-56 of this report.

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$63,338,753 net of unamortized losses on prior refundings. Of this amount, \$51,874,427 comprises debt backed by the full faith and credit of the government, including \$8,510,474 which is self-supported debt for Texas Star Golf Course and Stars Center. The remainder of the City's debt, \$11,464,326, 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	
	2018	2017	2018	2017	2018	2017
	GO bonds	\$ 11,460	\$ 14,490	\$ 4,770	\$ 5,240	\$ 16,230
COs	35,660	27,350	-	-	35,660	27,350
GO/CO deferred loss	(417)	(524)	(417)	(464)	(834)	(988)
Tax notes	735	860	-	-	735	860
Capital lease	84	161	-	-	84	161
Revenue bonds	40	75	11,545	9,540	11,585	9,615
Revenue deferred loss	(9)	(19)	(111)	(130)	(120)	(149)
Totals	<u>\$ 47,553</u>	<u>\$ 42,393</u>	<u>\$ 15,787</u>	<u>\$ 14,186</u>	<u>\$ 63,340</u>	<u>\$ 56,579</u>

In fiscal year 2018, the City issued \$9.18 million in new certificates of obligation and \$625,000 in tax notes. Additionally, \$2.785 million in water and sewer revenue bonds were issued utilizing the Texas Water Development Board Clean Water State Revolving Fund. The fund also provided an additional \$473,300 in debt forgiveness proceeds. The City's total debt increased \$6,672,549 or 12% during fiscal year 2018 which is attributed to the addition of the new debt less scheduled annual principal payments and annual amortization of premiums and discounts on debt issues.

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 57-63.

Economic Factors and Next Year's Budgets and Rates

In the FY2018-19 budget, General Fund revenues and transfers are budgeted to increase by 2% from the 2017-18 original budget. Property taxes account for 36% of budgeted revenues and sales taxes comprise approximately 32% of budgeted revenues. Certified assessed valuations as of July 25, 2018 increased 10.3% from the preceding year.

In the FY2018-19 budget, sales tax receipts are projected to decrease 2% below the prior year budget. The car rental tax receipts are anticipated to remain flat with end-of-year projections.

Baseline budgeted expenditures in the General Fund are projected to increase approximately 2% from the FY2017-18 original budget. This increase is partially attributed to the employee raise package and related costs and the addition of a full-time street maintenance position. Funding for court technology, computer hardware and software, HVAC maintenance, street maintenance, and the lease payment for the police integrated camera and taser system has been included in the baseline budget. The City elected to use excess reserves to cash flow capital programs including career preparation program in conjunction with the local school district, continuation of the part-time fire inspector program, HVAC repairs and upgrades, furniture and floor replacement at the Euless Family Life Center, aquatic park slide resurfacing, public works yard reconstruction, and various facility maintenance items. In addition, the FY2018-19 budget includes continued funding for the City's contribution to the Tarrant County Home Program and community revitalization. The property tax rate remained at .4625¢ per \$100 of assessed valuation for FY2018-19.

For the Water and Wastewater Fund, the FY2018-19 budget includes the continuation of the tiered rate structure for residential and irrigation water volume billing. Under the tiered structure, customers pay a graduated volume rate based on varying levels of monthly water consumption. Residential volume rates range from \$3.88 to \$6.51 per thousand gallons. Monthly water base rates are increasing by 6.4% for both residential and commercial customers. A wastewater volume charge of \$4.27 per thousand gallons applies to all customer classes and monthly base rates are increasing by 25¢. Residential wastewater volume charges are capped at a maximum of 12,000 gallons per month. The City maintained the annual funding for pay-as-you-go capital expenses in the Water and Wastewater Fund of \$1,075,000. Funding for Cedar Hill Estates North wastewater line replacement, Kynette Drive water line replacement, and miscellaneous valve replacements is included in next year's budget. CDBG funding for Phase III of the Oakwood Terrace wastewater line replacement is also included. One-time capital in the amount of \$125,000 is approved for an enclosed cab backhoe.

The Texas Star Golf Course and Conference Centre is a vibrant part of the Euless community. This secluded facility, located in the midst of the Dallas/Fort Worth Metroplex, is well-known for world class golf and a challenging course that has been recognized as a premier municipal facility by leading golf publications, including *Golf Digest* and *Golfweek*. Additionally, Raven's Grille ranked in the top five for best service and best place to dine before or after your golf experience by *Avid Golfer*. The Conference Centre has 7,000 square feet of divisible space and hosts business conferences, weddings, concerts, and other events. Proposed revenues of \$4,636,280 and proposed operating expenses of \$4,620,972 comprise the FY2018-19 operating budget.

Request for Information

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

CITY OF EULESS, TEXAS
GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Deposits and investments	\$ 58,218,487	\$ 20,388,798	\$ 78,607,285
Receivables, net of allowances	8,336,895	4,037,937	12,374,832
Internal balances	(2,660,126)	2,660,126	-
Inventories, at cost	9,247	260,611	269,858
Prepaid items	59,789	22,662	82,451
Restricted assets			
Deposits and investments	7,722,288	7,876,358	15,598,646
Capital assets			
Land and construction in progress	50,638,540	4,571,958	55,210,498
Other capital assets, net of accumulated depreciation	103,113,549	70,685,501	173,799,050
Total assets	<u>225,438,669</u>	<u>110,503,951</u>	<u>335,942,620</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	3,013,270	564,689	3,577,959
Deferred outflows related to OPEB	1,010,564	188,206	1,198,770
Deferred charges on refunding	426,314	528,781	955,095
Total deferred outflows of resources	<u>4,450,148</u>	<u>1,281,676</u>	<u>5,731,824</u>
LIABILITIES			
Accounts payable	11,594,100	3,480,160	15,074,260
Accrued liabilities	2,231,630	285,004	2,516,634
Accrued interest payable	238,379	65,936	304,315
Unearned revenue	-	570,108	570,108
Money held in escrow	-	2,008,149	2,008,149
Noncurrent liabilities			
Due within one year	5,104,994	1,441,140	6,546,134
Due in more than one year	68,364,458	19,488,969	87,853,427
Total liabilities	<u>87,533,561</u>	<u>27,339,466</u>	<u>114,873,027</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to OPEB	538,268	100,247	638,515
Deferred inflows related to pension	4,786,994	900,183	5,687,177
Total deferred inflows of resources	<u>5,325,262</u>	<u>1,000,430</u>	<u>6,325,692</u>
NET POSITION			
Net investment in capital assets	112,710,338	63,283,054	175,993,392
Restricted for			
Debt service	2,765,013	1,018,037	3,783,050
Capital projects	7,503,695	3,962,644	11,466,339
Impact fees	-	2,895,677	2,895,677
Developer agreements	2,268,071	-	2,268,071
Court technology	123,067	-	123,067
Juvenile cases	269,506	-	269,506
Cable PEG fees	690,396	-	690,396
Historical preservation	1,245	-	1,245
Unrestricted	10,698,663	12,286,319	22,984,982
Total net position	<u>\$ 137,029,994</u>	<u>\$ 83,445,731</u>	<u>\$ 220,475,725</u>

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

CITY OF EULESS, TEXAS
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2018

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	\$ 7,070,484	\$ 252,000	\$ 258	\$ 88,424	\$ (6,729,802)	\$ -	\$ (6,729,802)
Development services	1,038,328	1,875,120	-	-	836,792	-	836,792
General and administrative	21,356,342	1,066,075	15,502	-	(20,274,765)	-	(20,274,765)
Highways and streets	3,787,336	988,302	-	2,266,026	(533,008)	-	(533,008)
Public safety	27,424,253	3,104,895	725,209	-	(23,594,149)	-	(23,594,149)
Interest and fiscal agent charges	1,632,302	-	-	-	(1,632,302)	-	(1,632,302)
Total governmental activities	62,309,045	7,286,392	740,969	2,354,450	(51,927,234)	-	(51,927,234)
Business-type activities							
Water and wastewater	23,225,786	27,504,814	-	1,611,398	-	5,890,426	5,890,426
Drainage utility	1,515,183	818,622	-	117,821	-	(578,740)	(578,740)
Golf course	4,764,095	4,337,003	-	-	-	(427,092)	(427,092)
Other recreation enterprises	2,416,337	2,123,825	-	-	-	(292,512)	(292,512)
Total business-type activities	31,921,401	34,784,264	-	1,729,219	-	4,592,082	4,592,082
Total primary government	<u>\$ 94,230,446</u>	<u>\$ 42,070,656</u>	<u>\$ 740,969</u>	<u>\$ 4,083,669</u>	(51,927,234)	4,592,082	(47,335,152)
	General Revenues						
	Taxes						
					18,630,301	-	18,630,301
					20,728,210	-	20,728,210
					14,776,566	-	14,776,566
					154,035	-	154,035
					864,829	-	864,829
					4,811,119	-	4,811,119
					963,670	385,513	1,349,183
					1,223,788	-	1,223,788
					-	2,873	2,873
					772,773	-	772,773
					760,590	(760,590)	-
					63,685,881	(372,204)	63,313,677
					11,758,647	4,219,878	15,978,525
NET POSITION, beginning of year, as restated (Note 13)					125,271,347	79,225,853	204,497,200
NET POSITION, end of year					<u>\$137,029,994</u>	<u>\$ 83,445,731</u>	<u>\$220,475,725</u>

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

CITY OF EULESS, TEXAS
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	General Fund	Debt Service Fund	Car Rental Tax Fund	Streets CIP Fund	Non-major Governmental Funds	Total Governmental Funds
ASSETS						
Deposits and investments	\$ 14,498,929	\$ 1,912,030	\$ 11,094,267	\$ 3,504,695	\$ 16,410,690	\$ 47,420,611
Receivables						
Property taxes	368,191	147,660	-	-	23,604	539,455
Accounts receivable	1,026,651	9,435	-	-	417,556	1,453,642
Accrued interest receivable	54,056	-	8,307	8,887	24,356	95,606
Due from other governments	2,294,415	-	2,499,611	-	1,377,015	6,171,041
Prepays and deposits	42,162	-	-	-	12,427	54,589
Inventories, at cost	9,247	-	-	-	-	9,247
Restricted deposits and investments	2,686	-	-	6,118,932	1,594,916	7,716,534
Total assets	<u>\$ 18,296,337</u>	<u>\$ 2,069,125</u>	<u>\$ 13,602,185</u>	<u>\$ 9,632,514</u>	<u>\$ 19,860,564</u>	<u>\$ 63,460,725</u>
LIABILITIES						
Accounts payable	\$ 1,323,400	\$ 7,288	\$ 8,893,559	\$ 17,105	\$ 1,037,658	\$ 11,279,010
Accrued liabilities	1,421,029	-	-	-	192,682	1,613,711
Accrued interest payable	-	3,010	-	-	-	3,010
Total liabilities	<u>2,744,429</u>	<u>10,298</u>	<u>8,893,559</u>	<u>17,105</u>	<u>1,230,340</u>	<u>12,895,731</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	368,191	144,686	-	-	-	512,877
Unavailable revenue - other	629,024	-	-	-	4,444	633,468
Total deferred inflows of resources	<u>997,215</u>	<u>144,686</u>	<u>-</u>	<u>-</u>	<u>4,444</u>	<u>1,146,345</u>
FUND BALANCES						
Nonspendable						
Prepays, deposits, and inventories	51,409	-	-	-	12,427	63,836
Restricted for						
Debt service	-	1,914,141	-	-	850,872	2,765,013
Capital projects	2,686	-	-	6,118,932	1,382,077	7,503,695
Developer agreements	-	-	-	-	2,268,071	2,268,071
Court technology	123,067	-	-	-	-	123,067
Juvenile case management	-	-	-	-	269,506	269,506
Cable PEG fees	-	-	-	-	690,396	690,396
Historical preservation	-	-	-	-	1,245	1,245
Assigned	121,708	-	4,708,626	3,496,477	13,151,186	21,477,997
Unassigned	14,255,823	-	-	-	-	14,255,823
Total fund balances	<u>14,554,693</u>	<u>1,914,141</u>	<u>4,708,626</u>	<u>9,615,409</u>	<u>18,625,780</u>	<u>49,418,649</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,296,337</u>	<u>\$ 2,069,125</u>	<u>\$ 13,602,185</u>	<u>\$ 9,632,514</u>	<u>\$ 19,860,564</u>	<u>\$ 63,460,725</u>

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

**CITY OF EULESS, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018**

Total fund balances - governmental funds \$ 49,418,649

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. 147,797,080

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. (235,369)

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. 13,243,587

Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements. 1,146,345

Funds comprising the OPEB liability (\$9,927,619), deferred inflows (\$538,268) and deferred outflows \$1,010,564 of resources related to the OPEB are not current financial resources and therefore are not reported in the governmental funds balance sheet. (9,455,323)

Funds comprising the net pension liability (\$12,280,508), deferred inflows (\$4,786,994) and deferred outflows \$3,013,270 of resources related to the pension are not current financial resources and therefore are not reported in the governmental funds balance sheet. (14,054,232)

Long-term liabilities, including bonds payable, deferred charges on refundings, and compensated absences (excluding those of internal service funds) are not due and payable in the current period and therefore are not reported in the fund financial statements. (50,830,743)

Net position of governmental activities \$ 137,029,994

CITY OF EULESS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2018

	General Fund	Debt Service Fund	Car Rental Tax Fund	Streets CIP Fund	Non-major Governmental Funds	Total Governmental Funds
Revenues						
General property tax	\$ 13,639,517	\$ 4,000,125	\$ -	\$ -	\$ 1,012,997	\$ 18,652,639
Gross receipts tax	4,692,782	-	-	-	983,166	5,675,948
Mixed beverage tax	154,035	-	-	-	-	154,035
General sales tax	12,698,602	-	-	-	8,029,607	20,728,209
Car rental tax	-	-	14,776,566	-	-	14,776,566
Fines and fees	3,806,964	-	-	-	-	3,806,964
Licenses and permits	1,847,315	-	-	-	-	1,847,315
Investment income	256,724	107,132	137,758	94,316	225,712	821,642
DEA revenues	-	-	-	-	2,656	2,656
Intergovernmental	418,111	-	-	-	395,522	813,633
Rents and royalties	-	553,200	-	-	114,836	668,036
Other revenues	991,594	-	-	-	1,226,203	2,217,797
Total revenues	38,505,644	4,660,457	14,914,324	94,316	11,990,699	70,165,440
Expenditures						
Current						
Culture and recreation	3,230,048	-	-	-	3,142,487	6,372,535
Development services	748,329	-	-	-	287,949	1,036,278
General and administrative	9,132,243	-	9,817,396	-	840,382	19,790,021
Highways and streets	1,187,976	-	-	34,929	-	1,222,905
Public safety	24,162,056	-	-	-	2,815,306	26,977,362
Debt service						
Principal	-	4,726,697	-	-	35,000	4,761,697
Interest and fiscal charges	-	1,581,296	-	79,730	1,373	1,662,399
Capital outlay	464,527	-	-	587,709	5,787,628	6,839,864
Total expenditures	38,925,179	6,307,993	9,817,396	702,368	12,910,125	68,663,061
Excess (deficiency) of revenues over (under) expenditures	(419,535)	(1,647,536)	5,096,928	(608,052)	(919,426)	1,502,379
Other financing sources (uses)						
Issuance of debt	3,268,911	628,176	-	5,907,913	-	9,805,000
Premiums on issuance of debt	-	141,409	-	122,707	-	264,116
Proceeds from sale of assets	9,408	-	-	-	14,105	23,513
Transfers in	2,844,592	1,993,156	-	3,843,911	5,261,188	13,942,847
Transfers out	(4,598,151)	(599,559)	(3,375,994)	-	(5,970,968)	(14,544,672)
Total other financing sources (uses)	1,524,760	2,163,182	(3,375,994)	9,874,531	(695,675)	9,490,804
Net change in fund balances	1,105,225	515,646	1,720,934	9,266,479	(1,615,101)	10,993,183
Fund balances, beginning of year	13,449,468	1,398,495	2,987,692	348,930	20,240,881	38,425,466
Fund balances, end of year	\$ 14,554,693	\$ 1,914,141	\$ 4,708,626	\$ 9,615,409	\$ 18,625,780	\$ 49,418,649

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

CITY OF EULESS, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2018

Net change in fund balances - total governmental funds	\$ 10,993,183
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. This is the amount of capital expenditures recorded in the current period.	6,839,864
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 and capital contributions are not reported in governmental funds. This is the amount of capital contributions and disposals recorded in the current period.	1,719,129
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.	(5,481,107)
The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position.	(9,805,000)
The repayment of the principal of long-term debt consumes current financial resources of governmental funds, but has no effect on net position.	4,761,697
Governmental funds report the effect of premiums, discounts, and deferred charges on refunding when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.	(228,413)
Current year changes in the long-term liabilities for compensated absences do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.	(105,100)
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.	(49,633)
Changes in the OPEB liability and related deferred inflows and outflows not recognized on the fund financial statements under the modified accrual basis are recognized on the accrual basis in the government-wide financial statements.	411,859
Changes in the net pension liability and related deferred inflows and outflows not recognized on the fund financial statements under the modified accrual basis are recognized on the accrual basis in the government-wide financial statements.	270,179
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.	2,328,580
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.	<u>103,409</u>
Change in net position of governmental activities	<u><u>\$ 11,758,647</u></u>

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

CITY OF EULESS, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2018

	Business - Type Activities - Enterprise Funds	
ASSETS	Water and Wastewater	Drainage Utility
Current assets		
Deposits and investments	\$ 16,228,256	\$ 1,520,560
Accounts receivable and unbilled revenue less allowance for uncollectibles of \$34,979 for water and wastewater and \$448 for drainage utility	3,651,362	99,899
Accrued interest receivable	63,840	-
Prepays and deposits	1,500	-
Inventory	130,806	-
Total unrestricted current assets	20,075,764	1,620,459
Restricted deposits and investments		
W&WW impact fees	2,895,677	-
Capital projects	3,962,644	-
Revenue bond reserve for debt service	1,018,037	-
Total restricted assets	7,876,358	-
Total current assets	27,952,122	1,620,459
Property, plant, and equipment in service, at cost		
Land	1,576,667	559,826
Building	97,094	-
Equipment	1,591,571	10,380
Improvements	1,055,901	1,019,625
Construction in progress	953,413	-
Utility system	85,616,221	27,902,511
Total property, plant, and equipment in service	90,890,867	29,492,342
Less accumulated depreciation	43,957,332	14,962,320
Net property, plant, and equipment in service	46,933,535	14,530,022
Total non-current assets	46,933,535	14,530,022
Total assets	74,885,657	16,150,481
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension	427,991	43,037
Deferred outflows related to OPEB	139,057	15,584
Deferred charges on refunding	111,344	-
Total deferred outflows of resources	678,392	58,621

