

# City of Euless



## **Comprehensive Annual Financial Report Fiscal Year Ending September 30, 2019**

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



**City of Euless, Texas**  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ending**  
**September 30, 2019**

**Prepared by**  
**City of Euless**  
**Finance Department**

**201 North Ector Drive**  
**Euless, TX 76039**



**CITY OF EULESS, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED SEPTEMBER 30, 2019**

**C O N T E N T S**

	Page(s)
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	i-vii
City Officials	viii
Organizational Chart	ix
GFOA Certificate of Achievement	x
 <b>FINANCIAL SECTION</b>	
Independent Auditor's Report	1-3
Management's Discussion and Analysis (unaudited)	5-17
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	18
Statement of Activities	19
Fund Financial Statements	
Governmental Funds	
Balance Sheet	20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	21
Statement of Revenues, Expenditures and Changes in Fund Balances	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Proprietary Funds	
Statement of Net Position	24-27
Statement of Revenues, Expenses, and Changes in Net Position	28-31
Statement of Cash Flows	32-35
Fiduciary Funds	
Statement of Net Position	36
Statement of Changes in Fiduciary Net Position	37
Notes to Basic Financial Statements	38-78
Required Supplementary Information	
Schedule of Changes in Net Pension Liability and Related Ratios (Texas Municipal Retirement System)	80
Schedule of Contributions (Texas Municipal Retirement System)	81
Schedule of Changes in Net OPEB Liability and Related Ratios	82
Schedule of Contributions – OPEB Trust	83
Budgetary Comparison Schedules	
General Fund	84-85
Car Rental Special Revenue Fund	86
Notes to Required Supplementary Information	87
Combining and Individual Fund Statements and Schedules	
Non-Major Governmental Funds	
Combining Balance Sheet	92-95

**CITY OF EULESS, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED SEPTEMBER 30, 2019**

**C O N T E N T S – C O N T I N U E D**

	Page(s)	
Combining and Individual Fund Statements and Schedules - Continued		
Non-Major Governmental Funds		
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	96-99	
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual		
Hotel/Motel Special Revenue Fund		100
Half-Penny Sales Tax Special Revenue Fund		101
Police Drug Enforcement Special Revenue Fund		102
Crime Control and Prevention District Special Revenue Fund		103
Grant Special Revenue Fund		104
Police Seized Assets Special Revenue Fund		105
Juvenile Case Special Revenue Fund		106
TIRZ #3 Glade Parks Special Revenue Fund		107
Midtown Public Improvement District Special Revenue Fund		108
TIRZ #4 Midtown Special Revenue Fund		109
Cable PEG Fees Special Revenue Fund		110
Internal Service Funds		
Combining Statement of Net Position		112
Combining Statement of Revenues, Expenses, and Changes in Net Position		113
Combining Statement of Cash Flows		114
Escrow Agency Funds		
Combining Statement of Changes in Assets and Liabilities		115
 STATISTICAL SECTION (Unaudited)		
	Table	
Net Position by Component	1	119
Changes in Net Position	2	120-121
Fund Balances, Governmental Funds	3	122
Changes in Fund Balances, Governmental Funds	4	123
Estimated Actual Value of Taxable Property	5	124
Direct and Overlapping Property Tax Rates	6	125
Principal Property Taxpayers	7	126
Property Tax Levies and Collections	8	127
Ratio of Outstanding Debt by Type	9	128
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	10	129
Direct and Overlapping Governmental Activities Debt	11	130
Schedule of Revenue Bond Coverage Water and Wastewater Bonds	12	131
Schedule of Revenue Bond Coverage Drainage Utility Bonds	13	132
Demographic Statistics	14	133
Principal Employers	15	134
Full-time Equivalent City Government Employees by Function/Program	16	135
Operating Indicators by Function/Program	17	136
Capital Asset Statistics by Function/Program	18	137

## **INTRODUCTORY SECTION**





February 25, 2020

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, 2019. 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, 2019, 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, 2019, 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.

201 N. Ector Drive, Euless TX 76039-3595  
817/685-1400 Metro 817/267-4403 Fax 817/685-1416  
[www.eulesstx.gov](http://www.eulesstx.gov)

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 56,160.

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 1<sup>st</sup> each year. The budget is filed with the City Secretary and is open for public inspection. Upon receipt of the budget, the City Council sets a date for a public hearing at which time interested citizens may express their opinions regarding the proposed budget. The Charter requires the Council to adopt the budget by a favorable majority vote at least ten days prior to the beginning of the next fiscal year.

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

### **Economic Condition**

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

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

DFW Airport reports itself as the fourth largest airport in terms of operations and fifteenth largest in terms of passengers in the world, handling over 73 million passengers a year. DFW Airport reports service is provided to 260 destinations. It is reported by the airport that economic activity across the North Texas area 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 4 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 over 367,000. Such an economic environment has helped the region weather economic downturns in key sectors better than many 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.alliancetexas.com](http://www.alliancetexas.com), Alliance Texas Facts).

During the past few years, Euless has realized new commercial, industrial, residential, and multi-family developments. The City of Euless is focused on bringing quality development to the area, seeking redevelopment opportunities, and promoting business retention. Taxable value for all residential and commercial property in the City of Euless is estimated at approximately \$4.9 billion for tax year 2019, which is an 11.78% increase from the prior year, due to increases in both residential and commercial real estate property values. Sales tax collections increased during FY2019. 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.

Approximately 496.9 acres of undeveloped land exists inside the City of Euless outside of DFW Airport.

The Dallas Cowboys AT&T Stadium, Texas Rangers Globe Life Park and Globe Life Field, and the Six Flags parks all in Arlington, are within minutes of Euless and continue to attract additional tourism to the City by hosting major concerts and sporting events.

Population with a median age of 36.1 years (U.S. Census Bureau American Fact Finder 2017) has increased from 51,277 to 56,160 since the 2010 census. The City's median household income is \$60,558, which compares favorably to \$57,051 for the State of Texas (U.S. Census Bureau American Fact Finder 2017). The educational level is 89.2% high school graduate or higher (U.S. Census Bureau American Fact Finder 2017).

### **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 130 days of operations which equates to approximately 35% 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 a 127-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, 2019, the revenue bond reserve totaled \$827,464 which meets the required average annual debt service per bond covenants.

Standard & Poor's Ratings Services, a subsidiary 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 Capital Improvements Program 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 that were included in these plans. 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.

Projects currently underway include Reclaimed Water Line Phase III construction; water well replacements for the Fuller and Far North wells; FY2018 street reconstruction that includes sections of Bear Creek, Ash Lane, Fuller-Wiser Road, and Midway Drive; and the library remodel which is scheduled for completion in spring 2020.

The construction phase of the FY2019 street reconstruction project that includes portions of West Pipeline Road, South Pipeline Road, Harwood Road, and Mills Drive will begin in FY2020. Other projects for FY2020 include the reconstruction of Glade Road east of Highway 360, installation of a traffic signal at Cheek Sparger and Heritage Avenue, replacement of the water line at Alexander Lane, and replacement of the wastewater lines at Midway Park 2<sup>nd</sup> and 3<sup>rd</sup> Additions and North Main. Fire station #1 demolition and reconstruction, along with Texas Star Sports Complex Phase VII and Wilshire Park upgrades will also start in FY2020.

Over the last several years, the City has worked with developers on some major, mixed-use centers. Glade Parks, located along the southwest corner of Glade Road and Highway 121, provides approximately 1.2 million square feet of retail/office and includes a unique residential component. 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. Additionally, the City created the Glade Parks Public Improvement District (“PID”) which is funded from assessments within the district. 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.

The RiverWalk! development includes approximately 200 acres located at the northwest corner of Airport Freeway and State Highway 360 extending north to Harwood Road. Lennar Homes has developed five (5) subdivisions within the RiverWalk! mixed use project. At the end of FY2019 there were 592 platted lots. Urban lofts built in the RiverWalk! total 500-units.

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 of 259 new single family homes, 285 urban lofts, and over 57,000 square feet of retail and commercial space is underway. 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.

### **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, 2018. 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 32 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 28 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.