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

Business - Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Golf Course	Other Recreation Enterprises	Total Enterprise Funds	
\$ 1,416,727	\$ 1,223,255	\$ 20,388,798	\$ 10,797,876
195,483	27,353	3,974,097	47,793
-	-	63,840	29,358
6,835	14,327	22,662	5,200
101,248	28,557	260,611	-
1,720,293	1,293,492	24,710,008	10,880,227
-	-	2,895,677	-
-	-	3,962,644	5,754
-	-	1,018,037	-
-	-	7,876,358	5,754
1,720,293	1,293,492	32,586,366	10,885,981
897,520	584,532	3,618,545	-
3,621,666	488,275	4,207,035	-
663,825	1,704,826	3,970,602	13,602,771
8,652,077	10,444,294	21,171,897	-
-	-	953,413	-
-	-	113,518,732	-
13,835,088	13,221,927	147,440,224	13,602,771
7,608,060	5,655,053	72,182,765	7,647,762
6,227,028	7,566,874	75,257,459	5,955,009
6,227,028	7,566,874	75,257,459	5,955,009
7,947,321	8,860,366	107,843,825	16,840,990
79,356	14,305	564,689	-
28,770	4,795	188,206	-
417,437	-	528,781	-
525,563	19,100	1,281,676	-

CITY OF EULESS, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2018

LIABILITIES	Business - Type Activities - Enterprise Funds	
	Water and Wastewater	Drainage Utility
Current liabilities		
Payable from current assets		
Accounts payable	\$ 3,387,032	\$ 3,190
Accrued salaries and wages	198,877	25,179
Current portion of bonds payable	915,000	-
Current portion of compensated absences	25,436	1,221
Accrued insurance claims	-	-
Unearned revenue	473,300	-
Accrued interest	50,845	-
	5,050,490	29,590
Non-current liabilities		
Customer and escrow deposits	1,920,252	-
Net pension liability	1,740,934	174,642
OPEB liability	1,366,079	153,095
Bonds payable	10,610,708	-
Compensated absences	228,921	10,990
	15,866,894	338,727
Total non-current liabilities	15,866,894	338,727
Total liabilities	20,917,384	368,317
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	666,699	73,879
Deferred inflows related to OPEB	74,068	8,301
	740,767	82,180
Total deferred inflows of resources	740,767	82,180
NET POSITION		
Net investment in capital assets	39,481,815	14,530,022
Restricted for		
Impact fees	2,895,677	-
Capital projects	3,962,644	-
Debt service	1,018,037	-
Unrestricted	6,547,725	1,228,583
	53,905,898	15,758,605
Total net position	\$ 53,905,898	\$ 15,758,605

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

Business - Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Golf Course	Other Recreation Enterprises	Total Enterprise Funds	
\$ 68,132	\$ 21,806	\$ 3,480,160	\$ 315,087
41,206	19,742	285,004	11,347
475,000	-	1,390,000	-
6,104	763	33,524	-
-	-	-	610,843
96,808	-	570,108	-
15,091	-	65,936	-
702,341	42,311	5,824,732	937,277
87,897	-	2,008,149	-
311,647	52,910	2,280,133	-
282,637	47,106	1,848,917	-
4,465,122	-	15,075,830	-
54,932	6,862	301,705	-
5,202,235	106,878	21,514,734	-
5,904,576	149,189	27,339,466	937,277
136,857	22,748	900,183	-
15,324	2,554	100,247	-
152,181	25,302	1,000,430	-
1,704,343	7,566,874	63,283,054	5,960,763
-	-	2,895,677	-
-	-	3,962,644	-
-	-	1,018,037	-
711,784	1,138,101	9,626,193	9,942,950
<u>\$ 2,416,127</u>	<u>\$ 8,704,975</u>	80,785,605	<u>\$ 15,903,713</u>
		<u>2,660,126</u>	
		<u>\$ 83,445,731</u>	

CITY OF EULESS, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2018

	Business - Type Activities - Enterprise Funds	
	Water and Wastewater	Drainage Utility
Operating revenues		
Water service	\$ 14,272,800	\$ -
Reclaimed water service	607,955	-
Wastewater service	9,498,280	-
Drainage fees	-	818,623
Recreation fees	-	-
Insurance premiums	-	-
Service fees and miscellaneous	3,125,779	-
Total operating revenues	<u>27,504,814</u>	<u>818,623</u>
Operating expenses		
General and administrative	496,414	-
Water production	8,112,473	-
Water distribution	1,205,851	-
Utility engineering	501,861	-
Wastewater collection and treatment	4,641,973	-
Nondepartmental	4,188,777	-
Geographic information systems	600,580	-
Service center	1,133,055	-
Drainage	-	741,964
Recreation classes	-	-
Golf course	-	-
Pro shop	-	-
Food and beverage	-	-
Conference center	-	-
Cart operations	-	-
Texas Star Sports Complex	-	-
Arbor Daze	-	-
Insurance costs	-	-
Depreciation	2,125,842	773,219
Amortization	19,843	-
Total operating expenses	<u>23,026,669</u>	<u>1,515,183</u>
Operating income (loss)	4,478,145	(696,560)

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

Business - Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Golf Course	Other Recreation Enterprises	Total Enterprise Funds	
\$ -	\$ -	\$ 14,272,800	\$ -
-	-	607,955	-
-	-	9,498,280	-
-	-	818,623	-
-	763,777	763,777	-
-	-	-	6,638,814
<u>4,337,002</u>	<u>1,360,047</u>	<u>8,822,828</u>	<u>2,236,929</u>
4,337,002	2,123,824	34,784,263	8,875,743
-	-	496,414	2,338,550
-	-	8,112,473	-
-	-	1,205,851	-
-	-	501,861	-
-	-	4,641,973	-
-	-	4,188,777	-
-	-	600,580	-
-	-	1,133,055	-
-	-	741,964	-
-	653,270	653,270	-
1,759,278	-	1,759,278	-
420,277	-	420,277	-
1,154,994	-	1,154,994	-
625,053	-	625,053	-
204,149	-	204,149	-
-	1,178,856	1,178,856	-
-	42,929	42,929	-
-	-	-	4,692,737
401,135	532,397	3,832,593	1,323,093
<u>27,480</u>	<u>-</u>	<u>47,323</u>	<u>-</u>
<u>4,592,366</u>	<u>2,407,452</u>	<u>31,541,670</u>	<u>8,354,380</u>
(255,364)	(283,628)	3,242,593	521,363

CITY OF EULESS, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
PROPRIETARY FUNDS – CONTINUED
YEAR ENDED SEPTEMBER 30, 2018

	Business - Type Activities - Enterprise Funds	
	Water and Wastewater	Drainage Utility
Nonoperating revenues (expenses)		
Gain (loss) on sale of capital assets	\$ 2,558	\$ -
Investment income	321,276	22,293
Interest expense	(184,154)	-
Total nonoperating revenues (expenses), net	<u>139,680</u>	<u>22,293</u>
Income (loss) before contributions and transfers	4,617,825	(674,267)
Developer contributions	1,611,398	117,821
Transfers in	-	-
Transfers out	<u>(1,535,478)</u>	<u>(41,075)</u>
Net income (loss)	4,693,745	(597,521)
Net position, beginning, as restated (Note 13)	<u>49,212,153</u>	<u>16,356,126</u>
Net position, end of year	<u><u>\$ 53,905,898</u></u>	<u><u>\$ 15,758,605</u></u>

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

Business - Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Golf Course	Other Recreation Enterprises	Total Enterprise Funds	
\$ (13,957)	\$ 315	\$ (11,084)	\$ 245,405
20,730	21,214	385,513	142,028
(124,250)	-	(308,404)	-
<u>(117,477)</u>	<u>21,529</u>	<u>66,025</u>	<u>387,433</u>
(372,841)	(262,099)	3,308,618	908,796
-	-	1,729,219	-
558,550	80,000	638,550	1,604,414
-	(64,586)	(1,641,139)	-
<u>185,709</u>	<u>(246,685)</u>	<u>4,035,248</u>	<u>2,513,210</u>
<u>2,230,418</u>	<u>8,951,660</u>		<u>13,390,503</u>
<u>\$ 2,416,127</u>	<u>\$ 8,704,975</u>		<u>\$ 15,903,713</u>

184,630
\$ 4,219,878

CITY OF EULESS, TEXAS
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2018

	Business - Type Activities - Enterprise Funds	
	Water and Wastewater	Drainage Utility
OPERATING ACTIVITIES		
Cash received from customers	\$ 27,216,381	\$ 803,154
Cash payments to suppliers for goods and services	(15,298,919)	(368,464)
Cash payments to employees for services	(3,366,178)	(381,196)
Net cash provided by operating activities	8,551,284	53,494
NONCAPITAL FINANCING ACTIVITIES		
Transfer in	-	-
Transfer out	(1,535,478)	(41,075)
Net cash provided by (used in) noncapital financing activities	(1,535,478)	(41,075)
CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from bond issuances	2,785,000	-
Impact fees	860,029	-
Purchase of capital assets	(2,508,364)	(25,749)
Interest paid on bonds	(168,391)	-
Principal paid on bonds	(780,000)	-
Proceeds from sale of capital assets	8,273	-
Net cash provided by (used in) capital and related financing activities	196,547	(25,749)
INVESTING ACTIVITIES		
Interest received on investments	280,160	22,293
Net cash provided by investing activities	280,160	22,293
Net change in cash and cash equivalents	7,492,513	8,963
Cash and cash equivalents, beginning of year	16,612,101	1,511,597
Cash and cash equivalents, end of year	\$ 24,104,614	\$ 1,520,560

Business - Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Golf Course	Other Recreation Enterprises	Total Enterprise Funds	
\$ 4,317,778	\$ 2,121,305	\$ 34,458,618	\$ 9,427,856
(2,425,383)	(1,439,111)	(19,531,877)	(7,160,168)
<u>(1,743,643)</u>	<u>(520,616)</u>	<u>(6,011,633)</u>	<u>(135,351)</u>
148,752	161,578	8,915,108	2,132,337
558,550	80,000	638,550	1,604,414
<u>-</u>	<u>(64,586)</u>	<u>(1,641,139)</u>	<u>-</u>
558,550	15,414	(1,002,589)	1,604,414
-	-	2,785,000	-
-	-	860,029	-
(37,773)	(59,879)	(2,631,765)	(1,670,672)
(125,425)	-	(293,816)	-
(470,000)	-	(1,250,000)	-
<u>800</u>	<u>315</u>	<u>9,388</u>	<u>271,041</u>
(632,398)	(59,564)	(521,164)	(1,399,631)
<u>20,730</u>	<u>21,214</u>	<u>344,397</u>	<u>121,388</u>
<u>20,730</u>	<u>21,214</u>	<u>344,397</u>	<u>121,388</u>
95,634	138,642	7,735,752	2,458,508
<u>1,321,093</u>	<u>1,084,613</u>	<u>20,529,404</u>	<u>8,345,122</u>
<u>\$ 1,416,727</u>	<u>\$ 1,223,255</u>	<u>\$ 28,265,156</u>	<u>\$ 10,803,630</u>

CITY OF EULESS, TEXAS
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS – CONTINUED
YEAR ENDED SEPTEMBER 30, 2018

	Business - Type Activities - Enterprise Funds	
	Water and Wastewater	Drainage Utility
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ 4,478,145	\$ (696,560)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	2,145,685	773,219
Changes in assets and liabilities:		
Accounts receivable and unbilled revenue	(376,383)	(15,469)
Prepays and deposits	9,694	-
Inventory	(11,892)	-
Net OPEB Liability	8,317	932
Net pension liability	(1,379,265)	(154,573)
Deferred outflows	691,585	77,868
Deferred inflows	582,116	65,024
Accounts payable	1,805,126	1,120
Accrued salaries and wages	5,900	1,976
Accrued insurance claims	-	-
Compensated absences	31,006	(43)
Customer and escrow deposits	87,950	-
Unearned revenue	473,300	-
Net cash provided by operating activities	\$ 8,551,284	\$ 53,494
Noncash financing activities		
Developer contributed assets	\$ 751,369	\$ 117,821
Reconciliation of cash to balance sheet:		
Cash - current	\$ 16,228,256	\$ 1,520,560
Cash - restricted	7,876,358	-
Cash and cash equivalents	\$ 24,104,614	\$ 1,520,560

Business - Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Golf Course	Other Recreation Enterprises	Total Enterprise Funds	
\$ (255,364)	\$ (283,628)	\$ 3,242,593	\$ 521,363
428,615	532,397	3,879,916	1,323,093
1,340	(2,519)	(393,031)	552,113
701	4,820	15,215	174
4,942	31,120	24,170	-
1,721	286	11,256	-
(285,365)	(47,560)	(1,866,763)	-
143,616	24,194	937,263	-
120,017	19,828	786,985	-
(1,664)	(114,250)	1,690,332	13,583
2,217	(2,712)	7,381	(989)
-	-	-	(277,000)
8,540	(398)	39,105	-
(23,949)	-	64,001	-
3,385	-	476,685	-
<u>\$ 148,752</u>	<u>\$ 161,578</u>	<u>\$ 8,915,108</u>	<u>\$ 2,132,337</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 869,190</u>	<u>\$ -</u>
\$ 1,416,727	\$ 1,223,255	\$ 20,388,798	\$ 10,797,876
-	-	7,876,358	5,754
<u>\$ 1,416,727</u>	<u>\$ 1,223,255</u>	<u>\$ 28,265,156</u>	<u>\$ 10,803,630</u>

CITY OF EULESS, TEXAS
STATEMENT OF NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2018

	Agency Fund	OPEB Trust Fund
ASSETS		
Investments at fair value		
Money market account	\$ 1,427,488	\$ 1,540,000
Fixed income funds	-	1,833,576
Equity funds	-	3,064,542
	<u>\$ 1,427,488</u>	<u>\$ 6,438,118</u>
Total assets	<u>\$ 1,427,488</u>	<u>\$ 6,438,118</u>
LIABILITIES		
Due to other entities	\$ 1,420,547	\$ -
Refunds payable	6,941	-
	<u>\$ 1,427,488</u>	<u>-</u>
Total liabilities	<u>\$ 1,427,488</u>	<u>-</u>
NET POSITION		
Held in trust for OPEB		<u>\$ 6,438,118</u>

CITY OF EULESS, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
OPEB TRUST FUND
YEAR ENDED SEPTEMBER 30, 2018

	<u>OPEB Trust Fund</u>
ADDITIONS	
Employer contributions	\$ 1,754,093
Other contributions	320,471
Investment income	
Net increase in fair value of investments	416,847
Less: investment expense	<u>(35,023)</u>
Total investment income	<u>381,824</u>
Total additions	2,456,388
DEDUCTIONS	
Insurance claims	1,230,281
Administrative expenses	<u>147,597</u>
Total deductions	<u>1,377,878</u>
Change in net position	1,078,510
Net position - beginning	<u>5,359,608</u>
Net position - ending	<u><u>\$ 6,438,118</u></u>

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

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

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. GAAP for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*.

The more significant accounting policies of the City are described as follows:

Financial Reporting Entity

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

Blended Component Units

The City includes four 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.

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.

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

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

The Tax Increment Reinvestment Zone #4 – Midtown (TIRZ #4) is also a blended component unit of the City and will be reflected in the financial statements as a special revenue fund. The Midtown CIP Fund is also part of TIRZ#4. TIRZ #4 was created to stimulate development and enhance the value of taxable real property within the boundaries of the zone. Tarrant County, Tarrant County Hospital District, and Tarrant County College District are taxing entities participating in TIRZ #4. The Board of Directors of TIRZ #4 is substantially the same as the City Council, and management of the City has operational responsibility for TIRZ #4. 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. Financial information for TIRZ #4 may be obtained from the City.

Basis of Presentation

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

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

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

Fund Financial Statements

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

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

General Fund

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

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest, and related costs on general long-term debt paid primarily from property taxes levied by the City. The fund balance of the Debt Service Fund is restricted 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 revenue is used primarily for debt reduction, one-time capital projects, and to maintain the property tax rate.

Streets CIP Fund

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

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

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

Water and Wastewater Fund

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

Drainage Utility Fund

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

Golf Course Fund

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

Other Recreation Enterprises Fund

Other Recreation Enterprises Fund is used to account for operations and maintenance of recreation programming, Arbor Daze, and the Texas Star Sports Complex, supported 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.

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.

The City also reports two 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 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

Measurement Focus and Basis of Accounting

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

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

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

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

Deposits and Investments

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

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

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Deposits and Investments – Continued

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

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

Property 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 \$.4625 per \$100 of assessed valuation (\$.4625 per \$100 last year) and assessed valuation is approximately 100% of estimated value.

Inventories

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

Prepaid Items

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

Interfund Receivables and Payables

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

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.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 acquisition 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. The short-term portion of vacation pay accrued in the proprietary fund financial statements is reported as accrued salaries and wages (a current liability). The long-term component is reflected in non-current liabilities as compensated absences. Compensated absences are recorded in governmental funds as they mature (i.e. as taken). The liability for governmental fund compensated absences is typically liquidated in the general fund, the juvenile case fund, the half-penny sales tax fund, and the crime control and prevention district fund.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balance Classifications

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

	Reported in					
	General Fund	Debt Service Fund	Car Rental Tax Fund	Streets CIP Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable	\$ 51,409	\$ -	\$ -	\$ -	\$ 12,427	\$ 63,836
Restricted for						
Debt service	-	1,914,141	-	-	850,872	2,765,013
Capital projects	2,686	-	-	6,118,932	1,382,077	7,503,695
Developer agreements	-	-	-	-	2,268,071	2,268,071
Court technology	123,067	-	-	-	-	123,067
Juvenile case management	-	-	-	-	269,506	269,506
Cable PEG fees	-	-	-	-	690,396	690,396
Historical preservation	-	-	-	-	1,245	1,245
Assigned						
Capital projects	-	-	-	3,496,477	7,419,862	10,916,339
Betterments	39,906	-	-	-	-	39,906
Emergency/radio systems	47,230	-	-	-	-	47,230
Tourism and conference facilities	-	-	-	-	422,201	422,201
Parks, library, and economic development	-	-	-	-	2,450,450	2,450,450
Police department	-	-	-	-	2,086,423	2,086,423
Grants	-	-	-	-	406	406
Other	34,572	-	4,708,626	-	771,844	5,515,042
Unassigned	14,255,823	-	-	-	-	14,255,823
Total	\$ 14,554,693	\$ 1,914,141	\$ 4,708,626	\$ 9,615,409	\$ 18,625,780	\$ 49,418,649

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

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

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balance Classifications – Continued

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

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

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

Net Position

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

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, OPEB related deferred outflows and inflows of resources, and OPEB expense, City specific information about its Fiduciary Net Position and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's OPEB liability is obtained from an actuarial valuation through a report prepared for the City by their consulting actuary in compliance with Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting as deferred outflows of resources:

- Deferred charges on refundings – a deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt.
- Pension contributions after measurement date – these contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on OPEB assets – this difference is deferred and amortized over a closed five-year period.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Deferred Outflows/Inflows of Resources - Continued

- Difference in expected and actual OPEB experience – this difference is deferred and amortized over a closed period that approximates the estimated average remaining lives of all members on the measurement date.

In addition to liabilities, the City has the following items that qualify for reporting as deferred inflows of resources:

- Difference in expected and actual pension experience – this difference is deferred and amortized over a closed period that approximates the estimated average remaining lives of all members on the measurement date.
- Difference in projected and actual investment earnings for pension assets – this difference is deferred and amortized over a closed five-year period.
- Difference in pension actuarial assumption changes – this difference is deferred and amortized over a closed period that approximates the estimated average remaining lives of all members on the measurement date.
- Difference in OPEB actuarial assumption changes – this difference is deferred and amortized over a closed period that approximates the estimated average remaining lives of all members on the measurement date.

Tax Abatements

The City provides tax abatement programs through economic development agreements designed to promote local economic development and redevelopment; spur economic improvement; stimulate business and commercial activity within the City; retain, create, and attract jobs; train and retrain employees of local businesses; generate additional sales tax and enhance the property tax base and economic condition of the City. Agreements generally contain recapture provisions which may require repayment or termination if the recipients do not meet the required provisions.

As of September 30, 2018, the City has two categories of tax abatement programs for economic development:

Tax Abatements – The City has designated tax reinvestment zones and negotiated tax abatement agreements with applicants as authorized by the Texas Tax Code Chapter 312 and administered through the City’s Tax Abatement Policy to promote development and redevelopment within the City. Such abatement agreements authorize the appraisal district to reduce the assessed value of the taxpayer’s property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. Recipients receiving tax abatements generally commit to the creation of new value of eligible property improvements, either for new or improved existing facilities, made subsequent to the agreement ranging from 35% to 75% for up to 10 years. Property taxes abated under this program were \$1,246 in fiscal year 2018, or less than 0.01% of the total property tax levy.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Tax Abatements – Continued

General Economic Development Agreements – The City has entered into various agreements under Texas Local Government Code Chapter 380 to stimulate economic development. Such agreements may provide rebates, grants, or loans for promotion of economic development including attracting new business and encouraging expansion or retention of existing businesses. Rebates may be a flat amount or percentage of property taxes or sales taxes received by the City. For fiscal year 2018 the City rebated \$1,266,260 in sales taxes, or 6.11% of the total sales tax revenues. These rebates are reflected in non-departmental expenditures in the general fund and in general and administrative expenditures in the EDC fund.

NOTE 2. DEPOSITS AND INVESTMENTS

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 or by a letter of credit issued by a federal home loan bank. The City's deposits were fully insured or collateralized as required by state statutes as of September 30, 2018. At year-end, the carrying amount of the City's deposits was \$4,456,440 with a bank balance of \$4,958,547.

The total bank balance is covered by Federal Depository Insurance Corporation (FDIC) insurance or by collateral for balances in excess of FDIC coverage. Collateral is held by the Federal Reserve Bank in the City's name under a joint safekeeping agreement with Frost National Bank for City deposits at Frost Bank. The market value of the collateral at the close of the fiscal year was \$2,475,263. The balances at Bank of Texas (BOT) are covered by FDIC insurance and collateral pledged to cover the balances in the BOT short-term cash fund.

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, 2018, the City did not own any types of securities other than those permitted by statute.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED

Investments – Continued

Investment Type	Book Value	Fair Value Level 2	% of Portfolio	WAM	Rating	Rating Agency
Interest bearing bank deposits	\$ 3,962,643		4%			
Investments measured at amortized cost:						
Investment Pools:						
TexPool	26,025,385		26%	28	AAAm	S&P
TexSTAR	24,658,114		26%	43	AAAm	S&P
Investments measured at fair value:						
U.S. Government Agency Securities:						
FNMA	1,459,169	1,483,370	2%	6	AA+/Aaa	S&P/Moody's
FFCB	11,985,421	11,976,930	13%	28	AA+/Aaa	S&P/Moody's
FHLB	23,869,385	23,930,336	25%	55	AA+/Aaa	S&P/Moody's
FHLMC	2,479,129	2,493,695	3%	3	AA+/Aaa	S&P/Moody's
FAMCA	1,000,000	998,760	1%	2		Not rated
Investments measured at cost:						
Bank of Texas - CD	41,000		0%	N/A		Not rated
Total	<u>\$95,480,246</u>	<u>\$40,883,091</u>	<u>100%</u>			

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: FNMA – Federal National Mortgage Association, FFCB – Federal Farm Credit Bank, FHLB – Federal Home Loan Bank, FHLMC – Federal Home Loan Mortgage Corporation, 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.

Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs – other than quoted prices included within Level 1– that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED

Investments – Continued

Fair Value – Continued

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The City has recurring fair value measurements as presented in the previous table. The City's investment balances and weighted average maturity of such investments are as shown.

Investment pools are measured at amortized cost and are exempt from fair value reporting.

U.S. Government Agency Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Certificates of deposit are measured at cost and are exempt from fair value reporting.

Both of the public fund investment pools (pools) in which the City is a participant use amortized cost to value the portfolio. Amortized cost, in most cases, approximates the market value of the securities held. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The pools in which the City invests transact at a net asset value of \$1.00 per share, have a weighted average maturity of 60 days or less and weighted average life of 120 days or less, hold investments that are highly rated by a nationally recognized statistical rating organization, have no more than 5% of the portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions.

The TexPool investment pool is an external investment pool valued at amortized costs. TexPool, has a redemption notice period of one day and has no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national or state emergency that affects the pool's liquidity.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED

Investments – Continued

The TexSTAR investment pool is an external investment pool measured at amortized cost. TexSTAR's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. TexSTAR has a redemption notice period of one day and may redeem daily. The investment pool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national or state emergency that affects the pool's liquidity.

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 Hilltop Securities Inc. and JP Morgan 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.

Interest Rate Risk

In compliance with the City's Investment Policy, as of September 30, 2018, 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 mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the secondary market prior to maturity; monitoring credit ratings of portfolio positions to assure compliance with rating requirements imposed by the PFIA; and investing funds primarily in money market mutual funds, government investment pools, and shorter-term securities with a weighted average maturity of less than 200 days.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED

Investments – Continued

The following table details the maturity schedule for the City’s investment portfolio as of September 30, 2018:

<u>Maturity Schedule</u>	<u>Book Value</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
Overnight	\$ 54,646,142	\$ 54,646,142	56%
Less than 1 month	1,496,627	1,499,825	2%
1 to 6 months	17,954,605	17,973,790	19%
6 to 9 months	8,492,483	8,482,140	9%
9 to 12 months	4,526,679	4,526,328	5%
12 to 18 months	8,363,710	8,441,996	9%
Total	<u>\$ 95,480,246</u>	<u>\$ 95,570,221</u>	<u>100%</u>

Credit Risk

In compliance with the City’s Investment Policy, as of September 30, 2018, the City minimized credit risk losses due to default of a security issuer or backer, by: limiting investments to the safest types of securities; primarily investing in U.S. Agency Bonds rated AA+ by Standard & Poor’s; pre-qualifying financial institutions, brokers/dealers, and advisors with which the City will do business; and diversifying the investment portfolio so that the potential losses on securities are minimized.

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

Per the terms of its depository agreement, for bank deposits in excess of the coverage provided by the FDIC, the City requires the depository bank to pledge to the City securities (collateral) equal to 105% of the largest balances the City maintains in the bank. The percentage as shown reflects the requirement based on market value of the pledged securities. The City actively monitors and manages collateral levels for all deposits. On September 30, 2018, the City’s bank balances were fully insured or collateralized.

Credit Risk

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, 2018, was as follows:

	Balance Beginning of Year	Increase	Decrease	Adjustment/ Transfer	Balance End of Year
Governmental activities					
Capital assets not being depreciated					
Land	\$ 30,462,211	\$ 1,657,151	\$ -	\$ 419,306	\$ 32,538,668
Construction in progress	15,721,866	6,181,835	-	(3,803,829)	18,099,872
Total capital assets not being depreciated	46,184,077	7,838,986	-	(3,384,523)	50,638,540
Capital assets being depreciated					
Buildings	60,880,499	16,241	(367,452)	1,128,343	61,657,631
Improvements other than buildings	12,048,323	132,879	-	1,394,224	13,575,426
Infrastructure	89,726,567	422,200	-	775,948	90,924,715
Machinery and equipment	10,192,551	555,690	(258,989)	86,008	10,575,260
Total capital assets being depreciated	172,847,940	1,127,010	(626,441)	3,384,523	176,733,032
Less accumulated depreciation					
Buildings	(24,260,764)	(1,789,175)	8,802	-	(26,041,137)
Improvements other than buildings	(4,378,933)	(385,048)	-	-	(4,763,981)
Infrastructure	(39,911,342)	(2,421,582)	-	-	(42,332,924)
Machinery and equipment	(5,761,782)	(885,302)	210,634	-	(6,436,450)
Total accumulated depreciation	(74,312,821)	(5,481,107)	219,436	-	(79,574,492)
Total capital assets being depreciated, net	98,535,119	(4,354,097)	(407,005)	3,384,523	97,158,540
Total governmental fund capital assets, net	144,719,196	3,484,889	(407,005)	-	147,797,080
Internal service funds					
Capital assets being depreciated					
Machinery and equipment	13,496,505	1,670,672	(1,564,406)	-	13,602,771
Total internal service assets being depreciated	13,496,505	1,670,672	(1,564,406)	-	13,602,771
Less accumulated depreciation					
Machinery and equipment	(7,863,440)	(1,323,093)	1,538,771	-	(7,647,762)
Total internal service funds capital assets, net	5,633,065	347,579	(25,635)	-	5,955,009
Total governmental activities capital assets, net	<u>\$ 150,352,261</u>	<u>\$ 3,832,468</u>	<u>\$ (432,640)</u>	<u>\$ -</u>	<u>\$ 153,752,089</u>

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3. CAPITAL ASSETS – CONTINUED

	Balance Beginning of Year	Increase	Decrease	Adjustment/ Transfer	Balance End of Year
Business-type activities					
Capital assets not being depreciated					
Land	\$ 3,618,545	\$ -	\$ -	\$ -	\$ 3,618,545
Construction in progress	71,854	2,449,683	-	(1,568,124)	953,413
Total capital assets not being depreciated	3,690,399	2,449,683	-	(1,568,124)	4,571,958
Capital assets being depreciated					
Buildings	4,207,035	-	-	-	4,207,035
Equipment	4,045,353	17,682	(92,433)	-	3,970,602
Improvements	21,048,495	123,402	-	-	21,171,897
Utility system	111,040,419	910,189	-	1,568,124	113,518,732
Total capital assets being depreciated	140,341,302	1,051,273	(92,433)	1,568,124	142,868,266
Less accumulated depreciation					
Buildings	(2,407,172)	(124,217)	-	-	(2,531,389)
Equipment	(1,607,219)	(304,716)	71,961	-	(1,839,974)
Improvements	(10,482,676)	(655,927)	-	-	(11,138,603)
Utility system	(53,925,066)	(2,747,733)	-	-	(56,672,799)
Total accumulated depreciation	(68,422,133)	(3,832,593)	71,961	-	(72,182,765)
Total capital assets being depreciated, net	71,919,169	(2,781,320)	(20,472)	1,568,124	70,685,501
Total business-type activities capital assets, net	<u>\$ 75,609,568</u>	<u>\$ (331,637)</u>	<u>\$ (20,472)</u>	<u>\$ -</u>	<u>\$ 75,257,459</u>

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

Governmental activities

Culture and recreation	\$ 782,595
Development	16,002
General administrative	2,952,747
Highways and streets	2,490,298
Public safety	562,558
Total depreciation expense - governmental activities	<u>\$ 6,804,200</u>

Business-type activities

Water and wastewater	\$ 2,125,842
Drainage utility	773,220
Golf course	401,136
Other recreation enterprises	532,395
Total depreciation expense - business-type activities	<u>\$ 3,832,593</u>

Outstanding commitments at September 30, 2018, under authorized construction contracts, were \$2,110,135. These outstanding commitments are to be financed by available deposit and investment balances, which include proceeds from previous bond issuances.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4. LONG-TERM DEBT

The following is a summary of long-term debt activity, including the restatement for the net OPEB liability, of the City for the year ended September 30, 2018:

	Balance Beginning of Year (As Restated)	Increases	Decreases	Balance End of Year	Due within One Year
Governmental activities					
General obligation bonds	\$ 14,490,000	\$ -	\$ (3,030,000)	\$ 11,460,000	\$ 2,655,000
Certificates of obligation	27,350,000	9,180,000	(870,000)	35,660,000	1,245,000
Sales tax revenue bonds	75,000	-	(35,000)	40,000	40,000
Tax notes	860,000	625,000	(750,000)	735,000	735,000
Capital lease	160,545	-	(76,697)	83,848	83,848
Premium on bonds	1,216,500	264,116	(164,991)	1,315,625	151,785
Discount on bonds	(116,860)	-	12,737	(104,123)	(12,736)
Net pension liability	22,304,176	-	(10,023,668)	12,280,508	-
Net OPEB liability	9,867,183	60,436	-	9,927,619	-
Compensated absences	1,966,884	467,734	(363,643)	2,070,975	207,097
Total governmental activities	78,173,428	10,597,286	(15,301,262)	73,469,452	5,104,994
Business-type activities					
Water and sewer revenue bonds	9,540,000	2,785,000	(780,000)	11,545,000	915,000
General obligation refunding bonds	5,240,000	-	(470,000)	4,770,000	475,000
Premiums on bonds	194,451	-	(19,241)	175,210	19,242
Discounts on bonds	(26,005)	-	1,625	(24,380)	(1,625)
Net pension liability	4,146,896	-	(1,866,763)	2,280,133	-
Net OPEB liability	1,837,660	11,257	-	1,848,917	-
Compensated absences	296,124	56,929	(17,824)	335,229	33,523
Total business-type activities	21,229,126	2,853,186	(3,152,203)	20,930,109	1,441,140
Total primary government	<u>\$99,402,554</u>	<u>\$ 13,450,472</u>	<u>\$ (18,453,465)</u>	<u>\$ 94,399,561</u>	<u>\$ 6,546,134</u>

Governmental fund net pension liability and OPEB liability are typically liquidated by the general, half-penny sales tax, crime control and prevention district, and juvenile case funds.

General Obligation Bonds

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

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4. LONG-TERM DEBT – CONTINUED

General Obligation Bonds – Continued

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

As of September 30, 2018, general obligation bonds currently outstanding are as follows:

	Interest Rate %	Issue Date	Maturity Date	Principal Outstanding
General Obligation Bonds				
Taxable Refunding, Series 2010	.68% – 4.4%	08/15/2010	08/01/2025	\$4,225,000
Refunding, Series 2011	2% – 4%	01/15/2011	08/15/2021	2,460,000
Refunding, Series 2012	2% – 4%	12/01/2011	02/15/2024	2,965,000
Refunding, Series 2012A	2% – 4%	11/01/2012	02/15/2027	4,770,000
Refunding, Series 2014	3%	10/15/2014	02/15/2020	1,810,000
			Total	<u>\$16,230,000</u>

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

Fiscal Year	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2019	\$ 2,655,000	\$ 406,309	\$ 475,000	\$ 113,600	\$ 3,649,909
2020	2,765,000	316,181	490,000	99,125	3,670,306
2021	1,925,000	229,114	510,000	84,125	2,748,239
2022	1,105,000	152,439	520,000	71,275	1,848,714
2023	1,140,000	110,539	530,000	60,444	1,840,983
2024-2027	1,870,000	97,239	2,245,000	114,907	4,327,146
Total	<u>\$ 11,460,000</u>	<u>\$ 1,311,821</u>	<u>\$ 4,770,000</u>	<u>\$ 543,476</u>	<u>\$ 18,085,297</u>

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

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4. LONG-TERM DEBT – CONTINUED

Certificates of Obligation

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

In 2018, certificates of obligation were issued for the purpose of construction of public works and the related professional services rendered in relation to such projects and the financing thereof.

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

Certificates of Obligation	Interest Rate %	Issue Date	Maturity Date	Principal Outstanding
Series 2011	3% – 4.25%	01/15/2011	08/15/2030	\$2,230,000
Series 2014	0% – 5%	10/15/2014	08/15/2034	5,265,000
Series 2015	3% – 5%	10/27/2015	02/15/2035	2,915,000
Series 2016	2% – 4%	01/12/2016	02/15/2041	16,070,000
Series 2018	3% – 4%	03/01/2018	02/15/2038	9,180,000
			Total	<u>\$35,660,000</u>

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

Fiscal Year	Governmental Activities		Total
	Principal	Interest	
2019	\$ 1,245,000	\$ 1,278,889	\$ 2,523,889
2020	1,410,000	1,122,095	2,532,095
2021	1,450,000	1,075,569	2,525,569
2022	1,495,000	1,027,594	2,522,594
2023	1,555,000	972,419	2,527,419
2024-2028	8,625,000	3,984,788	12,609,788
2029-2033	9,435,000	2,485,954	11,920,954
2034-2038	7,995,000	1,081,016	9,076,016
2039-2041	2,450,000	138,775	2,588,775
Total	<u>\$ 35,660,000</u>	<u>\$13,167,099</u>	<u>\$48,827,099</u>

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4. LONG-TERM DEBT – CONTINUED

Revenue Bonds

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

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

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

In 2018, water and sewer revenue bonds were issued for the Reclaimed Water Line Extension Phase III Construction Project and related financing costs thereof.

	Interest Rate %	Issue Date	Maturity Date	Principal Outstanding
Revenue Bonds				
STRB Refunding, Series 2012	1.43%	01/12/2012	09/15/2019	\$ 40,000
W&WW Refunding, Series 2012	2.03%	03/29/2012	07/15/2024	1,315,000
W&WW Improvement, Series 2013	2% – 5%	06/25/2013	07/15/2033	1,280,000
W&WW Improvement, Series 2015A	0% - 1.98%	06/15/2015	07/15/2035	4,025,000
W&WW Improvement, Series 2015B	0% - 1.68%	06/15/2015	07/15/2035	2,140,000
W&WW Improvement, Series 2018	0% - 1.49%	04/15/2018	07/15/2038	2,785,000
			Total	<u>\$ 11,585,000</u>

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4. LONG-TERM DEBT – CONTINUED

Revenue Bonds – Continued

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

Fiscal Year	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2019	\$40,000	\$572	\$915,000	\$191,112	\$1,146,684
2020	–	–	930,000	174,649	1,104,649
2021	–	–	670,000	163,849	833,849
2022	–	–	670,000	156,923	826,923
2023	–	–	685,000	149,074	834,074
2024-2028	–	–	2,980,000	608,601	3,588,601
2029-2033	–	–	3,140,000	336,278	3,476,278
2034-2038	–	–	1,555,000	55,814	1,610,814
Total	<u>\$40,000</u>	<u>\$572</u>	<u>\$11,545,000</u>	<u>\$1,836,300</u>	<u>\$13,421,872</u>

The gross ½¢ sales tax revenues of the EDC recognized in the year ending September 30, 2018 totaled \$5,184,401. The principal and interest payments on the EDC debt for the same period totaled \$36,073 which equates to approximately .7% of the gross ½¢ sales tax revenues.

The recognized net revenues of the water and wastewater fund totaled \$4,801,979 for the year ending September 30, 2018. Principal and interest payments on the water and sewer revenue bonds totaled \$948,392, which equates to approximately 19.8% of net system revenues.

Tax Notes

Tax notes are issued for the purchase of certain specified materials, supplies, equipment, and machinery for the City’s authorized needs and purposes. In 2018, tax notes were issued to pay contractual obligations incurred (i) primarily for the purchase of public safety related equipment and street maintenance equipment; and (ii) professional services rendered in relation thereto.