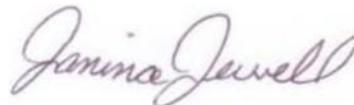
The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Appreciation is expressed to City employees throughout the organization, especially those who were instrumental in the successful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



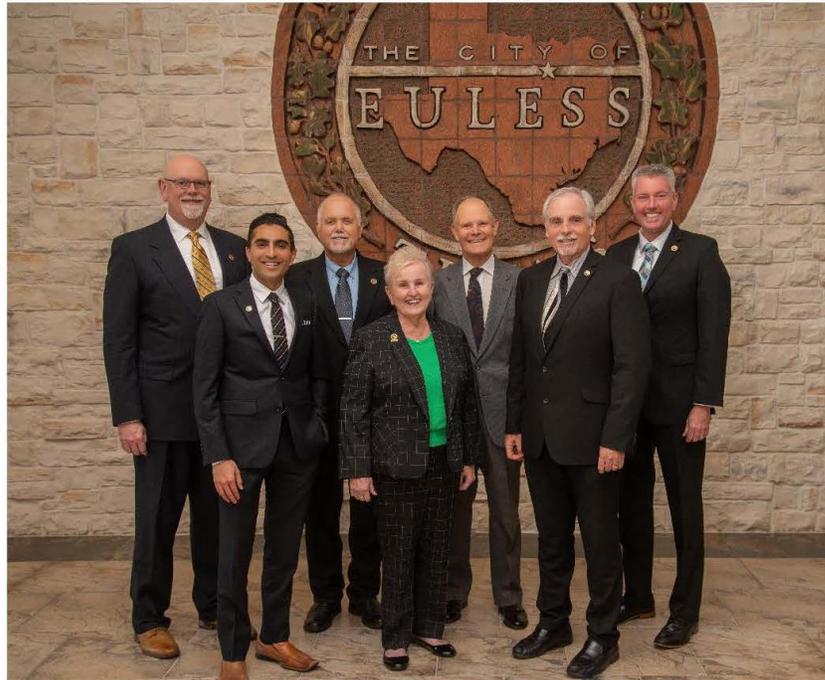
Loretta Getchell  
City Manager



Janina Jewell  
Director of Finance

# CITY OF EULESS

FISCAL YEAR 2018-2019



## Council Members

LINDA MARTIN, MAYOR

Tim Stinneford, Place One

Jeremy Tompkins, Mayor Pro Tem, Place Two

Eddie Price, Place Three

Perry Bynum, Place Four

Harry Zimmer, Place Five

Salman Bhojani, Place Six

Loretta Getchell, City Manager

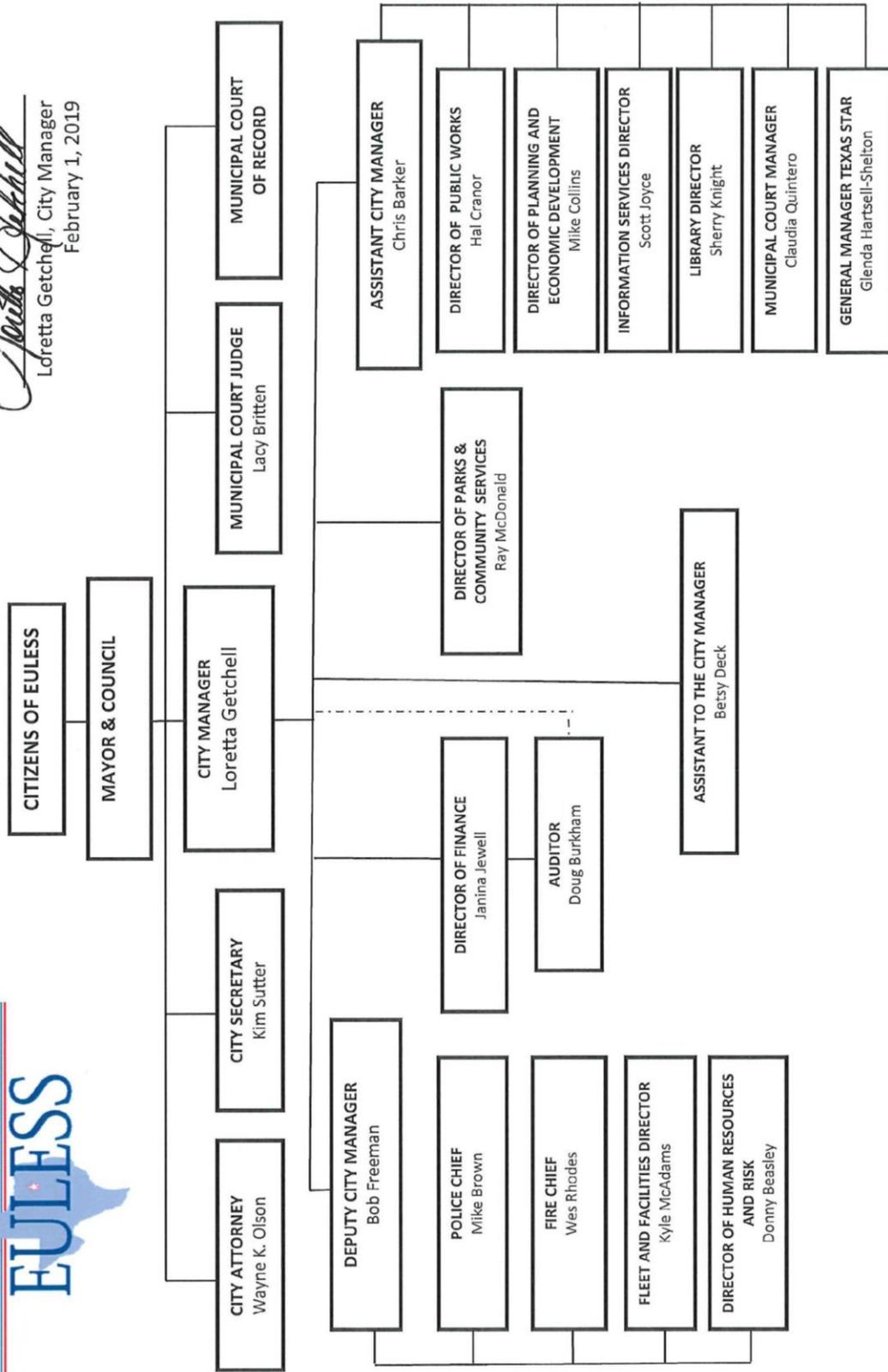
Bob Freeman, Deputy City Manager

Chris Barker, Assistant City Manager



# ORGANIZATIONAL CHART

*Loretta Getchell*  
 Loretta Getchell, City Manager  
 February 1, 2019





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, 2018**

*Christopher P. Morrill*

Executive Director/CEO

## **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, 2019, 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, 2019, 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

## **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 19, 2020, 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 19, 2020



## CITY OF EULESS, TEXAS

Management's Discussion and Analysis  
For the Year Ended September 30, 2019  
(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, 2019. 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-vii of this report) and the statistical section (pages 119-137 of this report) as well as information in the annual budget and the capital improvement plan along with other community information found on the City's website at [www.eulesstx.gov](http://www.eulesstx.gov). It should be noted that the Independent Auditor's Report describes the auditors' association with the various sections of this report and that all of the additional information from the website and other City sources are unaudited.

### Financial Highlights

- The assets and deferred outflows of resources of the City of Euless exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$231,847,232 (net position). This number must be viewed in the context that the vast majority of the City's net position of \$165,365,720 (71%) 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 \$41,279,564 (18%). The remaining \$25,201,948 (11%) is unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- Governmental activities realized an increase in total net position of \$6,944,040 and business-type activities realized an increase in total net position of \$4,427,467 bringing the total increase in net position for the City to \$11,371,507.
- At the close of the current fiscal year, the City of Euless' governmental funds reported combined ending fund balances of \$62,460,631 which represents an increase of \$13,041,982. Within this total, \$3,429,240 is restricted for debt service; \$19,289,696 is restricted by bond covenant for capital projects; \$130,268 and \$280,877 are restricted for court technology and juvenile case management, respectively; and another \$2,240,942 is restricted for capital projects by developer agreements. Amounts restricted for cable PEG fees and historical preservation total \$786,074 and \$1,245, respectively. Nonspendable fund balance of \$74,835 represents fund balance amounts for

inventories and prepaid items. Fund balances of \$19,597,348 represent assigned fund balance in the general, special revenue, and capital projects funds. The unassigned fund balance in the General Fund of \$16,630,106 can be used for any lawful purpose. The General Fund unassigned balance represents 42% of fiscal year 2019 total fund expenditures.