The City currently has the following tax notes outstanding as of the end of the fiscal year:

Tax Notes	Interest Rate %	Issue Date	Maturity Date	Principal Outstanding
Series 2016	1.16%	08/30/2016	08/15/2019	\$435,000
Series 2017	1.17%	09/11/2017	08/15/2019	<u>300,000</u>
				<u>\$735,000</u>

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4. LONG-TERM DEBT – CONTINUED

Tax Notes - Continued

Annual debt service requirements to maturity for the tax notes are as follows:

Fiscal Year	Governmental Activities		Total
	Principal	Interest	
2019	\$735,000	\$8,556	\$743,556
Total	\$735,000	\$8,556	\$743,556

Capital Leases

The City entered into a lease/purchase agreement to finance a new telephone system. Under the terms of the agreement, the related capital equipment will become the property of the City when all terms of the lease agreement are met. The agreement includes a stated interest rate of 0%; however, an implied interest rate approximating 9.32% was utilized to calculate the interest portion of the future lease payments. Furthermore, the agreement states \$249,370 is the amount being financed and the amount to be repaid over three years is \$275,000. The initial value of the telephone equipment is \$275,000.

As of September 30, 2018, capital lease annual amortization is as follows:

2019	\$ 91,667
Total	91,667
Less interest	(7,819)
Present value of remaining payments	\$ 83,848
	Governmental Activities
Equipment	\$ 275,000
Less: accumulated amortization	(72,024)
Net book value	\$ 202,976

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4. LONG-TERM DEBT – CONTINUED

Annual Requirements to Retire Debt Obligations - Continued

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 at the time of issuance pursuant to the revenue bond covenants which will be used for principal and interest payments in the event of default by the issuer.

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

All funding requirements for the above reserves were met at September 30, 2018.

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

Water and sewer revenue bonds authorized and unissued as of September 30, 2018, 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.

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 \$11,086,103 and are included as operating expenses of the water and wastewater fund.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 5. COMMITMENTS AND CONTINGENT LIABILITIES – CONTINUED

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 \$321,558 in the year ended September 30, 2018 and are included as operating expenses of the water and wastewater fund.

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

NOTE 6. SERVICE CENTER

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

NOTE 7. INTERFUND TRANSFERS

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

	Transfers in				
	General	Debt service	Street CIP	Non-major governmental	Subtotal governmental
Transfers out					
General	\$ -	\$ -	\$ 3,843,911	\$ 246,211	\$ 4,090,122
Debt service	-	-	-	-	-
Car rental tax	1,510,039	-	-	1,595,100	3,105,139
Water and wastewater	1,293,478	-	-	-	1,293,478
Drainage utility	41,075	-	-	-	41,075
Other recreation enterprises	-	-	-	64,586	64,586
Nonmajor governmental	-	1,993,156	-	3,355,291	5,348,447
Total transfers in	<u>\$ 2,844,592</u>	<u>\$ 1,993,156</u>	<u>\$ 3,843,911</u>	<u>\$ 5,261,188</u>	<u>\$ 13,942,847</u>

	Transfers in				Total transfers out
	Golf course	Other recreation enterprises	Internal service	Subtotal proprietary	
Transfers out					
General	\$ 16,029	\$ -	\$ 492,000	\$ 508,029	\$ 4,598,151
Debt service	-	-	599,559	599,559	599,559
Car rental tax	-	-	270,855	270,855	3,375,994
Water and wastewater	-	-	242,000	242,000	1,535,478
Drainage utility	-	-	-	-	41,075
Other recreation enterprises	-	-	-	-	64,586
Nonmajor governmental	542,521	80,000	-	622,521	5,970,968
Total transfers in	<u>\$ 558,550</u>	<u>\$ 80,000</u>	<u>\$ 1,604,414</u>	<u>\$ 2,242,964</u>	<u>\$ 16,185,811</u>

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. INTERFUND TRANSFERS – CONTINUED

Transfers are primarily used to move funds from:

- The general fund to the street CIP fund and non-major governmental fund to satisfy grant matching requirements and to fund approved capital projects and to the golf course fund for sales tax rebates.
- The car rental tax fund, the water and wastewater fund, and the drainage utility fund to the general fund for general and administrative charges.
- The car rental tax fund to the non-major governmental funds to provide funding for approved capital projects.
- The non-major governmental funds to non-major governmental funds to provide funding for approved projects.
- The non-major government funds to debt service funds for debt payments on previously issued debt.
- The general fund and water and wastewater fund to the internal service funds for health and dental claims, workers' compensation and general liability insurance claims.
- The car rental fund and debt service 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 and to fund approved projects.
- The non-major governmental funds to the other recreation enterprises fund to provide funding for approved projects.
- The other recreation enterprises fund to the non-major governmental funds to provide funding for approved projects.

NOTE 8. RISK MANAGEMENT

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

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

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

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

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. RISK MANAGEMENT – CONTINUED

The City provides employee health insurance coverage on a self-insured basis. Premiums are paid into a separate insurance fund by other funds, by the City's employees, and by retirees. The premiums are used to fund claims, administrative costs of the program, and claim reserves. An excess coverage insurance policy covers individual claims in excess of \$125,000 and aggregate claims in excess of \$6,264,980. During fiscal year 2018, the City and the City's employees contributed approximately \$4,616,836 and \$1,506,977 respectively, for medical coverage.

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

Changes in the balances of health and dental claims liabilities for the years ended September 30, 2018 and 2017 are as follows:

	2018	2017
Unpaid claims, beginning of year	\$ 885,000	\$ 849,000
Incurred claims	2,946,653	5,644,625
Paid claims	(3,223,653)	(5,608,625)
Unpaid claims, end of year	\$ 608,000	\$ 885,000

Settlement amounts have not exceeded stop loss insurance coverage for the year ended September 30, 2018 or any of the three preceding years ended September 30.

NOTE 9. DEFINED BENEFIT PENSION PLAN

Plan Description

The City participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN – CONTINUED

Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee’s contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member’s deposits and interest.

Plan provisions for the City are as follows:

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

Employees Covered By Benefit Terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	234
Inactive employees entitled to, but not yet receiving benefits	159
Active employees	384
Total	<u><u>777</u></u>

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN – CONTINUED

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees of the City were required to contribute 7% of their annual gross earnings during the year ended September 30, 2018. The contribution rates for the City were 17.76% and 17.80% in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2018 were \$5,094,779 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustments, with male rates multiplied by 109% and female rates multiplied by 103%.

The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustments are used with Male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN – CONTINUED

Actuarial Assumptions – Continued

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	<u>100.0%</u>	

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN – CONTINUED

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	TPL (a)	Plan Fiduciary Net Position (b)	NPL (a) - (b)
Balance at 12/31/2016	\$ 195,668,289	\$ 169,217,217	\$ 26,451,072
Changes for the year:			
Service cost	5,149,378	-	5,149,378
Interest	13,129,452	-	13,129,452
Change of benefit terms	-	-	-
Difference between expected and actual experience	169,296	-	169,296
Changes of assumptions	-	-	-
Contributions - employer	-	5,027,855	(5,027,855)
Contributions - employee	-	1,981,736	(1,981,736)
Net investment income	-	23,456,668	(23,456,668)
Benefit payments, including refunds of employee contributions	(7,465,146)	(7,465,146)	-
Administrative expense	-	(121,542)	121,542
Other changes	-	(6,160)	6,160
Net changes	10,982,980	22,873,411	(11,890,431)
Balance at 12/31/2017	\$ 206,651,269	\$ 192,090,628	\$ 14,560,641
Plan fiduciary net position as a percentage of the TPL			92.95%
Covered payroll			\$28,308,838
NPL as a percentage of covered payroll			51.44%

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

NOTE 9. DEFINED BENEFIT PENSION PLAN – CONTINUED

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

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City’s net pension liability	\$ 44,016,348	\$ 14,560,641	\$ (9,608,987)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

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

For the year ended September 30, 2018, the City recognized pension expense of \$4,770,259.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 546,926
Changes in actuarial assumptions	-	259,171
Difference between projected and actual investment earnings	-	4,881,080
Contributions subsequent to the measurement date	3,577,959	-
Total	\$ 3,577,959	\$ 5,687,177

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

NOTE 9. DEFINED BENEFIT PENSION PLAN – CONTINUED

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

\$3,577,959 reported as deferred outflows of resources related to the pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year <u>December 31,</u>	Net Deferred Outflows/(Inflows) <u>of Resources</u>
2018	\$ (232,378)
2019	(547,660)
2020	(2,513,001)
2021	(2,401,281)
2022	<u>7,143</u>
Total	<u>\$ (5,687,177)</u>

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS

Postemployment Healthcare Plan

Plan Description

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

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

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Postemployment Healthcare Plan – Continued

Benefits provided. The City provides post-employment 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.

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 post-employment 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 actuarially determined contribution (ADC) as determined in accordance with GASB 74. However, it is currently the intent of the Plan Administrator to annually fund an amount equal to, or in excess of, the ADC. This intent is subject to change and is subject to annual appropriation.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Funding Policy – Continued

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

	Monthly Contribution			
	Medical Plan A	Medical Plan B	Dental	Vision
Retiree Only	\$ 863.18	\$ 743.60	\$ 30.79	\$ 8.26
Retiree plus Children	1,640.04	1,412.83	58.51	13.50
Retiree plus Spouse	1,985.31	1,710.27	70.83	16.04
Retiree plus Family	2,503.22	2,156.43	89.30	22.68

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

- a) Retired and enrolled in the Plan on or prior to September 30, 2007; or
- b) Retired and not enrolled in the Plan on or prior to September 30, 2007 and meet guidelines for reinstatement to the Plan; or
- c) Employees who were not retired as of 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 following table.

Retired employees meeting all eligibility requirements as set forth in the Plan that were hired after October 1, 2006 and before October 1, 2014 retiring with a minimum of 20 years of service with a combined age and years of service to the City of Euless equal to at least 80 qualify for a service discount on their total premium, subject to annual appropriation, as set forth in the following:

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

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Funding Policy – Continued

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

Per the requirements of GASB 74 and GASB 75, the following data is presented.

Plan Membership

On September 30, 2018, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	76
Inactive plan members entitled to, but not yet receiving benefit payments	25
Active plan members	<u>761</u>
	<u>862</u>

Investments

Investment policy. The City’s policy in regard to the allocation of invested assets is established and may be amended by the City Manager. The City Council appointed the City Manager or her successor or her designee as the City’s Plan Administrator. The City Manager selected the balanced, moderately aggressive actively-managed investment option (HighMark PLUS) to provide growth of principal and income. While dividend and interest income are an important component of the objective’s total return, it is expected that capital appreciation will comprise a larger portion of the total return. The portfolio will be allocated between equity and fixed income investments.

<u>Asset Class</u>	<u>Strategic Range</u>	<u>Target Allocation</u>	<u>9/30/2018 Allocation</u>
Equity	50-70%	60.00%	47.60%
Fixed income	30-50%	35.00%	28.48%
Cash	0-20%	5.00%	23.92%
		<u>100.00%</u>	<u>100.00%</u>

Rate of return. For the year ended September 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 6.70%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Investments – Continued

Concentrations. The following investments comprised 5% or more of the OPEB plan’s fiduciary net position as of September 30, 2018:

<u>Asset Class</u>	<u>Investment Vehicle</u>	<u>% of Portfolio</u>
Equity	Vanguard Growth & Income Adm	9.98%
Equity	Dodge & Cox Stock Fund	6.21%
Fixed Income	PIMCO Total Return Instl Fund	8.01%
Fixed Income	Prudential Total Return Bond Fund	7.99%
Fixed Income	DoubleLine Core Fixed Income I	7.98%
Cash	First American Government Oblig Z	23.92%

Net OPEB Liability of the City

The components of the net OPEB liability of the City at September 30 were as follows:

	<u>2018</u>	<u>2017</u>
Total OPEB liability	\$ 18,214,654	\$ 17,064,452
Plan fiduciary net position	<u>(6,438,118)</u>	<u>(5,359,608)</u>
City's net OPEB liability	<u>\$ 11,776,536</u>	<u>\$ 11,704,844</u>
Plan fiduciary net assets as a percent of the total OPEB liability	35.35%	31.41%

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.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Actuarial Methods and Assumptions – Continued

An actuarial valuation was performed as of September 30, 2018 using the entry age normal actuarial cost method. The liability was then projected forward to the measurement date of September 30, 2018. The actuarial assumptions include:

Inflation	2.5% per annum
Salary increases	2.75%
Investment rate of return	7.50%
Healthcare cost trend rates	5.71%/ 6.10% with annual increases/decreases to an ultimate rate of 3.82% in 2073
Dental cost trend rates	3.00%

Mortality rates were based on the Adjusted RPH-2014 Generational with MP-2018 projection. The plan has not had a formal actuarial experience study performed.

The expected return of each asset class is determined through a combination of historical rates of return, valuation projections, and economic expectations. Expected rates of return are developed and annually reviewed by HighMark’s Asset Allocation Committee. The long-term expected rate of return on OPEB plan investments is then calculated by weighting the returns for each asset class according to the exposure as determined by the current strategic allocation. The anticipated long-term rate of return is 6.85% with an expected standard deviation of 8.84%. Anticipated long-term returns by asset class are not available.

Discount rate. The discount rate used to measure the total OPEB liability was 7.5%. The projection of cash flows used to determine the discount rate assumed the City contributions will be made at rates at least equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the City as well as what the City’s net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current discount rate:

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Net OPEB liability	\$ 15,237,320	\$ 11,776,536	\$ 9,044,338

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Actuarial Methods and Assumptions – Continued

Sensitivity of the OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the City as well as what the City’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rates	1% Increase
Net OPEB liability	\$ 8,993,723	\$ 11,776,536	\$ 14,757,443

Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a) (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at 9/30/2017	\$ 17,064,452	\$ 5,359,608	\$ 11,704,844
Changes for the year:			
Service cost	447,155	-	447,155
Interest	1,271,483	-	1,271,483
Change of benefit terms	-	-	-
Difference between expected and actual experience	1,459,988	-	1,459,988
Changes of assumptions	(798,143)	-	(798,143)
Contributions - employer	-	1,754,093	(1,754,093)
Contributions - employee	-	320,471	(320,471)
Net investment income	-	381,824	(381,824)
Benefit payments, including refunds of employee contributions	(1,230,281)	(1,230,281)	-
Administrative expense	-	(147,597)	147,597
Net changes	1,150,202	1,078,510	71,692
Balance at 9/30/2018	\$ 18,214,654	\$ 6,438,118	\$ 11,776,536

Assumption Changes. Since the prior valuation, the mortality improvement scale was updated from MP-2017 to the MP-2018 table. Also, the per capita claims costs and trend were updated to reflect recent experience.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

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

For the year ended September 30, 2018, the City recognized OPEB expense of \$1,585,999.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,167,990	\$ -
Changes in actuarial assumptions	-	638,515
Difference between projected and actual investment earnings	30,780	-
Total	\$ 1,198,770	\$ 638,515

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Year September 30,	Net Deferred Outflows/(Inflows) of Resources
2019	\$ 140,064
2020	140,064
2021	140,064
2022	140,063
Total	\$ 560,255

NOTE 11. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of September 30, 2018, the grant special revenue fund had an excess of expenditures over appropriations of \$162,102.

CITY OF EULESS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 12. SUBSEQUENT EVENT

On October 23, 2018, the Eules Development Corporation issued \$1,635,000 of Eules Development Corporation Sales Tax Revenue Bonds, Series 2018. The Bonds had interest rates ranging from 3% to 4%, with maturities through September 2034. Proceeds will be used to finance the costs of the construction of parks and park facilities within the City and pay the costs associated with the issuance of such bonds.

On January 22, 2019, the Eules City Council approved the issuance of \$11,785,000 of City of Eules, Texas Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2019. Proceeds will be used for construction of public works; and/or the purchase of materials, supplies, equipment, machinery, land, and rights-of-way for authorized needs and purposes; and professional services rendered in relation to such projects and the financing thereof.

NOTE 13. CHANGE IN ACCOUNTING PRINCIPLE

The City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during the fiscal year ended September 30, 2018. The implementation of GASB Statement No. 75 resulted in the following restatement:

	Government-wide Statements	
	Governmental Activities	Business- type Activities
Net position, beginning of year, prior to restatement	\$136,269,089	\$81,316,882
Cumulative effect of change in accounting principle	(10,997,742)	(2,091,029)
Net position, beginning of year, as restated	\$125,271,347	\$79,225,853

	Fund Level Statements			
	Water and Wastewater	Drainage Utility	Golf Course	Other Recreation Enterprises
Net position, beginning of year, prior to restatement	\$50,751,929	\$ 16,527,358	\$ 2,554,932	\$ 9,007,167
Cumulative effect of change in accounting principle	(1,539,776)	(171,232)	(324,514)	(55,507)
Net position, beginning of year, as restated	\$49,212,153	\$ 16,356,126	\$ 2,230,418	\$ 8,951,660

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EULESS, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE MEASUREMENT YEAR ENDED DECEMBER 31, 2017

	2017*	2016*	2015*	2014*
Total pension liability				
Service cost	\$ 5,149,378	\$ 4,868,631	\$ 4,539,237	\$ 4,331,759
Interest (on the total pension liability)	13,129,452	12,462,429	12,302,430	11,698,243
Difference in expected and actual experience	169,296	(361,966)	(579,992)	(752,184)
Change in assumptions	-	-	(595,757)	-
Benefit payments, including refunds of employee contributions	(7,465,146)	(6,990,135)	(6,911,946)	(6,588,671)
Net change in total pension liability	10,982,980	9,978,959	8,753,972	8,689,147
Total pension liability, beginning of year	195,668,289	185,689,330	176,935,358	168,246,211
Total pension liability, ending of year	<u>\$ 206,651,269</u>	<u>\$ 195,668,289</u>	<u>\$ 185,689,330</u>	<u>\$ 176,935,358</u>
Plan fiduciary net position				
Contributions - employer	\$ 5,027,855	\$ 4,691,585	\$ 4,644,735	\$ 4,787,533
Contributions - employee	1,981,736	1,877,709	1,801,285	1,789,251
Net investment income	23,456,668	10,748,002	235,212	8,631,343
Benefit payments, including refunds of employee contributions	(7,465,146)	(6,990,135)	(6,911,946)	(6,588,671)
Administrative expense	(121,542)	(121,371)	(143,262)	(90,113)
Other	(6,160)	(6,539)	(7,076)	(7,409)
Net change in plan fiduciary net position	22,873,411	10,199,251	(381,052)	8,521,934
Plan fiduciary net position - beginning	169,217,217	159,017,966	159,399,018	150,877,084
Plan fiduciary net position - ending	<u>\$ 192,090,628</u>	<u>\$ 169,217,217</u>	<u>\$ 159,017,966</u>	<u>\$ 159,399,018</u>
Net pension liability - ending	\$ 14,560,641	\$ 26,451,072	\$ 26,671,364	\$ 17,536,340
Plan fiduciary net position as a % of total pension liability	92.95%	86.48%	85.64%	90.09%
Covered employee payroll	\$ 28,308,838	\$ 26,824,411	\$ 25,732,638	\$ 25,560,729
Net pension liability as a % of covered employee payroll	51.44%	98.61%	103.65%	68.61%

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

**CITY OF EULESS, TEXAS
SCHEDULE OF CONTRIBUTIONS – PENSION
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	2018*	2017*	2016*	2015*
Actuarially determined contributions	\$ 5,094,779	\$ 4,971,811	\$ 4,670,520	\$ 4,602,538
Actual contributions	(5,094,779)	(4,971,811)	(4,670,520)	(4,602,538)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City covered employee payroll	\$ 28,640,420	\$ 28,113,691	\$ 26,464,297	\$ 25,453,407
Ratio of actual contributions to covered payroll amount	17.80% and 17.76%	17.49% and 17.76%	18.05% and 17.49%	18.73% and 18.05%

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

Notes to Schedule

Valuation Date

Actuarial determined contribution rates are calculated as of December 31st each year and become effective in January, 13 months later

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	24 years
Asset Valuation Method	10 year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

CITY OF EULESS, TEXAS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	2018	2017
Total OPEB liability		
Service cost	\$ 447,155	\$ 75,083
Interest on total OPEB liability	1,271,483	825,331
Effect of changes of benefit terms	-	-
Effect of difference between expected and actual experience	1,459,988	432,425
Effect of changes of assumptions	(798,143)	5,480,748
Benefit payments	(1,230,281)	(1,332,839)
Net change in OPEB liability	1,150,202	5,480,748
Beginning balance	17,064,452	11,583,704
Ending balance	\$ 18,214,654	\$ 17,064,452
 Plan fiduciary net position		
Contributions - employer	\$ 1,754,093	\$ 1,832,839
Contributions - other	320,471	-
Net investment income	381,824	559,716
Benefit payments	(1,230,281)	(1,332,839)
Administrative expense	(147,597)	(13,525)
Net change in plan fiduciary net position	1,078,510	1,046,191
Beginning balance	5,359,608	4,313,417
Ending balance	\$ 6,438,118	\$ 5,359,608
 City's net OPEB liability ending	\$ 11,776,536	\$ 11,704,844
 Plan fiduciary net position as a % of the total OPEB liability	35%	31%
 Covered employee payroll	\$ 28,640,420	\$ 25,944,080
 City's net OPEB liability as a % of covered employee payroll	41%	45%

This schedule is presented to illustrate the requirement to show ten years of information. However, until a full ten-year trend is available, the schedule will present the information that is available.

**CITY OF EULESS, TEXAS
SCHEDULE OF CONTRIBUTIONS – OPEB TRUST
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Schedule of City OPEB Contributions	2018	2017
Actuarially determined contribution	\$ 1,492,738	\$ 1,226,144
Contributed in relation to the actuarially determined contribution	1,754,093	1,832,839
Contribution deficiency (excess)	\$ (261,355)	\$ (606,695)
 Covered employee payroll	 \$ 28,640,420	 \$ 25,944,080
 Contributions as a percentage of covered employee payroll	 6.1%	 7.1%

This schedule is presented to illustrate the requirement to show ten years of information. However, until a full ten-year trend is available, the schedule will present the information that is available.

Notes to Schedule

Significant assumptions used in preparation of actuarial valuation

Valuation date	9/30/2018
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Method
Remaining amortization period	29 years - closed period
Amortization period for new losses	25-year closed
Asset valuation method	Market value
Discount rate	7.5%
Inflation	2.5%
Healthcare cost trend rates	5.0% increasing/declining annually to 3.82% in 2073
Dental cost trend rates	3.0% per annum
Salary increases including inflation	2.75%
Long-term investment rate of return, net of investment expense	7.5%
Retirement age	Varies with age and service level
Mortality	Adjusted RPH-2014 Generational table with MP-2018 Projection

CITY OF EULESS, TEXAS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<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	\$ 13,669,048	\$ 13,669,048	\$ 13,581,642	\$ (87,406)
Penalty and interest	65,000	65,000	57,875	(7,125)
Total property tax	13,734,048	13,734,048	13,639,517	(94,531)
Gross receipts and mixed beverage tax				
Telephone line access fee	309,000	309,000	284,053	(24,947)
Electric company	1,683,432	1,683,432	1,805,014	121,582
Gas company	380,000	380,000	444,043	64,043
Cable TV	658,000	658,000	591,685	(66,315)
City garbage service	232,800	232,800	253,808	21,008
Water and wastewater system	1,222,844	1,222,844	1,293,478	70,634
Others	164,200	164,200	174,736	10,536
Total gross receipts and mixed beverage tax	4,650,276	4,650,276	4,846,817	196,541
General sales tax	13,577,161	13,577,161	12,698,602	(878,559)
Fines and fees				
Municipal court fines	2,520,846	2,520,846	2,412,695	(108,151)
Jail income	210,000	210,000	192,555	(17,445)
Dog licenses and pound fees	6,800	6,800	7,580	780
Ambulance fees	1,150,000	1,150,000	1,005,170	(144,830)
Library fees	8,835	8,835	7,498	(1,337)
Zoning fees	16,500	16,500	22,450	5,950
Deferred adjudication fee	130,000	130,000	159,016	29,016
Total fines and fees	4,042,981	4,042,981	3,806,964	(236,017)
Licenses and permits				
Building permits	500,000	500,000	1,446,746	946,746
Miscellaneous permits	249,000	249,000	308,435	59,435
Minimum housing	100,000	100,000	92,134	(7,866)
Total licenses and permits	849,000	849,000	1,847,315	998,315
Investment income	140,000	140,000	256,724	116,724
Intergovernmental	410,778	410,778	418,111	7,333
Other revenues				
Rental income	562,328	562,328	555,992	(6,336)
Swimming pools	210,000	210,000	224,213	14,213
Miscellaneous income	267,550	267,550	211,389	(56,161)
Total other revenues	1,039,878	1,039,878	991,594	(48,284)
Total revenues	38,444,122	38,444,122	38,505,644	61,522

CITY OF EULESS, TEXAS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current				
Culture and recreation	\$ 3,497,777	\$ 3,497,777	\$ 3,230,048	\$ 267,729
Development services	843,234	843,234	748,329	94,905
General and administrative	11,507,971	11,325,859	9,596,770	1,729,089
Highways and streets	1,955,713	1,955,713	1,187,976	767,737
Public safety	25,026,276	25,026,276	24,162,056	864,220
Total expenditures	<u>42,830,971</u>	<u>42,648,859</u>	<u>38,925,179</u>	<u>3,723,680</u>
Excess (deficiency) of revenues over (under) expenditures	(4,386,849)	(4,204,737)	(419,535)	3,785,202
Other financing sources (uses)				
Proceeds from sale of assets	10,000	10,000	9,408	(592)
Issuance of debt	-	-	3,268,911	3,268,911
Transfers in	2,771,496	2,771,496	2,844,592	73,096
Transfers out	(1,136,682)	(4,587,705)	(4,598,151)	(10,446)
Total other financing sources (uses), net	<u>1,644,814</u>	<u>(1,806,209)</u>	<u>1,524,760</u>	<u>3,330,969</u>
Net change in fund balance	(2,742,035)	(6,010,946)	1,105,225	7,116,171
Fund balance, beginning of year	<u>13,449,468</u>	<u>13,449,468</u>	<u>13,449,468</u>	<u>-</u>
Fund balance, end of year	<u>\$ 10,707,433</u>	<u>\$ 7,438,522</u>	<u>\$ 14,554,693</u>	<u>\$ 7,116,171</u>

**CITY OF EULESS, TEXAS
BUDGETARY COMPARISON SCHEDULE
CAR RENTAL SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Car rental tax	\$ 13,590,352	\$ 13,590,352	\$ 14,776,566	\$ 1,186,214
Investment income	35,000	35,000	137,758	102,758
Total revenues	13,625,352	13,625,352	14,914,324	1,288,972
Expenditures				
General and administrative	9,160,235	9,985,093	9,817,396	167,697
Capital outlay	431,339	431,339	-	431,339
Total expenditures	9,591,574	10,416,432	9,817,396	599,036
Excess of revenues over expenditures	4,033,778	3,208,920	5,096,928	1,888,008
Other financing uses				
Transfers out	(3,375,994)	(3,375,994)	(3,375,994)	-
Total other financing uses	(3,375,994)	(3,375,994)	(3,375,994)	-
Net change in fund balance	657,784	(167,074)	1,720,934	1,888,008
Fund balance, beginning of year	2,987,692	2,987,692	2,987,692	-
Fund balance, end of year	<u>\$ 3,645,476</u>	<u>\$ 2,820,618</u>	<u>\$ 4,708,626</u>	<u>\$ 1,888,008</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 projects and not on an annual basis. Accordingly, formal budgetary integration of the capital projects funds is not employed and comparison of actual results of operations to budgetary data for such funds is not presented.
8. Appropriated budgets for the proprietary funds are also adopted but have not been presented since reporting on such budgets is not legally required.

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



**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

Half-Penny Sales Tax Fund – to account for the sales tax revenues and expenditures of the Euless Development Corporation, 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.

Grant Fund – to account for grant revenues received by the City, which must be spent in accordance with the grant provisions.

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

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

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

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

NON-MAJOR GOVERNMENTAL FUNDS – Continued

Midtown 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.

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.

CAPITAL PROJECTS FUNDS

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

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

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

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

Midtown Reserve Fund – to account for resources used to establish the initial debt reserve fund per the Midtown construction, funding, and development agreement.

TIRZ #4 Midtown CIP Fund – to account for construction projects and the means of financing such projects within the development area generally known as Eules Midtown.

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

**CITY OF EULESS, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	Special Revenue Funds				
	Hotel/ Motel Fund	Half-Penny Sales Tax Fund	Police Drug Enforce- ment Fund	Crime Control and Prevention District Fund	Grant Fund
ASSETS					
Deposits and investments	\$ 537,919	\$ 1,884,264	\$ 519,110	\$ 967,389	\$ -
Accounts receivable	213,000	-	-	-	153,312
Property taxes receivable	-	-	-	-	-
Accrued interest receivable	-	4,664	-	-	-
Due from other governments	-	917,765	-	459,250	-
Prepays	-	4,927	-	7,500	-
Restricted deposits and investments	-	-	-	-	-
Total assets	\$ 750,919	\$ 2,811,620	\$ 519,110	\$ 1,434,139	\$ 153,312
LIABILITIES					
Liabilities					
Accounts payable	\$ 327,473	\$ 176,445	\$ -	\$ 40,747	\$ 152,906
Accrued salaries and wages	-	78,926	-	109,219	-
Total liabilities	327,473	255,371	-	149,966	152,906
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
FUND BALANCES					
Fund Balances					
Nonspendable	-	4,927	-	7,500	-
Restricted, debt service	-	100,872	-	-	-
Restricted, capital projects	-	-	-	-	-
Restricted, developer agreements	-	-	-	-	-
Restricted, juvenile case management	-	-	-	-	-
Restricted, cable PEG fees	-	-	-	-	-
Restricted, historical preservation	1,245	-	-	-	-
Assigned	422,201	2,450,450	519,110	1,276,673	406
Total fund balances	423,446	2,556,249	519,110	1,284,173	406
Total liabilities, deferred inflows of resources, and fund balances	\$ 750,919	\$ 2,811,620	\$ 519,110	\$ 1,434,139	\$ 153,312

Special Revenue Funds

Police Seized Assets Fund	Juvenile Case Fund	Glade Parks PID Fund	TIRZ #3 Glade Parks Fund	Midtown PID Fund	Cable PEG Fees Fund	Special Revenue Funds Total
\$ 291,959	\$ 276,045	\$ 750,000	\$ 678,217	\$ 72,252	\$ 661,291	\$ 6,638,446
-	4,444	-	-	-	30,000	400,756
-	-	-	23,604	-	-	23,604
-	-	-	-	-	-	4,664
-	-	-	-	-	-	1,377,015
-	-	-	-	-	-	12,427
-	-	-	-	-	-	-
<u>\$ 291,959</u>	<u>\$ 280,489</u>	<u>\$ 750,000</u>	<u>\$ 701,821</u>	<u>\$ 72,252</u>	<u>\$ 691,291</u>	<u>\$ 8,456,912</u>
\$ -	\$ 3,321	\$ -	\$ -	\$ 2,229	\$ 895	\$ 704,016
1,319	3,218	-	-	-	-	192,682
1,319	6,539	-	-	2,229	895	896,698
-	4,444	-	-	-	-	4,444
-	4,444	-	-	-	-	4,444
-	-	-	-	-	-	12,427
-	-	750,000	-	-	-	850,872
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	269,506	-	-	-	-	269,506
-	-	-	-	-	690,396	690,396
-	-	-	-	-	-	1,245
290,640	-	-	701,821	70,023	-	5,731,324
290,640	269,506	750,000	701,821	70,023	690,396	7,555,770
<u>\$ 291,959</u>	<u>\$ 280,489</u>	<u>\$ 750,000</u>	<u>\$ 701,821</u>	<u>\$ 72,252</u>	<u>\$ 691,291</u>	<u>\$ 8,456,912</u>

**CITY OF EULESS, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	<u>Capital Project Funds</u>			
	Half-Penny Sales Tax CIP Fund	Developers' Contribution Fund	General CIP Fund	Redevelopment CIP Fund
ASSETS				
Deposits and investments	\$ 2,377,114	\$ 2,262,109	\$ 1,561,779	\$ 1,438,739
Accounts receivable	-	-	16,800	-
Property taxes receivable	-	-	-	-
Accrued interest receivable	3,995	5,962	-	-
Due from other governments	-	-	-	-
Prepays	-	-	-	-
Restricted deposits and investments	-	-	-	-
Total assets	<u>\$ 2,381,109</u>	<u>\$ 2,268,071</u>	<u>\$ 1,578,579</u>	<u>\$ 1,438,739</u>
LIABILITIES				
Liabilities				
Accounts payable	\$ 20,803	\$ -	\$ -	\$ 100,000
Accrued salaries and wages	-	-	-	-
Total liabilities	20,803	-	-	100,000
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCES				
Fund Balances				
Nonspendable	-	-	-	-
Restricted, debt service	-	-	-	-
Restricted, capital projects	-	-	-	-
Restricted, developer agreements	-	2,268,071	-	-
Restricted, juvenile case management	-	-	-	-
Restricted, cable PEG fees	-	-	-	-
Restricted, historical preservation	-	-	-	-
Assigned	2,360,306	-	1,578,579	1,338,739
Total fund balances	<u>2,360,306</u>	<u>2,268,071</u>	<u>1,578,579</u>	<u>1,338,739</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,381,109</u>	<u>\$ 2,268,071</u>	<u>\$ 1,578,579</u>	<u>\$ 1,438,739</u>

Midtown Reserve Fund	TIRZ #4 Midtown CIP Fund	Car Rental CIP Fund	Capital Project Funds Totals	Total Non-major Governmental Funds
\$ -	\$ -	\$ 2,132,503	\$ 9,772,244	\$ 16,410,690
-	-	-	16,800	417,556
-	-	-	-	23,604
-	-	9,735	19,692	24,356
-	-	-	-	1,377,015
-	-	-	-	12,427
999,725	595,191	-	1,594,916	1,594,916
<u>\$ 999,725</u>	<u>\$ 595,191</u>	<u>\$ 2,142,238</u>	<u>\$ 11,403,652</u>	<u>\$ 19,860,564</u>
\$ -	\$ 212,839	\$ -	\$ 333,642	\$ 1,037,658
-	-	-	-	192,682
-	212,839	-	333,642	1,230,340
-	-	-	-	4,444
-	-	-	-	4,444
-	-	-	-	12,427
-	-	-	-	850,872
999,725	382,352	-	1,382,077	1,382,077
-	-	-	2,268,071	2,268,071
-	-	-	-	269,506
-	-	-	-	690,396
-	-	-	-	1,245
-	-	2,142,238	7,419,862	13,151,186
999,725	382,352	2,142,238	11,070,010	18,625,780
<u>\$ 999,725</u>	<u>\$ 595,191</u>	<u>\$ 2,142,238</u>	<u>\$ 11,403,652</u>	<u>\$ 19,860,564</u>

CITY OF EULESS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue Funds				
	Hotel/ Motel Fund	Half-Penny Sales Tax Fund	Police Drug Enforce- ment Fund	Crime Control and Prevention District Fund	Grant Fund
Revenues					
General property tax	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts tax	864,829	-	-	-	-
General sales tax	-	5,184,401	-	2,582,805	-
Investment income	8,254	17,974	7,496	13,639	-
DEA revenues	-	-	2,656	-	-
Intergovernmental	-	-	-	-	309,758
Rents and royalties	-	36,790	-	-	-
Other revenues	-	-	-	-	-
Total revenues	873,083	5,239,165	10,152	2,596,444	309,758
Expenditures					
Culture and recreation	-	3,050,944	-	-	-
Development services	-	287,949	-	-	-
General and administrative	324,323	259,940	-	-	-
Public safety	-	-	-	2,519,245	290,420
Debt service					
Principal	-	35,000	-	-	-
Interest and fiscal charges	-	1,373	-	-	-
Capital outlay	106,817	63,857	-	101,938	107,219
Total expenditures	431,140	3,699,063	-	2,621,183	397,639
Excess (deficiency) of revenues over (under) expenditures	441,943	1,540,102	10,152	(24,739)	(87,881)
Other financing sources (uses)					
Proceeds from sale of assets	-	-	-	14,105	-
Transfers in	-	-	-	-	64,099
Transfers out	(622,521)	(1,504,091)	-	-	-
Total other financing sources (uses)	(622,521)	(1,504,091)	-	14,105	64,099
Net change in fund balances	(180,578)	36,011	10,152	(10,634)	(23,782)
Fund balance, beginning of year	604,024	2,520,238	508,958	1,294,807	24,188
Fund balance, end of year	\$ 423,446	\$ 2,556,249	\$ 519,110	\$ 1,284,173	\$ 406

Special Revenue Funds

Police Seized Asset Fund	Juvenile Case Fund	Glade Parks PID Fund	TIRZ #3 Glade Parks Fund	Midtown PID Fund	Cable PEG Fees Fund	Special Revenue Funds Totals
\$ -	\$ -	\$ -	\$ 1,012,997	\$ -	\$ -	\$ 1,012,997
-	-	-	-	-	118,337	983,166
-	-	-	262,401	-	-	8,029,607
4,358	3,644	-	6,936	-	9,327	71,628
-	-	-	-	-	-	2,656
-	-	-	-	-	-	309,758
-	-	-	-	-	-	36,790
-	95,334	-	-	988,302	-	1,083,636
4,358	98,978	-	1,282,334	988,302	127,664	11,530,238
-	-	-	-	-	-	3,050,944
-	-	-	-	-	-	287,949
-	72,029	-	-	10,224	24,037	690,553
5,641	-	-	-	-	-	2,815,306
-	-	-	-	-	-	35,000
-	-	-	-	-	-	1,373
-	-	-	-	-	30,058	409,889
5,641	72,029	-	-	10,224	54,095	7,291,014
(1,283)	26,949	-	1,282,334	978,078	73,569	4,239,224
-	-	-	-	-	-	14,105
-	-	-	-	-	-	64,099
-	-	-	(892,468)	(951,888)	-	(3,970,968)
-	-	-	(892,468)	(951,888)	-	(3,892,764)
(1,283)	26,949	-	389,866	26,190	73,569	346,460
291,923	242,557	750,000	311,955	43,833	616,827	7,209,310
<u>\$ 290,640</u>	<u>\$ 269,506</u>	<u>\$ 750,000</u>	<u>\$ 701,821</u>	<u>\$ 70,023</u>	<u>\$ 690,396</u>	<u>\$ 7,555,770</u>