- The City's total capital assets (net of accumulated depreciation) increased by \$7,726,971 which is attributed to completion of capital improvement projects and other asset additions including construction in progress exceeding current year depreciation expense and asset retirements.
- The City's debt payable increased by \$17.1 million or 26% due primarily to the issuance of certificates of obligation, sales tax revenue bonds, and water and wastewater revenue bonds less scheduled principal payments and annual amortization of premiums and discounts on debt issuances.

## **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 and administrative, public safety, highways and streets, development services, 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 Eules, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City maintains twenty-three 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 nineteen 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, golf operations, and other recreation 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, 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 and 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 38-78 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 80-87 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 92-115 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$231,847,232 as of September 30, 2019.

The largest portion of the City's net position (71%) 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 (18%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$25,201,948 (11%) 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	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 87,082	\$ 71,687	\$ 43,883	\$ 35,247	\$ 130,965	\$ 106,934
Capital assets	157,892	153,752	78,845	75,257	236,737	229,009
Total assets	244,974	225,439	122,728	110,504	367,702	335,943
Total deferred outflows	12,575	4,450	2,819	1,282	15,394	5,732
Long-term liabilities	97,467	73,470	31,641	20,930	129,108	94,400
Other liabilities	15,216	14,064	5,867	6,410	21,083	20,474
Total liabilities	112,683	87,534	37,508	27,340	150,191	114,874
Total deferred inflows	892	5,325	166	1,001	1,058	6,326
Net position:						
Net investment in capital assets	99,744	112,710	65,622	63,283	165,366	175,993
Restricted	26,158	13,621	15,121	7,876	41,279	21,497
Unrestricted	18,072	10,699	7,130	12,286	25,202	22,985
Total net position	\$ 143,974	\$ 137,030	\$ 87,873	\$ 83,445	\$ 231,847	\$ 220,475

As of September 30, 2019 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 2018.

The City's unrestricted net position increased by \$2,216,966 in fiscal year 2019 as compared to the unrestricted net position for the prior year. Restricted net position realized an increase of \$19,782,213 and the amount invested in capital assets, net of related debt decreased by \$10,627,672. The increase in total net position of more than \$11 million results primarily from current year operating results flowing to the unrestricted and restricted categories of net position. The decrease in the net investment in capital assets portion of net position primarily results from current year depreciation expenses, asset disposals, and the scheduled payments on debt used to acquire those capital assets outpacing asset additions. 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	
	2019	2018	2019	2018	2019	2018
<b><u>REVENUES</u></b>						
<b>Program revenues:</b>						
Fees, fines and charges for	\$ 6,917	\$ 7,286	\$ 33,492	\$ 34,784	\$ 40,409	\$ 42,070
Operating grants and	622	741	-	-	622	741
Capital grants and contributions	1,304	2,355	3,059	1,729	4,363	4,084
<b>General revenues:</b>						
Property taxes	20,429	18,630	-	-	20,429	18,630
Sales taxes	21,420	20,728	-	-	21,420	20,728
Car rental taxes	14,797	14,776	-	-	14,797	14,776
Mixed beverage taxes	138	154	-	-	138	154
Occupancy taxes	842	865	-	-	842	865
Gross receipts taxes	4,549	4,811	-	-	4,549	4,811
Investment income	1,883	964	747	385	2,630	1,349
Rents and royalties	1,348	1,224	-	-	1,348	1,224
Gain on asset disposal	-	-	10	3	10	3
Miscellaneous	931	773	-	-	931	773
Total revenues	<u>75,180</u>	<u>73,307</u>	<u>37,308</u>	<u>36,901</u>	<u>112,488</u>	<u>110,208</u>
<b><u>EXPENSES</u></b>						
Culture and recreation	7,330	7,071	-	-	7,330	7,071
Development services	1,057	1,038	-	-	1,057	1,038
General government	21,113	21,357	-	-	21,113	21,357
Highways and streets	7,193	3,787	-	-	7,193	3,787
Public safety	30,353	27,424	-	-	30,353	27,424
Interest and fiscal charges	2,011	1,632	-	-	2,011	1,632
Water and wastewater	-	-	23,493	23,226	23,493	23,226
Drainage utility	-	-	1,563	1,515	1,563	1,515
Golf course	-	-	4,732	4,764	4,732	4,764
Recreation enterprises	-	-	2,271	2,416	2,271	2,416
Total expenses	<u>69,057</u>	<u>62,309</u>	<u>32,059</u>	<u>31,921</u>	<u>101,116</u>	<u>94,230</u>
Increase (decrease) in net position before transfers	6,123	10,998	5,249	4,980	11,372	15,978
Transfers	821	761	(821)	(761)	-	-
Increase (decrease) in net position	6,944	11,759	4,428	4,219	11,372	15,978
Net position, beginning	137,030	125,271	83,445	79,226	220,475	204,497
Net position ending	<u>\$ 143,974</u>	<u>\$ 137,030</u>	<u>\$ 87,873</u>	<u>\$ 83,445</u>	<u>\$ 231,847</u>	<u>\$ 220,475</u>

- **Governmental activities.** Governmental activities increased the City's net position by \$6,944,040 thereby accounting for most of the growth (61%) in total net position. Most revenue categories, including property taxes, car rental taxes, and investment income 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 \$6,123,377.

Total revenue for the governmental activities (excluding transfers) increased from the previous year by \$1,873,261. General revenue, which is primarily comprised of property taxes, sales taxes, and car rental taxes, realized a net increase of \$3.4 million. Property tax revenue increased due to an overall increase in taxable values of 10.3% over the prior year values. Sales tax collections increased as a result of improvement of the local economy, new retail business openings, and the stabilization of several large taxpayers. Car rental taxes were relatively flat with the prior year collections. Total governmental program revenues, which consist primarily of charges for services, grants, and contributions, net to a decrease of \$1.5 million. Charges for services accounts for approximately \$369,000 of this decrease. The largest decrease was noted in the public safety sector. Ambulance revenues and jail income from housing detainees decreased approximately \$115,000 combined. There was a swing in the government-wide charges for services of nearly \$231,000 due in part to the prior year recognition or elimination of deferred revenues in governmental funds and a decrease in deferrals in the current year. Additionally, municipal court fines declined by more than \$245,000 as compared to the prior year. The Midtown PID assessment for the current year accounts for the increase in highways and streets program revenues of \$126,000. Development remained strong throughout the year and outpaced last year's figures by more than \$250,000. General and administrative charges for services decreased by \$204,000 due in large part to the decline in other municipal court collections. The police department received \$120,000 less in grant revenues in FY2019 than in the prior year. Developer contributions of infrastructure declined by \$970,000 in the current year.

Total expenses of governmental activities increased by \$6.8 million from FY2018 to FY2019. The raise package for employees included an increase of 2.5% which accounts for an increase in expenses across all functions. Pension-related entries increased expenses \$2,985,000 as compared to the prior year primarily due to the recording of changes in and amortization of deferred outflows and deferred inflows combined with the increase 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 \$87,000 compared to a decrease in expenses of \$412,000 in the prior year. While the allocation of internal service fund activity was relatively flat year over year, the allocation to the functions varied. The allocation to general and administrative expenses dropped by \$400,000 while public safety picked up an additional \$330,000 and culture and recreation increased by \$87,000. 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 \$102,000 and \$50,000, respectively, due to depreciation charges. More than half of the increase in public safety expenses results from the pension and OPEB-related entries. Public works expenses increased primarily as a result of the City's participation in the final phase of Glade Parks which was completed during the current year. 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 \$4,427,467. The change in net position before transfers is \$5,248,130. Charges for services program revenues for the business-type activities decreased from the previous year by \$1.3 million due primarily to decreased water and wastewater revenues. Capital grants and contributions increased by \$1.3 million due to increased grant receipts and developer contributions combined with a reduction in impact fee collections.