CITY OF EULESS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2018

	Capital Project Funds			
	Half-Penny Sales Tax CIP Fund	Developers' Contribution Fund	General CIP Fund	Redevelopment CIP Fund
Revenues				
General property tax	\$ -	\$ -	\$ -	\$ -
Gross receipts tax	-	-	-	-
General sales tax	-	-	-	-
Investment income	37,460	36,792	20,251	26,218
DEA revenues	-	-	-	-
Intergovernmental	-	-	-	-
Rents and royalties	-	-	78,046	-
Other revenues	-	139,892	-	2,675
Total revenues	37,460	176,684	98,297	28,893
Expenditures				
Culture and recreation	90,561	142	840	-
Development services	-	-	-	-
General and administrative	-	-	-	148,352
Public safety	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	1,033,406	-	-	657,353
Total expenditures	1,123,967	142	840	805,705
Excess (deficiency) of revenues over (under) expenditures	(1,086,507)	176,542	97,457	(776,812)
Other financing sources (uses)				
Proceeds from sale of assets	-	-	-	-
Transfers in	1,419,877	-	182,112	2,000,000
Transfers out	-	-	-	-
Total other financing sources (uses)	1,419,877	-	182,112	2,000,000
Net change in fund balances	333,370	176,542	279,569	1,223,188
Fund balance, beginning of year	2,026,936	2,091,529	1,299,010	115,551
Fund balance, end of year	\$ 2,360,306	\$ 2,268,071	\$ 1,578,579	\$ 1,338,739

Midtown Reserve Fund	TIRZ#4 Midtown CIP Fund	Car Rental CIP Fund	Capital Project Funds Totals	Total Non-major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,012,997
-	-	-	-	983,166
-	-	-	-	8,029,607
-	-	33,363	154,084	225,712
-	-	-	-	2,656
-	-	85,764	85,764	395,522
-	-	-	78,046	114,836
-	-	-	142,567	1,226,203
-	-	119,127	460,461	11,990,699
-	-	-	91,543	3,142,487
-	-	-	-	287,949
-	-	1,477	149,829	840,382
-	-	-	-	2,815,306
-	-	-	-	35,000
-	-	-	-	1,373
	3,603,845	83,135	5,377,739	5,787,628
-	3,603,845	84,612	5,619,111	12,910,125
-	(3,603,845)	34,515	(5,158,650)	(919,426)
-	-	-	-	14,105
-	-	1,595,100	5,197,089	5,261,188
-	-	(2,000,000)	(2,000,000)	(5,970,968)
-	-	(404,900)	3,197,089	(695,675)
-	(3,603,845)	(370,385)	(1,961,561)	(1,615,101)
999,725	3,986,197	2,512,623	13,031,571	20,240,881
<u>\$ 999,725</u>	<u>\$ 382,352</u>	<u>\$ 2,142,238</u>	<u>\$ 11,070,010</u>	<u>\$ 18,625,780</u>

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, 2018

	<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	\$ 922,950	\$ 922,950	\$ 864,829	\$ (58,121)
Investment income	1,500	1,500	8,254	6,754
Total revenues	924,450	924,450	873,083	(51,367)
Expenditures				
General and administrative	369,655	441,655	431,140	10,515
Total expenditures	369,655	441,655	431,140	10,515
Other financing uses				
Transfers out	(622,521)	(622,521)	(622,521)	-
Total other financing uses	(622,521)	(622,521)	(622,521)	-
Net change in fund balance	(67,726)	(139,726)	(180,578)	(40,852)
Fund balance, beginning of year	604,024	604,024	604,024	-
Fund balance, end of year	<u>\$ 536,298</u>	<u>\$ 464,298</u>	<u>\$ 423,446</u>	<u>(\$ 40,852)</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, 2018

	<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	\$ 5,542,604	\$ 5,542,604	\$ 5,184,401	\$ (358,203)
Investment income	3,550	3,550	17,974	14,424
Rents and royalties	-	-	36,790	36,790
Total revenues	5,546,154	5,546,154	5,239,165	(306,989)
Expenditures				
Culture and recreation	3,501,608	3,501,608	3,114,801	386,807
Development services	1,007,541	1,007,541	287,949	719,592
General and administrative	389,170	389,170	259,940	129,230
Debt service				
Principal	35,000	35,000	35,000	-
Interest and fiscal charges	1,372	1,372	1,373	(1)
Total expenditures	4,934,691	4,934,691	3,699,063	1,235,628
Excess (deficiency) of revenues over (under) expenditures	611,463	611,463	1,540,102	928,639
Other financing sources (uses)				
Transfers out	(1,715,770)	(1,815,770)	(1,504,091)	311,679
Total other financing sources (uses)	(1,715,770)	(1,815,770)	(1,504,091)	311,679
Net change in fund balance	(1,104,307)	(1,204,307)	36,011	1,240,318
Fund balance, beginning of year	2,520,238	2,520,238	2,520,238	-
Fund balance, end of year	<u>\$ 1,415,931</u>	<u>\$ 1,315,931</u>	<u>\$ 2,556,249</u>	<u>\$ 1,240,318</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, 2018

	<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	\$ 1,400	\$ 1,400	\$ 7,496	\$ 6,096
DEA revenues	-	-	2,656	2,656
Total revenues	1,400	1,400	10,152	8,752
Expenditures				
Public safety	200,500	200,500	-	200,500
Total expenditures	200,500	200,500	-	200,500
Excess (deficiency) of revenues over (under) expenditures	(199,100)	(199,100)	10,152	209,252
Net change in fund balance	(199,100)	(199,100)	10,152	209,252
Fund balance, beginning of year	508,958	508,958	508,958	-
Fund balance, end of year	<u>\$ 309,858</u>	<u>\$ 309,858</u>	<u>\$ 519,110</u>	<u>\$ 209,252</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
General sales tax	\$ 2,735,459	\$ 2,735,459	\$ 2,582,805	\$ (152,654)
Investment income	3,200	3,200	13,639	10,439
Total revenues	2,738,659	2,738,659	2,596,444	(142,215)
Expenditures				
Public safety	2,907,796	2,907,796	2,621,183	286,613
Total expenditures	2,907,796	2,907,796	2,621,183	286,613
Deficiency of revenues under expenditures	(169,137)	(169,137)	(24,739)	144,398
Other financing sources				
Proceeds from sale of assets	-	-	14,105	14,105
Total other financing sources	-	-	14,105	14,105
Net change in fund balance	(169,137)	(169,137)	(10,634)	158,503
Fund balance, beginning of year	1,294,807	1,294,807	1,294,807	-
Fund balance, end of year	<u>\$ 1,125,670</u>	<u>\$ 1,125,670</u>	<u>\$ 1,284,173</u>	<u>\$ 158,503</u>

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
GRANT SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 181,855	\$ 181,855	\$ 309,758	\$ 127,903
Total revenues	181,855	181,855	309,758	127,903
Expenditures				
Public safety	235,537	235,537	397,639	(162,102)
Total expenditures	235,537	235,537	397,639	(162,102)
Deficiency of revenues under expenditures	(53,682)	(53,682)	(87,881)	(34,199)
Other financing sources				
Transfers in	53,682	53,682	64,099	10,417
Total other financing sources	53,682	53,682	64,099	10,417
Net change in fund balance	-	-	(23,782)	(23,782)
Fund balance, beginning of year	24,188	24,188	24,188	-
Fund balance, end of year	<u>\$ 24,188</u>	<u>\$ 24,188</u>	<u>\$ 406</u>	<u>\$ (23,782)</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, 2018

	<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	\$ 1,250	\$ 1,250	\$ 4,358	\$ 3,108
Total revenues	1,250	1,250	4,358	3,108
Expenditures				
Public safety	61,956	61,956	5,641	56,315
Total expenditures	61,956	61,956	5,641	56,315
Net change in fund balance	(60,706)	(60,706)	(1,283)	59,423
Fund balance, beginning of year	291,923	291,923	291,923	-
Fund balance, end of year	<u>\$ 231,217</u>	<u>\$ 231,217</u>	<u>\$ 290,640</u>	<u>\$ 59,423</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, 2018

	<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	\$ 800	\$ 800	\$ 3,644	\$ 2,844
Other revenues	91,000	91,000	95,334	4,334
Total revenues	91,800	91,800	98,978	7,178
Expenditures				
General and administrative	90,167	90,167	72,029	18,138
Total expenditures	90,167	90,167	72,029	18,138
Net change in fund balance	1,633	1,633	26,949	25,316
Fund balance, beginning of year	242,557	242,557	242,557	-
Fund balance, end of year	<u>\$ 244,190</u>	<u>\$ 244,190</u>	<u>\$ 269,506</u>	<u>\$ 25,316</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, 2018

	<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	\$ 1,083,308	\$ 1,083,308	\$ 1,012,997	\$ (70,311)
General sales tax	279,342	279,342	262,401	(16,941)
Investment income	-	-	6,936	6,936
Total revenues	1,362,650	1,362,650	1,282,334	(80,316)
Other financing uses				
Transfers out	(965,350)	(965,350)	(892,468)	72,882
Total other financing uses	(965,350)	(965,350)	(892,468)	72,882
Net change in fund balance	397,300	397,300	389,866	(7,434)
Fund balance, beginning of year	311,955	311,955	311,955	-
Fund balance, end of year	\$ 709,255	\$ 709,255	\$ 701,821	\$ (7,434)

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
MIDTOWN PID SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2018

	<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	\$ 988,302	\$ 988,302	\$ 988,302	\$ -
Total revenues	988,302	988,302	988,302	-
Expenditures				
General and administrative	36,014	36,014	10,224	25,790
Total expenditures	36,014	36,014	10,224	25,790
Excess of revenues over expenditures	952,288	952,288	978,078	25,790
Other financing uses				
Transfers out	(952,288)	(952,288)	(951,888)	400
Total other financing uses	(952,288)	(952,288)	(951,888)	400
Net change in fund balance	-	-	26,190	26,190
Fund balance, beginning of year	43,833	43,833	43,833	-
Fund balance, end of year	<u>\$ 43,833</u>	<u>\$ 43,833</u>	<u>\$ 70,023</u>	<u>\$ 26,190</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, 2018

	<u>Budgeted Amounts</u>		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Gross receipts tax	\$ 128,000	\$ 128,000	\$ 118,337	\$ (9,663)
Investment income	-	-	9,327	9,327
Total revenues	128,000	128,000	127,664	(336)
Expenditures				
General and administrative	60,000	60,000	24,037	35,963
Capital outlay	60,000	60,000	30,058	29,942
Total expenditures	120,000	120,000	54,095	65,905
Net change in fund balance	8,000	8,000	73,569	65,569
Fund balance, beginning of year	616,827	616,827	616,827	-
Fund balance, end of year	<u>\$ 624,827</u>	<u>\$ 624,827</u>	<u>\$ 690,396</u>	<u>\$ 65,569</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, 2018

	Equipment Replacement Fund	Insurance Fund	Risk/WC Fund	Total
ASSETS				
Deposits and investments	\$ 3,807,974	\$ 4,508,945	\$ 2,480,957	\$ 10,797,876
Restricted deposits and investments	5,754	-	-	5,754
Accounts receivable	-	47,793	-	47,793
Prepaid expenses	-	2,200	3,000	5,200
Accrued interest receivable	8,448	15,285	5,625	29,358
Total current assets	3,822,176	4,574,223	2,489,582	10,885,981
Property, plant, and equipment, at cost				
Equipment	13,532,557	-	70,214	13,602,771
Less accumulated depreciation	7,608,530	-	39,232	7,647,762
Net property, plant, and equipment	5,924,027	-	30,982	5,955,009
Total assets	9,746,203	4,574,223	2,520,564	16,840,990
LIABILITIES				
Accounts payable	8,282	10,763	296,042	315,087
Accrued salary and wages	-	8,443	2,904	11,347
Accrued insurance claims	-	608,000	2,843	610,843
Total current liabilities	8,282	627,206	301,789	937,277
Total liabilities	8,282	627,206	301,789	937,277
NET POSITION				
Net investment in capital assets	5,929,781	-	30,982	5,960,763
Unrestricted	3,808,140	3,947,017	2,187,793	9,942,950
Total net position	<u>\$ 9,737,921</u>	<u>\$ 3,947,017</u>	<u>\$ 2,218,775</u>	<u>\$ 15,903,713</u>

CITY OF EULESS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2018

	Equipment Replacement Fund	Insurance Fund	Risk/WC Fund	Total
Operating revenues				
Insurance premiums	\$ -	\$ 6,123,813	\$ 515,001	\$ 6,638,814
Service fees and miscellaneous	1,466,832	770,097	-	2,236,929
Total operating revenues	1,466,832	6,893,910	515,001	8,875,743
Operating expenses				
General and administrative	325,112	1,924,693	88,745	2,338,550
Insurance costs	-	3,821,353	871,384	4,692,737
Depreciation	1,316,696	-	6,397	1,323,093
Total operating expenses	1,641,808	5,746,046	966,526	8,354,380
Operating income (loss)	(174,976)	1,147,864	(451,525)	521,363
Nonoperating revenues				
Gain on sale of capital assets	245,405	-	-	245,405
Investment income	52,486	56,996	32,546	142,028
Total nonoperating revenues	297,891	56,996	32,546	387,433
Income (loss) before transfers	122,915	1,204,860	(418,979)	908,796
Transfers				
Transfers in	870,414	250,000	484,000	1,604,414
Change in net position	993,329	1,454,860	65,021	2,513,210
Net position, beginning of year	8,744,592	2,492,157	2,153,754	13,390,503
Net position, end of year	<u>\$ 9,737,921</u>	<u>\$ 3,947,017</u>	<u>\$ 2,218,775</u>	<u>\$ 15,903,713</u>

CITY OF EULESS, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2018

	Equipment Replacement Fund	Insurance Fund	Risk/WC Fund	Total
OPERATING ACTIVITIES				
Cash received from customers	\$ 1,492,702	\$ 7,420,153	\$ 515,001	\$ 9,427,856
Cash payments to suppliers for goods and services	(316,830)	(5,951,083)	(892,255)	(7,160,168)
Cash payments to employees for services	-	(76,977)	(58,374)	(135,351)
Net cash provided by (used in) operating activities	1,175,872	1,392,093	(435,628)	2,132,337
NONCAPITAL FINANCING ACTIVITIES				
Transfers in	870,414	250,000	484,000	1,604,414
Net cash provided by noncapital financing activities	870,414	250,000	484,000	1,604,414
CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(1,670,672)	-	-	(1,670,672)
Proceeds from sale of capital assets	271,041	-	-	271,041
Net cash used in capital and related financing activities	(1,399,631)	-	-	(1,399,631)
INVESTING ACTIVITIES				
Interest received on investments	44,597	48,899	27,892	121,388
Net cash provided by investing activities	44,597	48,899	27,892	121,388
Net increase in cash and cash equivalents	691,252	1,690,992	76,264	2,458,508
Cash and cash equivalents, beginning of year	3,122,476	2,817,953	2,404,693	8,345,122
Cash and cash equivalents, end of year	\$ 3,813,728	\$ 4,508,945	\$ 2,480,957	\$ 10,803,630
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ (174,976)	\$ 1,147,864	\$ (451,525)	\$ 521,363
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	1,316,696	-	6,397	1,323,093
Change in assets and liabilities				
Receivables	25,870	526,243	-	552,113
Prepays	-	3,174	(3,000)	174
Accounts payable	8,282	(8,841)	14,142	13,583
Accrued salaries and wages	-	653	(1,642)	(989)
Accrued insurance claims	-	(277,000)	-	(277,000)
Net cash provided by (used in) operating activities	\$ 1,175,872	\$ 1,392,093	\$ (435,628)	\$ 2,132,337
Reconciliation of cash to balance sheet:				
Cash - current	\$ 3,807,974	\$ 4,508,945	\$ 2,480,957	\$ 10,797,876
Cash - restricted	5,754	-	-	5,754
Cash and cash equivalents	\$ 3,813,728	\$ 4,508,945	\$ 2,480,957	\$ 10,803,630

**CITY OF EULESS, TEXAS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ESCROW AGENCY FUNDS
YEAR ENDED SEPTEMBER 30, 2018**

	<u>Balance October 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2018</u>
Stars Center Escrow Fund				
Assets				
Investments at fair value	\$ 1,424,113	\$ 25,754	\$ (22,379)	\$ 1,427,488
Total assets	<u>\$ 1,424,113</u>	<u>\$ 25,754</u>	<u>\$ (22,379)</u>	<u>\$ 1,427,488</u>
Liabilities				
Due to other entities	\$ 1,420,547	\$ -	\$ -	\$ 1,420,547
Refunds payable	3,566	6,941	(3,566)	6,941
Total liabilities	<u>\$ 1,424,113</u>	<u>\$ 6,941</u>	<u>\$ (3,566)</u>	<u>\$ 1,427,488</u>

**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									
	2009	2010*	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 66,241,593	\$ 73,815,504	\$ 71,051,094	\$ 77,828,950	\$ 88,228,282	\$ 94,162,906	\$ 99,539,958	\$ 108,135,655	\$ 113,509,089	\$ 112,710,338
Restricted	1,845,987	1,375,950	1,818,957	4,426,819	4,138,774	4,999,085	5,666,450	17,508,943	10,293,057	13,620,993
Unrestricted	29,885,070	24,933,443	31,448,528	27,192,202	24,910,579	23,921,367	17,302,574	3,610,521	12,466,943	10,698,663
Total governmental activities net position	<u>\$ 97,972,650</u>	<u>\$ 100,124,897</u>	<u>\$ 104,318,579</u>	<u>\$ 109,447,971</u>	<u>\$ 117,277,635</u>	<u>\$ 123,083,358</u>	<u>\$ 122,508,982</u>	<u>\$ 129,255,119</u>	<u>\$ 136,269,089</u>	<u>\$ 137,029,994</u>
Business-type activities										
Net investment in capital assets	\$ 53,569,070	\$ 53,318,214	\$ 53,132,882	\$ 52,202,849	\$ 52,334,570	\$ 55,160,900	\$ 55,396,268	\$ 59,184,256	\$ 62,421,284	\$ 63,283,054
Restricted for debt service	3,963,919	438,340	438,948	309,595	314,171	317,758	733,562	733,164	733,264	1,018,037
Restricted for capital projects	-	-	-	-	-	232,300	1,183,350	4,265,268	1,166,442	3,962,644
Restricted for impact fees	-	2,999,156	2,649,336	2,401,217	2,740,656	1,876,393	1,966,315	1,980,150	2,467,095	2,895,677
Unrestricted	12,980,130	13,987,730	16,947,928	17,703,257	18,150,441	15,047,592	12,554,695	11,122,601	14,528,797	12,286,319
Total business-type activities net position	<u>\$ 70,513,119</u>	<u>\$ 70,743,440</u>	<u>\$ 73,169,094</u>	<u>\$ 72,616,918</u>	<u>\$ 73,539,838</u>	<u>\$ 72,634,943</u>	<u>\$ 71,834,190</u>	<u>\$ 77,285,439</u>	<u>\$ 81,316,882</u>	<u>\$ 83,445,731</u>
Primary government										
Net investment in capital assets	\$ 119,810,663	\$ 127,133,718	\$ 124,183,976	\$ 130,031,799	\$ 140,562,852	\$ 149,323,806	\$ 154,936,226	\$ 167,319,911	\$ 175,930,373	\$ 175,993,392
Restricted	5,809,906	4,813,446	4,907,241	7,137,631	7,193,601	7,425,536	9,549,677	24,487,525	14,659,858	21,497,351
Unrestricted	42,865,200	38,921,173	48,396,456	44,895,459	43,061,020	38,968,959	29,857,269	14,733,122	26,995,740	22,984,982
Total primary government net position	<u>\$ 168,485,769</u>	<u>\$ 170,868,337</u>	<u>* \$ 177,487,673</u>	<u>\$ 182,064,889</u>	<u>\$ 190,817,473</u>	<u>\$ 195,718,301</u>	<u>\$ 194,343,172</u>	<u>\$ 206,540,558</u>	<u>\$ 217,585,971</u>	<u>\$ 220,475,725</u>

Source: Comprehensive Annual Financial Reports

* Recalculated

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

Table 2

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
Culture and recreation	\$ 4,892,936	\$ 5,004,580	\$ 5,091,589	\$ 5,680,772	\$ 6,025,540	\$ 6,424,683	\$ 6,468,332	\$ 6,998,904	\$ 7,349,035	\$ 7,070,484
Development services	1,707,421	1,692,845	1,707,148	972,770	1,155,089	1,367,005	877,713	918,214	999,153	1,038,328
General and administrative	17,267,094	14,571,600	15,698,832	15,910,313	17,145,752	18,017,535	19,949,733	20,722,236	20,816,148	21,356,342
Highways and streets	2,057,123	2,662,949	2,923,241	2,968,770	3,334,188	3,578,341	3,374,422	3,708,184	4,143,412	3,787,336
Public safety	19,379,290	21,416,966	20,754,733	22,316,429	23,324,328	24,278,144	23,807,143	26,673,966	28,265,072	27,424,253
Interest on long-term debt	2,377,564	1,885,177	1,618,420	1,327,482	1,227,084	1,126,017	1,136,786	1,807,001	1,502,912	1,632,302
Total governmental activities expenses	47,681,428	47,234,117	47,793,963	49,176,536	52,211,981	54,791,725	55,614,129	60,828,505	63,075,732	62,309,045
Business-type activities:										
Water and wastewater	15,623,464	17,035,520	17,827,272	17,813,199	18,554,761	20,298,024	19,970,346	21,009,701	21,673,844	23,225,786
Drainage utility	947,869	1,107,206	1,177,938	1,283,617	1,245,838	1,373,036	1,319,999	1,414,483	1,396,736	1,515,183
Golf	4,690,701	4,460,627	4,483,252	4,599,099	4,750,359	4,152,015	4,155,834	4,409,773	4,632,475	4,764,095
Other recreation enterprises	2,016,273	1,866,786	1,982,613	2,115,730	2,312,949	2,288,337	2,009,582	2,211,065	2,321,414	2,416,337
Total business-type activities expenses	23,278,307	24,470,139	25,471,075	25,811,645	26,863,907	28,111,412	27,455,761	29,045,022	30,024,469	31,921,401
Total primary government expenses	70,959,735	71,704,256	73,265,038	74,988,181	79,075,888	82,903,137	83,069,890	89,873,527	93,100,201	94,230,446
Program Revenues										
Governmental activities:										
Fees, fines, and charges for services										
Culture and recreation	67,283	66,368	69,950	65,912	297,361	304,283	317,024	291,349	264,307	252,000
Development services	783,955	751,323	779,939	1,263,477	1,186,347	1,321,040	1,409,703	1,717,416	2,019,496	1,875,120
General and administrative	4,092,387	1,548,497	1,707,890	1,760,023	1,383,779	1,347,600	1,342,091	1,285,797	1,156,745	1,066,075
Highways and streets	11,008	-	-	54,622	112,736	218,012	93,258	350,920	607,588	988,302
Public safety	4,030,566	4,345,101	3,271,115	3,097,141	3,355,604	3,567,917	3,452,086	3,383,743	3,151,407	3,104,895
Operating grants and contributions	487,059	511,093	469,404	481,655	2,978,933	633,080	597,437	578,007	592,870	740,969
Capital grants and contributions	268,130	602,372	1,015,402	689,642	1,213,341	1,552,118	3,228,945	3,375,733	2,356,556	2,354,450
Total governmental activities program revenues	9,740,388	7,824,754	7,313,700	7,412,472	10,528,101	8,944,050	10,440,544	10,982,965	10,148,969	10,381,811
Business-type activities:										
Charges for services										
Water and wastewater	16,381,801	17,321,670	19,978,802	18,437,963	19,183,198	19,353,144	20,593,262	23,759,236	24,178,812	27,504,814
Drainage utility	689,889	691,800	694,751	705,474	708,984	712,971	716,595	725,152	730,202	818,622
Golf	4,069,151	5,279,259	4,746,242	4,335,149	4,520,224	3,622,952	4,168,578	4,187,728	4,247,345	4,337,003
Other recreation enterprises	1,703,196	1,937,416	2,684,905	2,041,878	2,138,600	2,241,920	1,848,434	2,059,413	2,168,944	2,123,825
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	1,705,746	26,400	772,714	368,882	1,847,097	2,037,263	1,746,638	2,943,188	2,280,769	1,729,219
Total business-type activities program revenues	24,549,783	25,256,545	28,877,414	25,889,346	28,398,103	27,968,250	29,073,507	33,674,717	33,606,072	36,513,483
Total primary government program revenues	34,290,171	33,081,299	36,191,114	33,301,818	38,926,204	36,912,300	39,514,051	44,657,682	43,755,041	46,895,294
	(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	\$ (37,941,040)	\$ (39,409,363)	\$ (40,480,263)	\$ (41,764,064)	\$ (41,683,880)	\$ (45,847,675)	\$ (45,173,585)	\$ (49,845,540)	\$ (52,926,763)	\$ (51,927,234)
Business-type activities	1,271,476	786,406	3,406,339	77,701	1,534,196	(143,162)	1,617,746	4,629,695	3,581,603	4,592,082
Total primary government net expense	<u>(36,669,564)</u>	<u>(38,622,957)</u>	<u>(37,073,924)</u>	<u>(41,686,363)</u>	<u>(40,149,684)</u>	<u>(45,990,837)</u>	<u>(43,555,839)</u>	<u>(45,215,845)</u>	<u>(49,345,160)</u>	<u>(47,335,152)</u>
General Revenues										
and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes, levied for general purposes	12,685,268	12,306,387	11,855,993	12,451,543	12,744,753	13,488,816	14,358,074	14,752,044	16,656,028	18,630,301
Sales taxes	12,602,345	12,337,598	13,252,805	14,957,757	16,142,357	17,525,123	18,359,717	20,364,878	21,252,491	20,728,210
Car rental taxes	11,632,215	11,480,736	12,457,910	12,933,884	13,592,255	14,082,518	14,112,552	14,842,109	14,401,763	14,776,566
Mixed beverage taxes	76,433	71,653	66,383	54,138	60,823	69,160	84,533	101,503	128,250	154,035
Hotel/motel occupancy taxes	185,417	237,429	272,809	292,931	329,368	343,312	391,991	696,805	798,905	864,829
Gross receipts taxes	4,074,355	3,967,036	4,174,627	4,276,136	4,209,564	4,458,682	4,556,355	4,467,535	4,455,137	4,811,119
Investment income	863,225	292,761	168,929	132,607	106,521	70,374	127,367	271,786	451,406	963,670
Rents and royalties	-	-	-	397,527	1,481,305	1,390,283	1,166,832	1,105,829	1,149,534	1,223,788
Gain/(loss) on disposal of assets	37,909	116,978	100,110	68,329	117,763	84,664	-	-	124,792	-
Miscellaneous	11,018	103,569	1,419,512	637,975	35,884	48,773	35,128	692,939	755,996	772,773
Transfers	90,303	647,463	904,867	690,629	692,951	531,974	722,702	(703,751)	(233,569)	760,590
Total governmental activities	<u>42,258,488</u>	<u>41,561,610</u>	<u>44,673,945</u>	<u>46,893,456</u>	<u>49,513,544</u>	<u>52,093,679</u>	<u>53,915,251</u>	<u>56,591,677</u>	<u>59,940,733</u>	<u>63,685,881</u>
Business-type activities:										
Investment income	254,071	87,799	66,161	60,752	40,045	34,063	40,282	104,618	158,805	385,513
Gain on disposal of assets	-	3,579	(141,979)	-	41,630	-	4,199	13,185	57,466	2,873
Miscellaneous	21,987	-	-	-	-	-	-	-	-	-
Transfers	(90,303)	(647,463)	(904,867)	(690,629)	(692,951)	(531,974)	(722,702)	703,751	233,569	(760,590)
Total business-type activities	<u>185,755</u>	<u>(556,085)</u>	<u>(980,685)</u>	<u>(629,877)</u>	<u>(611,276)</u>	<u>(497,911)</u>	<u>(678,221)</u>	<u>821,554</u>	<u>449,840</u>	<u>(372,204)</u>
Total primary government	<u>42,444,243</u>	<u>41,005,525</u>	<u>43,693,260</u>	<u>46,263,579</u>	<u>48,902,268</u>	<u>51,595,768</u>	<u>53,237,030</u>	<u>57,413,231</u>	<u>60,390,573</u>	<u>63,313,677</u>
Change in Net Position										
Governmental activities	4,317,448	2,152,247	4,193,682	5,129,392	7,829,664	6,246,004	8,741,666	6,746,137	7,013,970	11,758,647
Business-type activities	1,457,231	230,321	2,425,654	(552,176)	922,920	(641,073)	939,525	5,451,249	4,031,443	4,219,878
Total primary government	<u>\$ 5,774,679</u>	<u>\$ 2,382,568</u>	<u>\$ 6,619,336</u>	<u>\$ 4,577,216</u>	<u>\$ 8,752,584</u>	<u>\$ 5,604,931</u>	<u>\$ 9,681,191</u>	<u>\$ 12,197,386</u>	<u>\$ 11,045,413</u>	<u>\$ 15,978,525</u>
	(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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved for other	\$ 354,882	\$ 492,776	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	19,344	28,796	49,262	48,072	47,834	35,250	52,050	51,409
Restricted	-	-	311,076	258,765	124,312	120,093	109,618	121,041	104,340	125,753
Assigned	-	-	103,423	111,096	121,542	121,334	116,336	113,655	107,657	121,708
Unreserved/Unassigned	7,288,976	7,121,683	7,296,719	8,913,078	9,595,558	10,560,958	10,775,542	11,973,524	13,185,421	14,255,823
Total general fund	\$ 7,643,858	\$ 7,614,459	\$ 7,730,562	\$ 9,311,735	\$ 9,890,674	\$ 10,850,457	\$ 11,049,330	\$ 12,243,470	\$ 13,449,468	\$ 14,554,693
All Other Governmental Funds										
Reserved for:										
Debt service	\$ 1,987,783	\$ 1,622,584	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Development Agreements	1,553,876	1,454,496	-	-	-	-	-	-	-	-
Other	1,245	7,677	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	6,020,996	7,780,378	-	-	-	-	-	-	-	-
Capital funds	10,918,516	5,792,872	-	-	-	-	-	-	-	-
Nonspendable	-	-	5,665	5,803	9,464	34,704	15,399	7,738	22,028	12,427
Restricted for:										
Debt service	-	-	1,818,957	1,867,971	1,776,644	2,377,710	2,477,981	1,995,548	2,285,719	2,765,013
Capital projects	-	-	2,168,956	606,505	365,641	398,756	594,211	12,715,424	4,985,922	7,501,009
Other	-	-	87,972	1,694,821	1,872,178	2,089,735	2,455,941	2,718,045	2,952,158	3,229,218
Assigned	-	-	14,855,820	15,802,863	13,504,412	12,692,185	13,765,385	12,541,184	14,730,171	21,356,289
Total all other governmental funds	\$ 20,482,416	\$ 16,658,007	\$ 18,937,370	\$ 19,977,963	\$ 17,528,339	\$ 17,593,090	\$ 19,308,917	\$ 29,977,939	\$ 24,975,998	\$ 34,863,956

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
General property tax	\$ 12,735,324	\$ 12,277,457	\$ 11,786,579	\$ 12,382,757	\$ 12,893,583	\$ 13,468,394	\$ 14,351,598	\$ 14,771,632	\$ 16,674,673	18,652,639
Gross receipts tax	4,336,205	4,276,110	4,513,819	4,623,205	4,599,755	4,871,154	5,032,879	5,265,843	5,382,292	5,829,983
General sales tax	12,602,345	12,337,598	13,252,805	14,957,757	16,142,357	17,525,123	18,359,717	20,364,878	21,252,491	20,728,209
Car rental tax	11,632,215	11,480,736	12,457,910	12,933,884	13,592,255	14,082,518	14,112,552	14,842,109	14,401,763	14,776,566
Fines and fees	4,086,594	4,336,063	4,033,868	4,278,738	4,627,199	4,646,390	4,289,681	4,461,439	3,961,369	3,806,964
Licenses and permits	783,955	719,918	744,978	1,233,465	1,152,875	1,286,753	1,379,332	1,682,431	1,997,082	1,847,315
Investment income	742,444	253,302	143,564	107,195	92,118	57,880	105,443	237,949	385,769	821,642
DEA revenues	14,883	15,350	6,589	12,488	3,571	15,316	39,292	18,274	9,994	2,656
Intergovernmental	379,503	376,512	377,660	1,012,673	2,839,545	461,484	906,695	507,966	1,490,142	813,633
Rents and royalties	-	1,620,210	1,233,686	1,111,873	1,024,021	1,390,283	637,196	612,365	628,486	668,036
Other revenues	4,300,564	978,179	1,194,966	1,206,611	1,383,172	1,210,086	1,795,395	1,943,007	1,996,374	2,217,797
Total Revenues	51,614,032	48,671,435	49,746,424	53,860,646	58,350,451	59,015,381	61,009,780	64,707,893	68,180,435	70,165,440
Expenditures:										
Culture and recreation	4,350,573	4,120,435	4,335,786	4,676,100	5,171,477	5,558,463	5,704,520	6,023,057	6,324,436	6,372,535
Development services	1,355,105	1,251,706	1,340,898	688,296	806,275	1,017,903	882,212	862,571	931,119	1,036,278
General and administrative	16,230,408	14,796,474	15,610,772	15,539,673	17,207,934	17,711,441	18,357,428	18,975,116	18,985,489	19,790,021
Highways and streets	861,885	610,996	713,742	861,748	1,144,223	1,351,404	1,606,372	1,688,714	1,616,714	1,222,905
Public safety	18,560,852	19,011,663	19,492,862	21,074,399	22,192,488	23,121,457	23,521,280	24,698,550	26,068,993	26,977,362
Debt Service:										
Principal	2,990,000	3,110,000	3,445,000	8,210,000	3,975,000	5,567,404	4,284,197	3,530,000	3,848,825	4,761,697
Interest and fiscal charges	2,312,734	2,189,070	1,798,615	1,361,259	1,241,776	1,148,069	1,243,589	1,743,450	1,516,936	1,662,399
Issuance costs	-	95,000	178,229	184,966	26,064	-	-	-	-	-
Capital outlay	5,730,944	6,865,802	4,805,147	3,727,193	10,390,582	2,672,010	9,086,345	14,871,624	10,600,631	6,839,864
Total expenditures	52,392,501	52,051,146	51,721,051	56,323,634	62,155,819	58,148,151	64,685,943	72,393,082	69,893,143	68,663,061
Excess (deficiency) of revenues over (under) expenditures	(778,469)	(3,379,711)	(1,974,627)	(2,462,988)	(3,805,368)	867,230	(3,676,163)	(7,685,189)	(1,712,708)	1,502,379
Other Financing Sources (Uses):										
Capital lease	-	-	494,322	-	1,446,603	-	-	-	249,370	-
Issuance of debt	-	8,110,000	9,610,000	9,740,000	1,160,000	-	11,400,000	20,760,000	-	9,805,000
Payment of escrow for refunding	-	(8,443,763)	(6,804,790)	(5,381,310)	(1,190,252)	-	(6,074,450)	-	-	-
Bond premium	-	-	390,694	260,435	79,046	-	789,428	403,354	-	264,116
Bond discount	-	(94,828)	-	-	-	-	-	-	-	23,513
Transfers in	4,461,419	3,371,742	5,696,323	8,134,018	6,278,531	4,366,649	5,897,789	7,468,038	8,845,061	13,942,847
Transfers out	(4,596,116)	(3,417,248)	(5,016,456)	(7,668,389)	(5,839,245)	(4,209,345)	(6,421,904)	(9,083,041)	(11,177,666)	(14,544,672)
Total other financing sources	(134,697)	(474,097)	4,370,093	5,084,754	1,934,683	157,304	5,590,863	19,548,351	(2,083,235)	9,490,804
Net change in fund balances	\$ (913,166)	\$ (3,853,808)	\$ 2,395,466	\$ 2,621,766	\$ (1,870,685)	\$ 1,024,534	\$ 1,914,700	\$ 11,863,162	\$ (3,795,943)	\$ 10,993,183
Debt service as a percentage of noncapital expenditures	11.4%	11.9%	11.6%	18.5%	10.1%	12.1%	9.9%	9.2%	9.0%	10.4%

Source: Comprehensive Annual Financial Reports

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

Table 5

Fiscal Year	Estimated Value		Total Value	Less: Tax-Exempt Property	Total Taxable Value	Total Direct Tax Rate
	Real Property	Personal Property				
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 ⁽¹⁾	2,473,997,250	390,731,885	2,864,729,135	341,730,427	2,522,998,708	0.470000
2012	2,610,172,289	389,778,962	2,999,951,251	348,227,246	2,651,724,005	0.470000
2013	2,661,959,213	445,909,463	3,107,868,676	351,726,906	2,756,141,770	0.470000
2014	2,759,268,619	461,065,240	3,220,333,859	356,283,956	2,864,049,903	0.470000
2015	2,920,206,326	509,189,960	3,429,396,286	369,393,032	3,060,003,254	0.467500
2016	3,352,029,682	513,118,652	3,865,148,334	410,557,810	3,454,590,524	0.467500
2017	3,470,371,005	531,751,946	4,002,122,951	450,853,105	3,551,269,846	0.462500
2018	3,922,338,493	564,286,167	4,486,624,660	492,318,425	3,994,306,235	0.462500

Source: Tarrant Appraisal District

⁽¹⁾ Amounts prior to 2011 are shown at market value and amounts from 2011 forward are shown at appraised value.