Some expense categories realized decreases for the year, but overall business-type expenses increased .4%. Increases attributable to the employee raise package and related benefits were offset by the savings in potable water purchases resulting from a decline in purchased volume of 181 million gallons. An increase in the suppliers' volume rates resulted in increases in water purchase costs (in relation to purchased volume) and wastewater treatment charges. Pension entries increased business-type expenses by approximately \$407,000 for the year compared to a decrease of \$100,000 in the prior year. OPEB-related entries decreased expenses by \$77,000 last year, but only decreased expenses by \$17,000 this year. 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 \$62,460,631, which represents an increase of \$13,041,982 in comparison with prior year. Approximately 27% or \$16.6 million constitutes unassigned fund balance in the general fund that is available for spending at the City's discretion. Another \$74,835 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 (\$3,429,240); 2) to pay for specific capital improvements per developer agreements (\$2,240,942); 3) restricted by bond covenant for specific capital projects (\$19,289,696); and 4) for a variety of other restricted purposes (\$1,198,464). 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 \$19,597,348 and includes assigned fund balance in the general fund of \$135,720 and \$19,461,628 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 budgeted for a decrease in fund balance (planned reduction) of \$1,960,745. Due to a positive budget variance in overall revenues and expenditures, the General Fund ended the year with an increase to fund balance of \$2,418,922. This figure represents a positive budget variance of \$4,379,667 resulting primarily from licenses and permit revenues exceeding budget parameters and expenditure savings of \$3.3 million, before transfers.

Several General Fund revenue categories realized increases over the prior year and surpassed budget estimates as well. Licenses and permits, 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 slightly short of budget expectations. Sales taxes also fell short of budget estimates, but surpassed prior year collections due improvement in the local economy and the opening of new retail establishments. Municipal court fines, jail income, and ambulance fees fell short of budgetary parameters and failed to attain prior year levels. Total revenues surpassed both budget and prior year levels.

Expenditures increased \$360,000, or .9% over the prior year, but ended the fiscal year under budget parameters by nearly \$3.3 million. Salary and benefits savings for all functions of \$1.3 million were realized from full-time positions open throughout the year, employee healthcare elections, and savings in contract labor and part-time salaries. General and administrative expenditures were under budget by \$2.6 million, a portion of which was salary and benefit-related. The remainder includes utilities, such as water and electric, which recognized budgetary savings of \$290,000 and rebates which attained budgetary savings of more than \$230,000 due to sales tax collections falling short of projections. Aside from salaries and benefits, public safety expenditure savings were also noted in maintenance of \$27,000; hardware/software lease of \$38,000; and special services of \$11,000. Jail food expenditures realized a positive budget variance of \$26,000 due to a reduction in federal detainees. Culture and recreation realized budgetary savings of \$15,000 in mowing costs. 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).

The Debt Service fund balance increased \$501,238 which is \$570,985 better than the budgeted decrease of \$69,747. The positive variance results primarily from property tax collections and investment income surpassing budgetary projections combined with the premium collected on the issuance of debt. Savings in expenditures resulted from reductions in issuance costs. The Car Rental Tax fund balance was originally anticipated to decrease \$967,742 and was revised to decrease \$1,017,742, but rather ended the year with a decrease of \$346,435 resulting primarily in a significant increase in investment income compared to budget expectations and savings in capital outlay. The savings in capital outlay were related to one-time projects for which funding has been rolled into next fiscal year. The Streets CIP fund balance increased by \$8,471,599 due to the issuance of debt and other sources outpacing project expenditures.

The non-major governmental funds realized a combined increase in fund balance of \$1,996,658; special revenue funds contributed \$1,738,211 to this increase, while the capital projects funds only added \$258,447 to the balance. Of the special revenue funds, the EDC realized the largest increase in fund balance in the amount of almost \$959,464 and TIRZ #3 Glade Parks fund balance increased by \$511,378. The remaining non-major special revenue funds net to an increase in fund balance of just over \$267,000. The net increase from CIP funds results primarily from Car Rental CIP transfers in of more than \$3 million resulting in an increase in fund balance of \$1.7 million. The EDC CIP fund realized a decrease in fund balance of more than \$1 million due to project expenditures outpacing other financing sources including the issuance of sales tax revenue bonds of \$1,635,000. The remaining CIP funds combined decreased fund balance by \$424,000 due to project expenditures outpacing revenues and other sources. The combined net effect of these changes in governmental fund balances results in an increase of approximately \$2 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 year, rainfall exceeded that of a “normal” year by more than twelve inches and exceeded that of the prior year by almost six inches. Much of this rainfall occurred during peak tournament season for Texas Star Golf Course and other recreation enterprises. Although August and September were hot and dry, the effects of the rainfall received earlier in the operating season could not be overcome resulting 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 \$1,377,647; Drainage Utility fund \$1,130,959; Golf Course fund \$281,333; and Other Recreation enterprise fund \$1,598,435. The Water and Wastewater fund realized a decrease in operating income resulting primarily from a decline in water consumption as compared to the prior year. Water consumption was down approximately 13.5%, or 293 million gallons, year over year resulting in a decline in water service revenues of more than \$413,000. Wastewater treatment volume was down by 7% or approximately 107 million gallons. However, rate increases offset the treatment volume decline resulting in a net increase in wastewater revenues of \$196,000. The decline in service fees and miscellaneous was offset by an increase in developer contributions. Investment income increased by \$325,000 due to better market conditions throughout most of the fiscal year. The overall net income in the Water and Wastewater fund was approximately \$4.8 million.

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 decreased \$164,685 due in large part to lagging revenues resulting from excessive rainfall during tournament season as mentioned previously. Depreciation of capital assets is offset by transfers in from other funds. Other Recreation Enterprises fund realized an increase of nearly \$45,000 in net position. The combined net effect of these changes in enterprise fund net position totals an increase of \$4,345,688.

### **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, 2019, totaled \$236,736,519 (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 \$7,726,971 or about 3.4%.

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

- Capital asset contributions were comprised of \$245,000 in Community Development Block Grant (CDBG) expenditures for Oakwood Terrace Phase III wastewater line replacement and developer asset dedications totaling more than \$3 million in street infrastructure, land, water and wastewater facilities, and drainage structures.
- Capital asset additions for governmental activities include, but are not limited to, equipment for parks and recreation, public works yard improvements, Brazos ticket writers, Euless Family Life Center flooring replacement, and a variety of public safety equipment.
- Construction-in-progress related to general government activity of \$25,474,707 primarily consists of Midtown infrastructure (\$18 million), Library Remodel (\$4.1 million), FY2018 Street Reconstruction (\$1.2 million), and Carr Park improvements (\$970,614).

- Kynette Drive water line replacement was completed at a cost of \$594,000, miscellaneous wastewater rehab projects at a cost of \$41,000 were finalized, and valve replacements were completed for a cost of \$78,000.
- Capital asset additions for the business-type activities include, but are not limited to, purchase of a backhoe, retaining wall improvements, new fencing at the service center and cart path improvements and remodel at Texas Star Golf Course.
- Construction-in-progress related to business-type operations of \$5,207,167 primarily 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	
	2019	2018	2019	2018	2019	2018
Land	\$ 33,439	\$ 32,539	\$ 3,619	\$ 3,618	\$ 37,058	\$ 36,157
Buildings	34,012	35,616	1,551	1,676	35,563	37,292
Other improvements	8,613	8,811	9,891	10,033	18,504	18,844
M&E	9,532	10,094	1,984	2,131	11,516	12,225
Infrastructure	46,821	48,592	56,593	56,846	103,414	105,438
Construction in Progress	25,475	18,100	5,207	953	30,682	19,053
<b>Total</b>	<b>\$ 157,892</b>	<b>\$ 153,752</b>	<b>\$ 78,845</b>	<b>\$ 75,257</b>	<b>\$ 236,737</b>	<b>\$ 229,009</b>

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 \$79,996,397 net of unamortized losses on prior refundings. Of this amount, \$58,619,183 comprises debt backed by the full faith and credit of the government, where \$7,556,439 is the amount of self-supported debt for Texas Star Golf Course and Stars Center. The remainder of the City's debt, \$21,377,214, 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	
	2019	2018	2019	2018	2019	2018
GO Bonds	\$ 8,805	\$ 11,460	\$ 4,295	\$ 4,770	\$ 13,100	\$ 16,230
COs	46,200	35,660	-	-	46,200	35,660
GO/CO deferred loss	(310)	(417)	(371)	(417)	(681)	(834)
Tax notes	-	735	-	-	-	735
Capital lease	-	84	-	-	-	84
Revenue bonds	1,565	40	19,905	11,545	21,470	11,585
Revenue deferred loss	-	(9)	(93)	(111)	(93)	(120)
<b>Totals</b>	<b>\$ 56,260</b>	<b>\$ 47,553</b>	<b>\$ 23,736</b>	<b>\$ 15,787</b>	<b>\$ 79,996</b>	<b>\$ 63,340</b>

In fiscal year 2019, the City issued \$11,785,000 in new certificates of obligation and \$1,635,000 in sales tax revenue bonds. Additionally, \$9.275 million in water and sewer revenue bonds were issued utilizing the Texas Water Development Board Drinking Water State Revolving Fund. The City's total debt increased \$17,134,670 (exclusive of deferred losses) or 26% during fiscal year 2019 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 Aa2. Additional information on the City's long-term debt can be found in Note 4 on pages 57-62.

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

In the FY2019-20 budget, General Fund revenues and transfers are budgeted to increase by 3.5% from the FY2018-19 original budget. Property taxes account for 39% of budgeted revenues and sales taxes comprise approximately 31% of budgeted revenues. Certified assessed valuations as of July 25, 2019 increased 11.8% from the preceding year.

In the FY2019-20 budget, sales tax receipts are projected to increase about \$58,000 which is basically flat with 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 3% from the FY2018-19 original budget. This increase is partially attributed to the employee raise package and related costs and the establishment of the replacement plan for furnishings and equipment. The City elected to use excess reserves to cash flow capital programs including facility improvements, inspection services, and various equipment needs. The property tax rate remained at .4625¢ per \$100 of assessed valuation for FY2019-20.

For the Water and Wastewater Fund, the FY2019-20 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 \$4.07 to \$6.70 per thousand gallons. Monthly water base rates are increasing by 2% for both residential and commercial customers. A wastewater volume charge of \$4.29 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 Midway Park 3<sup>rd</sup> Addition Phase I wastewater line replacement, North Main Street wastewater line replacement, and Alexander Lane water line replacement is included in next year's budget. CDBG funding for Phase I of the Midway Park 2<sup>nd</sup> Addition wastewater line replacement is also included. One-time capital in the amount of \$30,000 is approved for painting fire hydrants.

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 \$4,694,475 and proposed operating expenses of \$4,688,712 comprise the FY2019-20 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](mailto:jjewell@eulesstx.gov).

**CITY OF EULESS, TEXAS**  
**GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2019**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Deposits and investments	\$ 61,161,022	\$ 21,323,681	\$ 82,484,703
Receivables, net of allowances	8,360,877	4,418,958	12,779,835
Internal balances	(2,741,905)	2,741,905	-
Inventories, at cost	11,797	246,295	258,092
Prepaid items	125,195	32,287	157,482
Restricted assets			
Deposits and investments	20,164,514	15,121,222	35,285,736
Capital assets			
Land and construction in progress	58,913,284	8,825,712	67,738,996
Other capital assets, net of accumulated depreciation	98,978,616	70,018,907	168,997,523
Total assets	<u>244,973,400</u>	<u>122,728,967</u>	<u>367,702,367</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pension	11,355,811	2,184,419	13,540,230
Deferred outflows related to OPEB	909,802	170,299	1,080,101
Deferred charges on refunding	309,762	463,841	773,603
Total deferred outflows of resources	<u>12,575,375</u>	<u>2,818,559</u>	<u>15,393,934</u>
<b>LIABILITIES</b>			
Accounts payable	12,529,725	3,144,445	15,674,170
Accrued liabilities	2,380,780	368,935	2,749,715
Accrued interest payable	305,698	119,404	425,102
Unearned revenue	-	97,514	97,514
Money held in escrow	-	2,137,159	2,137,159
Noncurrent liabilities			
Due within one year	4,831,494	1,722,922	6,554,416
Due in more than one year	92,635,408	29,917,903	122,553,311
Total liabilities	<u>112,683,105</u>	<u>37,508,282</u>	<u>150,191,387</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to OPEB	403,699	75,186	478,885
Deferred inflows related to pension	487,937	90,860	578,797
Total deferred inflows of resources	<u>891,636</u>	<u>166,046</u>	<u>1,057,682</u>
<b>NET POSITION</b>			
Net investment in capital assets	99,744,023	65,621,697	165,365,720
Restricted for			
Debt service	3,429,240	1,426,830	4,856,070
Capital projects	19,289,696	10,646,450	29,936,146
Impact fees	-	3,047,942	3,047,942
Developer agreements	2,240,942	-	2,240,942
Court technology	130,268	-	130,268
Juvenile cases	280,877	-	280,877
Cable PEG fees	786,074	-	786,074
Historical preservation	1,245	-	1,245
Unrestricted	18,071,669	7,130,279	25,201,948
Total net position	<u>\$ 143,974,034</u>	<u>\$ 87,873,198</u>	<u>\$ 231,847,232</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, 2019**

	General Fund	Debt Service Fund	Car Rental Tax Fund	Streets CIP Fund	Non-major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Deposits and investments	\$ 16,880,304	\$ 2,414,669	\$ 10,912,438	\$ 459,988	\$ 18,511,964	\$ 49,179,363
Receivables						
Property taxes	386,235	149,856	-	-	38,636	574,727
Accounts receivable	1,050,178	745	-	33,600	349,314	1,433,837
Accrued interest receivable	79,790	-	21,678	26,406	38,391	166,265
Due from other governments	2,299,620	-	2,391,070	-	1,385,000	6,075,690
Prepays and deposits	63,038	-	-	-	-	63,038
Inventories, at cost	11,797	-	-	-	-	11,797
Restricted deposits and investments	2,686	-	-	18,441,832	1,719,996	20,164,514
Total assets	<u>\$ 20,773,648</u>	<u>\$ 2,565,270</u>	<u>\$ 13,325,186</u>	<u>\$ 18,961,826</u>	<u>\$ 22,043,301</u>	<u>\$ 77,669,231</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 1,199,118	\$ -	\$ 8,962,995	\$ 874,818	\$ 1,192,477	\$ 12,229,408
Accrued liabilities	1,711,253	-	-	-	223,774	1,935,027
Accrued interest payable	-	3,010	-	-	-	3,010
Total liabilities	<u>2,910,371</u>	<u>3,010</u>	<u>8,962,995</u>	<u>874,818</u>	<u>1,416,251</u>	<u>14,167,445</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	386,235	146,881	-	-	-	533,116
Unavailable revenue - other	503,427	-	-	-	4,612	508,039
Total deferred inflows of resources	<u>889,662</u>	<u>146,881</u>	<u>-</u>	<u>-</u>	<u>4,612</u>	<u>1,041,155</u>
<b>FUND BALANCES</b>						
Nonspendable						
Prepays, deposits, and inventories	74,835	-	-	-	-	74,835
Restricted for						
Debt service	-	2,415,379	-	-	1,013,861	3,429,240
Capital projects	2,686	-	-	17,567,014	1,719,996	19,289,696
Developer agreements	-	-	-	-	2,240,942	2,240,942
Court technology	130,268	-	-	-	-	130,268
Juvenile case management	-	-	-	-	280,877	280,877
Cable PEG fees	-	-	-	-	786,074	786,074
Historical preservation	-	-	-	-	1,245	1,245
Assigned	135,720	-	4,362,191	519,994	14,579,443	19,597,348
Unassigned	16,630,106	-	-	-	-	16,630,106
Total fund balances	<u>16,973,615</u>	<u>2,415,379</u>	<u>4,362,191</u>	<u>18,087,008</u>	<u>20,622,438</u>	<u>62,460,631</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 20,773,648</u>	<u>\$ 2,565,270</u>	<u>\$ 13,325,186</u>	<u>\$ 18,961,826</u>	<u>\$ 22,043,301</u>	<u>\$ 77,669,231</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, 2019**

Total fund balances - governmental funds	\$ 62,460,631
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.	152,182,519
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.	(302,688)
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.	14,369,817
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.	1,041,155
Funds comprising the OPEB liability (\$9,874,248), deferred inflows (\$403,699) and deferred outflows \$909,802 of resources related to the OPEB are not current financial resources and therefore are not reported in the governmental funds balance sheet.	(9,368,145)
Funds comprising the net pension liability (\$27,058,083), deferred inflows (\$487,937) and deferred outflows \$11,355,811 of resources related to the pension are not current financial resources and therefore are not reported in the governmental funds balance sheet.	(16,190,209)
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.	<u>(60,219,046)</u>
Net position of governmental activities	<u><u>\$ 143,974,034</u></u>