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
2009	0.351937	0.118063	0.470000	1.2950	1.2900	0.2640	0.2279	0.1380
2010	0.360791	0.109209	0.470000	1.2955	1.2900	0.2640	0.2280	0.1377
2011	0.343905	0.126095	0.470000	1.2882	1.2900	0.2640	0.2279	0.1376
2012	0.345388	0.124612	0.470000	1.4140	1.3100	0.2640	0.2280	0.1490
2013	0.355130	0.114870	0.470000	1.4075	1.3201	0.2640	0.2279	0.1490
2014	0.360619	0.109381	0.470000	1.3875	1.3201	0.2640	0.2279	0.1495
2015	0.364505	0.102995	0.467500	1.3750	1.3201	0.2640	0.2279	0.1495
2016	0.366571	0.100929	0.467500	1.3500	1.3201	0.2640	0.2279	0.1495
2017	0.363053	0.099447	0.462500	1.3160	1.3967	0.2540	0.2279	0.1447
2018	0.361056	0.101444	0.462500	1.2630	1.3967	0.2440	0.2244	0.1401

Sources: City of Euless Budget Office, Tarrant Appraisal District

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

Table 7

Fiscal Year 2018			Fiscal Year 2009		
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value ⁽¹⁾	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value ⁽²⁾
Star Monticello LLC/Star Kensington LLC	\$ 95,840,000	2.40 %	Avis Budget Group LLC	\$ 71,494,412	2.69 %
EAN Holdings LLC	81,218,610	2.03	Hertz Corp	59,138,506	2.22
Westdale Hills 2013 LP	77,281,893	1.93	Vanguard Car Rental USA, Inc.	55,180,417	2.07
CH Realty VI/MF Colleyville 2801 LP	76,600,000	1.92	UDR The Mandolin LLC	38,448,160	1.45
WOP Mandolin LLC	76,035,193	1.90	Somerset Village Partners LP	36,903,507	1.39
Stoneleigh at Bear Creek Apt.	62,675,000	1.57	Oncor Electric Delivery Co. LLC	36,706,608	1.38
CMF 15 Portfolio LLC	58,401,630	1.46	CMF 15 Portfolio LLC	32,500,000	1.22
Avenue 900 Holdings LLC	53,900,000	1.35	IRA Stoneleigh FEECO LLC	32,200,000	1.21
LSREF3 Bravo (Dallas) LLC	53,760,000	1.35	Vineyard Village MSV LLC	31,421,752	1.18
Avis Rent a Car System LLC/Budget Car Rental	50,884,895	1.27	Seramount II LP	30,563,740	1.15
Total	\$ 686,597,221	17.18 %	Total	\$ 424,557,102	15.96 %

Source: Tarrant County Tax Office

Notes:

⁽¹⁾ Total Taxable Value including real and personal property for tax year 2017 (fiscal year 2018) is \$3,994,306,235.

⁽²⁾ Total Taxable Value including real and personal property for tax year 2008 (fiscal year 2009) is \$2,660,000,740.

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
2009	12,747,343	(125,632)	12,621,711	12,556,281	99.48%	25,856	12,582,137	99.69%	39,574	0.31%
2010	12,318,061	(12,986)	12,305,075	12,182,266	99.00%	113,155	12,295,421	99.92%	9,654	0.08%
2011	11,796,659	(39,704)	11,756,955	11,637,719	98.99%	108,502	11,746,221	99.91%	10,734	0.09%
2012	12,436,816	(89,925)	12,346,891	12,252,510	99.23%	80,358	12,332,868	99.89%	14,023	0.11%
2013	12,926,215	(222,482)	12,703,733	12,648,635	99.55%	39,879	12,688,514	99.88%	15,219	0.12%
2014	13,426,248	(69,281)	13,356,967	13,303,694	99.59%	35,820	13,339,514	99.87%	17,453	0.13%
2015	14,245,865	(192,511)	14,053,354	14,049,020	99.93%	(12,658)	14,036,362	99.88%	16,991	0.12%
2016	13,671,980	869,794	14,541,774	14,481,033	99.58%	38,929	14,519,962	99.85%	21,812	0.15%
2017	15,828,162	383,475	16,211,637	16,191,555	99.51%	(9,188)	16,182,367	99.82%	29,270	0.18%
2018	18,199,497	-	18,199,497	18,131,429	99.63%	-	18,131,429	99.63%	68,068	0.37%

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 ⁽³⁾	Per Capita ⁽³⁾
	General Obligation Bonds	Certificates of Obligation	Taxable Certificates of Obligation	Tax Notes	Sales Tax Revenue Bonds	Capital Leases	Premiums/ Discounts on Debt Issues and Losses on Refundings ⁽¹⁾	W&S Revenue Bonds	Drainage Revenue Bonds	General Obligation Refunding Bonds	Premiums/ Discounts on Debt Issues and Losses on Refundings ⁽¹⁾				
2009	24,350,000	5,330,000	8,580,000	-	5,185,000	-	(550,383)	4,105,000	210,000	9,640,000	(946,900)	55,902,717	3.68%	\$ 1,034	
2010	30,765,000	4,910,000	-	-	4,470,000	438,227	(735,696)	3,850,000	-	9,160,000	(886,175)	51,971,356	3.29%	\$ 959	
2011	29,235,000	6,590,000	-	-	3,715,000	356,897	(373,493)	3,580,000	-	8,675,000	(825,449)	50,952,955	3.60%	\$ 994	
2012	29,915,000	3,230,000	-	-	2,910,000	272,526	(495,831)	3,435,000	-	8,165,000	(930,576)	46,501,119	3.37%	\$ 903	
2013	27,095,000	2,910,000	-	-	2,050,000	1,631,602	(396,737)	4,690,000	-	7,495,000	(610,729)	44,864,136	3.30%	\$ 867	
2014	24,070,000	2,780,000	-	-	1,175,000	94,196	622,367 ⁽²⁾	4,285,000	-	6,915,000	237,146 ⁽²⁾	40,178,709	2.53%	\$ 731	
2015	20,655,000	8,365,000	-	-	285,000	-	994,148 ⁽²⁾	10,940,000	-	6,320,000	211,601 ⁽²⁾	47,770,749	2.98%	\$ 884	
2016	17,425,000	27,710,000	-	1,280,000	120,000	-	1,497,876 ⁽²⁾	10,305,000	-	5,695,000	186,063 ⁽²⁾	64,218,939	3.94%	\$ 1,184	
2017	14,490,000	27,350,000	-	860,000	75,000	160,545	1,099,640 ⁽²⁾	9,540,000	-	5,240,000	168,446 ⁽²⁾	58,983,631	3.62%	\$ 1,075	
2018	11,460,000	35,660,000	-	735,000	40,000	83,848	1,211,502 ⁽²⁾	11,545,000	-	4,770,000	150,830 ⁽²⁾	65,656,180	3.82%	\$ 1,190	

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

⁽¹⁾ Column added to table in 2016; prior year figures have been restated to include amounts reflected.

⁽²⁾ Calculations for fiscal years after 2013 do not include losses on refundings due to their balance sheet reclassification to Deferred Inflows of Resources.

⁽³⁾ 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						Recalculated ⁽⁶⁾		
	General Obligation Bonds	Certificates of Obligation	Premiums/ Discounts on Debt Issues and Losses on Refundings ⁽¹⁾	Less: Debt Service Reserves	Net O/S Debt Total ⁽⁶⁾	Estimated Population ⁽²⁾	Taxable Value ⁽³⁾	Net Debt to Taxable Value	Net General Debt Per Capita
2009	33,990,000	5,330,000	(1,346,693)	1,049,445	36,923,862	54,073	2,660,000,740	1.39%	\$ 683
2010	39,925,000	4,910,000	(1,484,544)	684,246	42,666,210	54,200	2,589,844,156	1.65%	\$ 787
2011	37,910,000	6,590,000	(1,074,877)	880,619	42,544,504	51,277	2,522,998,708	1.69%	\$ 830
2012	38,080,000	3,230,000	(1,126,577)	956,430	39,226,993	51,500	2,651,724,005	1.48%	\$ 762
2013	34,590,000	2,910,000	(721,626)	807,054	35,971,320	51,750	2,756,141,770	1.31%	\$ 695
2014	30,985,000	2,780,000	883,948 ⁽⁵⁾	796,454	33,852,494	53,780	2,864,049,903	1.18%	\$ 629
2015 ⁽⁴⁾	26,975,000	8,365,000	1,228,901 ⁽⁵⁾	813,841	35,755,060	54,050	3,060,003,254	1.17%	\$ 662
2016	23,120,000	27,710,000	1,446,619 ⁽⁵⁾	1,056,021	51,220,598	54,250	3,454,590,524	1.48%	\$ 944
2017	19,730,000	27,350,000	1,288,664 ⁽⁵⁾	1,398,495	46,970,169	54,870	3,551,269,846	1.32%	\$ 856
2018	16,230,000	35,660,000	1,381,631 ⁽⁵⁾	1,914,141	51,357,490	55,170	3,994,306,235	1.29%	\$ 931

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⁾ Column added to table in 2016, prior years restated to include amounts shown.

⁽²⁾ Estimates by North Central Texas Council of Governments and Euless Planning and Development Department

⁽³⁾ Tarrant Appraisal District

⁽⁴⁾ Taxable value restated to fiscal year end amounts.

⁽⁵⁾ Calculations for fiscal years after 2013 do not include losses on refundings due to their balance sheet reclassification to Deferred Inflows of Resources.

⁽⁶⁾ For the 9/30/2018 presentation, tax notes and leases were removed as these debt instruments are not considered bonded debt.

CITY OF EULESS, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2018 – (Unaudited)

Table 11

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Grapevine-Colleyville Independent School District	\$ 415,917,406	8.82%	\$ 36,683,915
Hurst-Eules-Bedford Independent School District	299,715,000	21.19%	63,509,609
Tarrant County	294,500,000	2.20%	6,479,000
Tarrant County Hospital District	19,300,000	2.20%	424,600
Tarrant County College District	-	2.20%	-
Subtotal, overlapping debt			107,097,124
Debt repaid with property taxes			
City of Euless (direct debt)	48,733,366	100.00%	48,733,366
Total direct and overlapping debt repaid with property taxes			<u>\$ 155,830,490</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 excluding sales tax revenue bonds which are not repaid with property taxes. Amounts shown have been adjusted for losses on prior refundings, premiums, and discounts.

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

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

Table 12

Fiscal Year	Total Revenues ⁽¹⁾	Less Operating Expenses ⁽²⁾	Net Revenue Available	Principal	Interest and Fiscal Charges	Total	Coverage Ratio
2009	16,594,856	13,722,593	2,872,263	245,000	180,820	425,820	6.75
2010	17,475,984	14,799,879	2,676,105	255,000	171,452	426,452	6.28
2011	20,148,834	15,952,372	4,196,462	270,000	161,333	431,333	9.73
2012	18,714,408	15,824,724	2,889,684	90,000	105,785	195,785	14.76
2013	19,399,314	16,660,397	2,738,917	330,000	82,110	412,110	6.65
2014	19,729,539	18,269,093	1,460,446	405,000	122,229	527,229	2.77
2015	21,182,560	17,879,209	3,303,351	410,000	129,703	539,703	6.12
2016	24,311,965	18,625,302	5,686,663	635,000	181,747	816,747	6.96
2017	24,353,525	19,249,699	5,103,826	765,000	175,682	940,682	5.43
2018	27,828,648	20,880,984	6,947,664	780,000	184,154	964,154	7.21

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
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	-	-	-	-
2012	707,165	604,994	102,171	-	-	-	-
2013	711,154	567,215	143,939	-	-	-	-
2014	715,800	663,625	52,175	-	-	-	-
2015	717,763	581,364	136,399	-	-	-	-
2016	812,399	666,628	145,771	-	-	-	-
2017	741,055	629,112	111,943	-	-	-	-
2018	840,916	741,964	98,952	-	-	-	-

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⁾
2009	54,073	\$ 28,110	\$ 1,519,992	34.4	20,504	7.3%
2010	54,200	\$ 29,179	\$ 1,581,502	32.4	20,898	7.9%
2011	51,277	\$ 27,590	\$ 1,414,732	34.4	21,071	7.3%
2012	51,500	\$ 26,820	\$ 1,381,230	34.4	21,570	6.6%
2013	51,750	\$ 26,299	\$ 1,360,973	34.6	21,814	5.4%
2014	53,780	\$ 28,947	\$ 1,556,770	31.8	22,138	5.0%
2015	54,050	\$ 29,651	\$ 1,602,637	34.7	22,762	3.6%
2016	54,250	\$ 30,054	\$ 1,630,430	34.9	23,090	3.8%
2017	54,870	\$ 29,730	\$ 1,631,285	34.9	23,425	3.2%
2018	55,170	\$ 31,117	\$ 1,716,725	34.9	23,632	3.5%

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

⁽²⁾ Estimates by Claritas Site Reports; *Research & Demographic Solutions*; 2014 forward 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

2018			2009		
<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>
LSG Sky Chefs, Inc.	1,000	4.40%	HEB ISD	818	3.55%
HEB ISD	845	3.72%	LSG Sky Chefs, Inc.	800	3.47%
Autogrill Group, Inc.	450	1.98%	City of Euless	392	1.70%
City of Euless	390	1.71%	Autogrill Group, Inc.	350	1.52%
Target	250	1.10%	Beall Concrete	250	1.08%
Lowe's	225	0.99%	Super Target	190	0.82%
Redi-Mix Concrete	190	0.84%	Life Outreach International	185	0.80%
Life Outreach International	186	0.82%	TJ Lambrecht Construction	122	0.53%
Dave and Buster's	150	0.66%	Home Depot	125	0.54%
Lazy Dog	125	0.55%	Lowe's	114	0.49%
Total	3,811	16.77%		3,346	14.50%

Source: City of Euless Planning and Development Department

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

Table 16

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Government and Administration	54.50	50.00	48.50	48.50	48.50	48.50	48.00	49.50	50.00	51.00
Public Safety	126.00	118.00	121.00	129.00	132.00	135.00	136.00	136.00	136.00	137.00
Fire Safety	73.00	71.00	71.00	72.00	72.00	72.00	72.00	72.00	75.00	75.00
Development Services	12.00	11.50	13.50	6.00	6.00	7.50	7.50	7.50	8.00	7.50
Culture and Recreational	36.00	30.00	31.00	32.00	30.50	33.25	34.25	34.25	35.25	35.25
Water and Wastewater	50.00	46.00	42.00	42.50	42.00	42.00	42.00	42.50	42.50	43.50
Golf Course	17.25	13.00	13.00	13.00	12.00	10.75	11.75	11.75	11.75	11.75
Public Works	15.75	14.00	17.50	18.50	18.50	18.50	20.00	20.00	21.00	22.50
Service Center	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Risk Management / Insurance	<u>1.50</u>									
Total	<u><u>392.00</u></u>	<u><u>360.00</u></u>	<u><u>364.00</u></u>	<u><u>368.00</u></u>	<u><u>368.00</u></u>	<u><u>374.00</u></u>	<u><u>378.00</u></u>	<u><u>380.00</u></u>	<u><u>386.00</u></u>	<u><u>390.00</u></u>

Source: City Budget Office

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

Table 17

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Police										
Number of Certified Officers	85	85	85	85	87	92	92	92	87	91
Number of Citations Issued	29,925	24,126	21,790	22,787	26,356	25,500	24,573	18,483	25,061	19,100
Fire										
Number of Certified Firefighters	70	69	69	70	70	70	70	70	72	73
Number of Alarms	3,827	4,097	4,196	4,204	4,296	4,505	4,686	4,770	4,678	3,758
Number of EMS Calls	2,634	2,793	2,848	2,982	3,108	3,230	3,424	3,431	3,772	3,468
Municipal Court										
Cases Filed	33,670	31,442	27,022	26,889	32,192	31,172	28,885	25,957	25,061	25,101
Development										
Number Residential Inspections - New	100	101	52	44	42	107	176	186	176	214
Number Commercial Inspections - New	16	14	11	29	16	29	33	15	36	32
Number Multifamily Inspections - New	0	0	0	0	0	1	1	0	0	1
Public Works										
Street Overlay (Square Footage)	797,326	770,380	953,406	368,654	540,613	631,260	430,504	1,156,833	1,549,065	1,063,046
Cultural and Recreational										
Parks and Recreation										
Recreation Center Memberships	3,703	2,443	4,337	3,654	5,137	6,261	6,742 ⁽¹⁾	6,975	6,528	7,183
Water and Wastewater										
Number of Water Consumers	24,677	24,760	24,924	24,428	25,039	25,319	26,014	25,812	25,970	26,200
Water Produced (In Gallons x 1000)	730,291	579,154	477,914	299,107	416,843	380,864	741,225	540,921	439,255	580,337
Water Purchased - TRA (In Gallons x 1000)	1,955,535	2,028,760	2,566,370	2,440,539	2,133,211	2,154,469	1,628,651	1,787,547	1,766,692	1,767,677
Water Supplied (In Gallons x 1000)	2,685,826	2,607,914	3,044,284	2,739,646	2,550,054	2,535,333	2,369,876	2,328,468	2,205,947	2,348,014
Annual Rainfall (In Inches)	36.32	38.65	22.26	36.57	24.41	23.98	44.45	53.16	34.96	42.39
Golf Course										
Number of Paid Rounds Played	43,029	32,996	35,075	34,550	35,890	22,110 ⁽²⁾	33,735	32,852	33,237	32,557

Source: City Departments
Comprehensive Annual Financial Report
City Budget Office

Notes:
⁽¹⁾ Amount restated to include recreation, aquatic and senior memberships.
⁽²⁾ Golf course closed for 3½ months for renovations in 2014.

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

Table 18

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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⁾	217.6	217.6	332.1	332.4	333.36	340.62	342.80	344.77	350.12	350.12
Cultural and Recreational										
Swimming Pools	3	3	3	3	4	3	3	3	3	3
Parks ⁽²⁾	16	16	16	16	16	16	16	16	16	16
Parks Land (Acres) ⁽³⁾	341	341	341	341	341	341	341	341	341	341
Other Facilities (Acres) ⁽³⁾	291	291	291	291	291	291	291	291	291	291
Community Buildings	5	5	6	6	6	6	6	6	6	6
Ampitheater	2	2	2	2	2	3	3	3	3	3
Conference Centre	1	1	1	1	1	1	1	1	1	1
Golf Course	1	1	1	1	1	1	1	1	1	1
Softball Facility ⁽⁴⁾	1	1	1	1	1	1	1	1	1	1
Athletic Fields	35	33	33	33	33	28	28	30	30	30
Library Holdings	103,122	106,121	110,149	111,230	111,312	105,500	98,596	101,160	85,123	80,241
Water and Wastewater										
Water Mains - Potable ⁽⁵⁾	226.80	228.20	228.50	227.99	231.06	232.28	234.84	235.50	236.30	239.10
Water Mains - Reclaimed ⁽⁵⁾	-	-	-	-	1.73	3.22	3.70	3.82	3.96	4.12
Fire Hydrants	1,477	1,525	1,526	1,550	1,579	1,633	1,648	1,674	1,719	1,798
Wastewater Mains ⁽⁵⁾	186.3	186.5	186.7	187.6	187.6	191.3	192.4	193.2	195.2	197.0

Source: City Departments

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

⁽²⁾ Restated to exclude Softball Facility

⁽³⁾ Restated to reflect Golf Course and Softball Facility land separately

⁽⁴⁾ Added Softball Facility

⁽⁵⁾ 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.