**CITY OF EULESS, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2019**

	General Fund	Debt Service Fund	Car Rental Tax Fund	Streets CIP Fund	Non-major Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
General property tax	\$ 15,193,545	\$ 3,896,571	\$ -	\$ -	\$ 1,318,465	\$ 20,408,581
Gross receipts tax	4,439,903	-	-	-	950,710	5,390,613
Mixed beverage tax	138,219	-	-	-	-	138,219
General sales tax	13,038,632	-	-	-	8,381,199	21,419,831
Car rental tax	-	-	14,797,320	-	-	14,797,320
Fines and fees	3,313,059	-	-	-	-	3,313,059
Licenses and permits	2,105,716	-	-	-	-	2,105,716
Investment income	442,141	114,585	231,387	379,171	456,623	1,623,907
DEA revenues	-	-	-	-	18,353	18,353
Intergovernmental	422,585	-	-	15,600	191,147	629,332
Rents and royalties	-	516,750	-	-	118,803	635,553
Other revenues	1,141,965	-	-	-	1,220,765	2,362,730
<b>Total revenues</b>	<b>40,235,765</b>	<b>4,527,906</b>	<b>15,028,707</b>	<b>394,771</b>	<b>12,656,065</b>	<b>72,843,214</b>
<b>Expenditures</b>						
Current						
Culture and recreation	3,308,005	-	-	-	2,950,487	6,258,492
Development services	764,542	-	-	-	237,045	1,001,587
General and administrative	8,476,030	-	9,843,484	-	718,986	19,038,500
Highways and streets	1,366,556	-	-	3,189,179	-	4,555,735
Public safety	24,818,499	-	-	-	2,919,739	27,738,238
Debt service						
Principal	-	4,718,848	-	-	110,000	4,828,848
Interest and fiscal charges	-	1,893,060	-	-	50,435	1,943,495
Capital outlay	550,634	-	-	2,207,806	6,220,608	8,979,048
<b>Total expenditures</b>	<b>39,284,266</b>	<b>6,611,908</b>	<b>9,843,484</b>	<b>5,396,985</b>	<b>13,207,300</b>	<b>74,343,943</b>
Excess (deficiency) of revenues over (under) expenditures	951,499	(2,084,002)	5,185,223	(5,002,214)	(551,235)	(1,500,729)
<b>Other financing sources (uses)</b>						
Issuance of debt	-	-	-	11,785,000	1,635,000	13,420,000
Premiums on issuance of debt	-	192,082	-	638,813	39,041	869,936
Proceeds from sale of assets	8,145	-	-	-	17,480	25,625
Transfers in	2,970,891	2,393,158	-	1,050,000	4,626,552	11,040,601
Transfers out	(1,511,613)	-	(5,531,658)	-	(3,770,180)	(10,813,451)
<b>Total other financing sources (uses)</b>	<b>1,467,423</b>	<b>2,585,240</b>	<b>(5,531,658)</b>	<b>13,473,813</b>	<b>2,547,893</b>	<b>14,542,711</b>
<b>Net change in fund balances</b>	<b>2,418,922</b>	<b>501,238</b>	<b>(346,435)</b>	<b>8,471,599</b>	<b>1,996,658</b>	<b>13,041,982</b>
<b>Fund balances, beginning of year</b>	<b>14,554,693</b>	<b>1,914,141</b>	<b>4,708,626</b>	<b>9,615,409</b>	<b>18,625,780</b>	<b>49,418,649</b>
<b>Fund balances, end of year</b>	<b>\$ 16,973,615</b>	<b>\$ 2,415,379</b>	<b>\$ 4,362,191</b>	<b>\$ 18,087,008</b>	<b>\$ 20,622,438</b>	<b>\$ 62,460,631</b>

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, 2019**

Net change in fund balances - total governmental funds	\$ 13,041,982
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.	8,979,048
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.	981,045
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.	(5,574,654)
The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position.	(13,420,000)
The repayment of the principal of long-term debt consumes current financial resources of governmental funds, but has no effect on net position.	4,828,848
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.	(792,687)
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.	(4,468)
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.	(67,319)
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.	87,178
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.	(2,135,977)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the internal service funds is reported with governmental activities net of the amount allocated to business-type activities.	1,126,233
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>(105,189)</u>
Change in net position of governmental activities	<u>\$ 6,944,040</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, 2019**

	<b>Business - Type Activities - Enterprise Funds</b>	
<b>ASSETS</b>	<b>Water and Wastewater</b>	<b>Drainage Utility</b>
Current assets		
Deposits and investments	\$ 16,997,082	\$ 1,473,419
Accounts receivable and unbilled revenue less allowance for uncollectibles of \$13,647 for water and wastewater and \$250 for drainage utility	4,038,843	95,272
Accrued interest receivable	92,164	-
Prepays and deposits	10,500	45
Inventory	119,375	-
Total unrestricted current assets	21,257,964	1,568,736
Restricted deposits and investments		
W&WW impact fees	3,047,942	-
Capital projects	10,646,450	-
Revenue bond reserve for debt service	1,426,830	-
Total restricted assets	15,121,222	-
Total current assets	36,379,186	1,568,736
Property, plant, and equipment in service, at cost		
Land	1,576,667	559,826
Building	97,094	-
Equipment	1,664,603	10,380
Improvements	1,097,773	1,171,994
Construction in progress	5,207,167	-
Utility system	87,683,233	28,322,975
Total property, plant, and equipment in service	97,326,537	30,065,175
Less accumulated depreciation	46,001,578	15,742,088
Net property, plant, and equipment in service	51,324,959	14,323,087
Total non-current assets	51,324,959	14,323,087
Total assets	87,704,145	15,891,823
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pension	1,624,257	187,557
Deferred outflows related to OPEB	125,835	14,222
Deferred charges on refunding	92,786	-
Total deferred outflows of resources	1,842,878	201,779

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

<b>Business - Type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
<b>Golf Course</b>	<b>Other Recreation Enterprises</b>	<b>Total Enterprise Funds</b>	
\$ 1,103,511	\$ 1,749,669	\$ 21,323,681	\$ 11,981,659
182,771	9,908	4,326,794	92,922
-	-	92,164	17,436
7,415	14,327	32,287	62,157
100,416	26,504	246,295	-
1,394,113	1,800,408	26,021,221	12,154,174
-	-	3,047,942	-
-	-	10,646,450	-
-	-	1,426,830	-
-	-	15,121,222	-
1,394,113	1,800,408	41,142,443	12,154,174
897,520	584,532	3,618,545	-
3,621,666	488,275	4,207,035	-
596,355	1,688,576	3,959,914	14,416,755
8,863,125	10,504,868	21,637,760	-
-	-	5,207,167	-
-	-	116,006,208	-
13,978,666	13,266,251	154,636,629	14,416,755
7,933,393	6,114,951	75,792,010	8,707,374
6,045,273	7,151,300	78,844,619	5,709,381
6,045,273	7,151,300	78,844,619	5,709,381
7,439,386	8,951,708	119,987,062	17,863,555
318,450	54,155	2,184,419	-
25,922	4,320	170,299	-
371,055	-	463,841	-
715,427	58,475	2,818,559	-

**CITY OF EULESS, TEXAS**  
**STATEMENT OF NET POSITION – PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2019**

<b>LIABILITIES</b>	<b>Business - Type Activities - Enterprise Funds</b>	
	<b>Water and Wastewater</b>	<b>Drainage Utility</b>
Current liabilities		
Payable from current assets		
Accounts payable	\$ 3,019,673	\$ 5,246
Accrued salaries and wages	255,300	30,449
Current portion of bonds payable	1,180,000	-
Current portion of compensated absences	26,457	1,674
Accrued insurance claims	-	-
Unearned revenue	-	-
Accrued interest	106,094	-
	4,587,524	37,369
Non-current liabilities		
Customer and escrow deposits	2,020,022	-
Net pension liability	3,836,919	421,229
Net OPEB liability	1,358,508	152,204
Bonds payable	18,706,994	-
Compensated absences	238,111	15,065
	26,160,554	588,498
Total non-current liabilities	26,160,554	588,498
Total liabilities	30,748,078	625,867
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pensions	67,324	7,463
Deferred inflows related to OPEB	55,551	6,226
	122,875	13,689
Total deferred inflows of resources	122,875	13,689
<b>NET POSITION</b>		
Net investment in capital assets	42,177,201	14,323,087
Restricted for		
Impact fees	3,047,942	-
Capital projects	10,646,450	-
Debt service	1,426,830	-
Unrestricted	1,377,647	1,130,959
	15,498,879	1,130,959
Total net position	\$ 58,676,070	\$ 15,454,046

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

<b>Business - Type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
<b>Golf Course</b>	<b>Other Recreation Enterprises</b>	<b>Total Enterprise Funds</b>	
\$ 70,538	\$ 48,988	\$ 3,144,445	\$ 300,317
52,705	30,481	368,935	9,907
490,000	-	1,670,000	-
6,522	653	35,306	576
-	-	-	435,843
97,514	-	97,514	-
13,310	-	119,404	-
<u>730,589</u>	<u>80,122</u>	<u>5,435,604</u>	<u>746,643</u>
117,137	-	2,137,159	-
734,367	123,363	5,115,878	-
281,110	46,852	1,838,674	-
3,956,219	-	22,663,213	-
58,698	5,880	317,754	5,187
<u>5,147,531</u>	<u>176,095</u>	<u>32,072,678</u>	<u>5,187</u>
<u>5,878,120</u>	<u>256,217</u>	<u>37,508,282</u>	<u>751,830</u>
13,758	2,315	90,860	-
11,493	1,916	75,186	-
<u>25,251</u>	<u>4,231</u>	<u>166,046</u>	<u>-</u>
1,970,109	7,151,300	65,621,697	5,709,381
-	-	3,047,942	-
-	-	10,646,450	-
-	-	1,426,830	-
281,333	1,598,435	4,388,374	11,402,344
<u>\$ 2,251,442</u>	<u>\$ 8,749,735</u>	<u>85,131,293</u>	<u>\$ 17,111,725</u>
		<u>2,741,905</u>	
		<u>\$ 87,873,198</u>	

**CITY OF EULESS, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –**  
**PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2019**

	<b>Business - Type Activities - Enterprise Funds</b>	
	<b>Water and Wastewater</b>	<b>Drainage Utility</b>
Operating revenues		
Water service	\$ 13,859,748	\$ -
Reclaimed water service	498,987	-
Wastewater service	9,694,746	-
Drainage fees	-	826,711
Recreation fees	-	-
Insurance premiums	-	-
Service fees and miscellaneous	2,347,250	-
Total operating revenues	<u>26,400,731</u>	<u>826,711</u>
Operating expenses		
General and administrative	495,567	-
Water production	7,474,888	-
Water distribution	1,168,841	-
Utility engineering	612,694	-
Wastewater collection and treatment	5,070,324	-
Nondepartmental	4,346,681	-
Geographic information systems	627,879	-
Service center	1,209,424	-
Drainage	-	764,267
Recreation classes	-	-
Golf course	-	-
Pro shop	-	-
Food and beverage	-	-
Conference center	-	-
Cart operations	-	-
Texas Star Sports Complex	-	-
Arbor Daze	-	-
Insurance costs	-	-
Depreciation	2,110,195	779,768
Amortization	19,843	-
Total operating expenses	<u>23,136,336</u>	<u>1,544,035</u>
Operating income (loss)	<u>3,264,395</u>	<u>(717,324)</u>

<b>Business - Type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
<b>Golf Course</b>	<b>Other Recreation Enterprises</b>	<b>Total Enterprise Funds</b>	
\$ -	\$ -	\$ 13,859,748	\$ -
-	-	498,987	-
-	-	9,694,746	-
-	-	826,711	-
-	780,800	780,800	-
-	-	-	6,465,300
<u>4,067,025</u>	<u>1,417,125</u>	<u>7,831,400</u>	<u>2,453,398</u>
4,067,025	2,197,925	33,492,392	8,918,698
-	-	495,567	1,942,396
-	-	7,474,888	-
-	-	1,168,841	-
-	-	612,694	-
-	-	5,070,324	-
-	-	4,346,681	-
-	-	627,879	-
-	-	1,209,424	-
-	-	764,267	-
-	737,270	737,270	-
1,758,613	-	1,758,613	-
449,890	-	449,890	-
1,191,259	-	1,191,259	-
564,083	-	564,083	-
216,196	-	216,196	-
-	980,199	980,199	-
-	60,247	60,247	-
-	-	-	5,582,123
398,547	476,148	3,764,658	1,387,290
<u>27,480</u>	<u>-</u>	<u>47,323</u>	<u>-</u>
<u>4,606,068</u>	<u>2,253,864</u>	<u>31,540,303</u>	<u>8,911,809</u>
(539,043)	(55,939)	1,952,089	6,889

**CITY OF EULESS, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –**  
**PROPRIETARY FUNDS – CONTINUED**  
**YEAR ENDED SEPTEMBER 30, 2019**

	<b>Business - Type Activities - Enterprise Funds</b>	
	<b>Water and Wastewater</b>	<b>Drainage Utility</b>
Nonoperating revenues (expenses)		
Gain on sale of capital assets	\$ -	\$ -
Investment income	645,791	33,842
Interest expense	(246,576)	-
Total nonoperating revenues (expenses), net	<u>399,215</u>	<u>33,842</u>
Income (loss) before contributions and transfers	3,663,610	(683,482)
Developer contributions	2,637,827	420,464
Transfers in	-	-
Transfers out	(1,531,265)	(41,541)
Net income (loss)	<u>4,770,172</u>	<u>(304,559)</u>
Net position, beginning	<u>53,905,898</u>	<u>15,758,605</u>
Net position, end of year	<u><u>\$ 58,676,070</u></u>	<u><u>\$ 15,454,046</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

<b>Business - Type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
<b>Golf Course</b>	<b>Other Recreation Enterprises</b>	<b>Total Enterprise Funds</b>	
\$ 7,490	\$ 2,010	\$ 9,500	\$ 106,820
27,378	39,854	746,865	258,791
(111,819)	-	(358,395)	-
<u>(76,951)</u>	<u>41,864</u>	<u>397,970</u>	<u>365,611</u>
(615,994)	(14,075)	2,350,059	372,500
-	-	3,058,291	-
451,309	58,835	510,144	860,673
-	-	(1,572,806)	(25,161)
<u>(164,685)</u>	<u>44,760</u>	<u>4,345,688</u>	<u>1,208,012</u>
<u>2,416,127</u>	<u>8,704,975</u>		<u>15,903,713</u>
<u>\$ 2,251,442</u>	<u>\$ 8,749,735</u>		<u>\$ 17,111,725</u>

81,779  
\$ 4,427,467

**CITY OF EULESS, TEXAS**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2019**

	<b>Business - Type Activities - Enterprise Funds</b>	
	<b>Water and Wastewater</b>	<b>Drainage Utility</b>
<b>OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 26,113,020	\$ 831,338
Cash payments to suppliers for goods and services	(17,977,928)	(323,045)
Cash payments to employees for services	(3,512,487)	(395,366)
Net cash provided by operating activities	4,622,605	112,927
<b>NONCAPITAL FINANCING ACTIVITIES</b>		
Transfer in	-	-
Transfer out	(1,531,265)	(41,541)
Net cash provided by (used in) noncapital financing activities	(1,531,265)	(41,541)
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from bond issuances	9,275,000	-
Impact fees	557,093	-
Purchase of capital assets	(6,501,617)	(152,369)
Interest paid on bonds	(191,327)	-
Principal paid on bonds	(915,000)	-
Capital grant and developer contributions	2,080,734	-
Proceeds from sale of capital assets	-	-
Net cash provided by (used in) capital and related financing activities	4,304,883	(152,369)
<b>INVESTING ACTIVITIES</b>		
Interest received on investments	617,467	33,842
Net cash provided by investing activities	617,467	33,842
Net change in cash and cash equivalents	8,013,690	(47,141)
Cash and cash equivalents, beginning of year	24,104,614	1,520,560
Cash and cash equivalents, end of year	<u>\$ 32,118,304</u>	<u>\$ 1,473,419</u>

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

<b>Business - Type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
<b>Golf Course</b>	<b>Other Recreation Enterprises</b>	<b>Total Enterprise Funds</b>	
\$ 4,109,683	\$ 2,215,370	\$ 33,269,411	\$ 8,873,569
(2,297,265)	(1,186,634)	(21,784,872)	(7,626,149)
<u>(1,806,418)</u>	<u>(542,447)</u>	<u>(6,256,718)</u>	<u>(140,774)</u>
6,000	486,289	5,227,821	1,106,646
451,309	58,835	510,144	860,673
<u>-</u>	<u>-</u>	<u>(1,572,806)</u>	<u>(25,161)</u>
451,309	58,835	(1,062,662)	835,512
-	-	9,275,000	-
-	-	557,093	-
(216,793)	(60,574)	(6,931,353)	(1,141,662)
(113,600)	-	(304,927)	-
(475,000)	-	(1,390,000)	-
-	-	2,080,734	-
<u>7,490</u>	<u>2,010</u>	<u>9,500</u>	<u>106,820</u>
(797,903)	(58,564)	3,296,047	(1,034,842)
<u>27,378</u>	<u>39,854</u>	<u>718,541</u>	<u>270,713</u>
<u>27,378</u>	<u>39,854</u>	<u>718,541</u>	<u>270,713</u>
(313,216)	526,414	8,179,747	1,178,029
<u>1,416,727</u>	<u>1,223,255</u>	<u>28,265,156</u>	<u>10,803,630</u>
<u>\$ 1,103,511</u>	<u>\$ 1,749,669</u>	<u>\$ 36,444,903</u>	<u>\$ 11,981,659</u>

**CITY OF EULESS, TEXAS**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS – CONTINUED**  
**YEAR ENDED SEPTEMBER 30, 2019**

	<b>Business - Type Activities - Enterprise Funds</b>	
	<b>Water and Wastewater</b>	<b>Drainage Utility</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>		
Operating income (loss)	\$ 3,264,395	\$ (717,324)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	2,130,038	779,768
Changes in assets and liabilities:		
Accounts receivable and unbilled revenue	(387,481)	4,627
Prepays and deposits	(9,000)	(45)
Inventory	11,431	-
Net OPEB liability	(7,571)	(891)
Net pension liability	2,095,985	246,587
Deferred outflows	(1,183,044)	(143,158)
Deferred inflows	(617,892)	(68,491)
Accounts payable	(367,359)	2,056
Accrued salaries and wages	56,422	5,270
Accrued insurance claims	-	-
Compensated absences	10,211	4,528
Customer and escrow deposits	99,770	-
Unearned revenue	(473,300)	-
	<u>\$ 4,622,605</u>	<u>\$ 112,927</u>
<b>Net cash provided by operating activities</b>		
	<u>\$ 4,622,605</u>	<u>\$ 112,927</u>
<b>Noncash financing activities</b>		
Developer contributed assets	\$ 2,080,734	\$ 420,464
	<u>\$ 2,080,734</u>	<u>\$ 420,464</u>
<b>Reconciliation of cash to balance sheet:</b>		
Cash - current	\$ 16,997,082	\$ 1,473,419
Cash - restricted	15,121,222	-
	<u>\$ 32,118,304</u>	<u>\$ 1,473,419</u>

<b>Business - Type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
<b>Golf Course</b>	<b>Other Recreation Enterprises</b>	<b>Total Enterprise Funds</b>	
\$ (539,043)	\$ (55,939)	\$ 1,952,089	\$ 6,889
426,027	476,148	3,811,981	1,387,290
12,712	17,445	(352,697)	(45,129)
(580)	-	(9,625)	(56,957)
832	2,053	14,316	-
(1,527)	(254)	(10,243)	-
422,720	70,453	2,835,745	-
(236,246)	(21,071)	(1,583,519)	-
(126,930)	(39,375)	(852,688)	-
2,406	27,182	(335,715)	(14,770)
11,499	10,739	83,930	4,323
-	-	-	(175,000)
4,184	(1,092)	17,831	-
29,240	-	129,010	-
706	-	(472,594)	-
<u>\$ 6,000</u>	<u>\$ 486,289</u>	<u>\$ 5,227,821</u>	<u>\$ 1,106,646</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,501,198</u>	<u>\$ -</u>
\$ 1,103,511	\$ 1,749,669	\$ 21,323,681	\$ 11,981,659
-	-	15,121,222	-
<u>\$ 1,103,511</u>	<u>\$ 1,749,669</u>	<u>\$ 36,444,903</u>	<u>\$ 11,981,659</u>

**CITY OF EULESS, TEXAS**  
**STATEMENT OF NET POSITION – FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2019**

	<u>Stars Center Escrow Agency Fund</u>	<u>OPEB Trust Fund</u>
<b>ASSETS</b>		
Investments at fair value		
Money market account	\$ 1,428,593	\$ 296,533
Fixed income funds	-	2,853,404
Equity funds	-	4,263,427
	<hr/>	<hr/>
Total assets	<u>\$ 1,428,593</u>	<u>\$ 7,413,364</u>
<b>LIABILITIES</b>		
Due to other entities	\$ 1,420,547	\$ -
Refunds payable	8,046	-
	<hr/>	<hr/>
Total liabilities	<u>\$ 1,428,593</u>	<u>-</u>
<b>NET POSITION</b>		
Held in trust for OPEB		<u>\$ 7,413,364</u>

**CITY OF EULESS, TEXAS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**OPEB TRUST FUND**  
**YEAR ENDED SEPTEMBER 30, 2019**

	<u><b>OPEB</b></u> <u><b>Trust Fund</b></u>
<b>ADDITIONS</b>	
Employer contributions	\$ 1,583,715
Other contributions	278,259
Investment income	
Net increase in fair value of investments	312,243
Less: investment expense	<u>(35,867)</u>
Total investment income	<u>276,376</u>
Total additions	2,138,350
<b>DEDUCTIONS</b>	
Insurance claims	1,027,986
Administrative expenses	<u>135,118</u>
Total deductions	<u>1,163,104</u>
Change in net position	975,246
Net position - beginning	<u>6,438,118</u>
Net position - ending	<u><u>\$ 7,413,364</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 is 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 Stars 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/expenses 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 \$0.4625 per \$100 of assessed valuation (\$0.4625 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, Enterprise Funds and Internal Service funds. Inventories consist primarily of expendable supplies for the General Fund and Internal Service funds 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	\$ 74,835	\$ -	\$ -	\$ -	\$ -	\$ 74,835
Restricted for						
Debt service	-	2,415,379	-	-	1,013,861	3,429,240
Capital projects	2,686	-	-	17,567,014	1,719,996	19,289,696
Developer agreements	-	-	-	-	2,240,942	2,240,942
Court technology	130,268	-	-	-	-	130,268
Juvenile case processing	-	-	-	-	280,877	280,877
Cable PEG fees	-	-	-	-	786,074	786,074
Historical preservation	-	-	-	-	1,245	1,245
Assigned						
Capital projects	-	-	-	-	7,367,519	7,367,519
Betterments	51,906	-	-	-	-	51,906
Emergency/radio systems	47,231	-	-	-	-	47,231
Tourism and conference facilities	-	-	-	-	508,112	508,112
Parks, library, and economic development	-	-	-	-	3,251,852	3,251,852
Police department	-	-	-	-	2,098,787	2,098,787
Other	36,583	-	4,362,191	519,994	1,353,173	6,271,941
Unassigned	16,630,106	-	-	-	-	16,630,106
<b>Total</b>	<b>\$ 16,973,615</b>	<b>\$ 2,415,379</b>	<b>\$ 4,362,191</b>	<b>\$ 18,087,008</b>	<b>\$ 20,622,438</b>	<b>\$ 62,460,631</b>

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

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

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

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

**Fund Balance Classifications – Continued**

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

- a. Restricted for debt service represents that portion of fund equity legally restricted for retirement of bond principal and payment of interest and related charges.
- b. Restricted for capital projects represents that portion of fund equity legally restricted by debt covenant for capital projects.
- c. Restricted for 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 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 and the remaining negative fund balance for any governmental funds. 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 investment earnings for pension assets – the difference is deferred and amortized over a closed five-year period.
- 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 statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The 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 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, 2019, 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. No property taxes were abated under this program in fiscal year 2019.

**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 2019 the City rebated \$1,024,524 in sales taxes, or 4.8% 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, 2019. At year-end, the carrying amount of the City's deposits was \$11,189,358 with a bank balance of \$11,111,783.

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 Bank of NY Mellon 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 \$1,356,365. 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, 2019, 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	\$ 10,646,450		9%			
Investments measured at amortized cost:						
Investment Pools:						
TexPool	31,018,143		26%	34	AAAm	S&P
TexSTAR	30,247,920		25%	22	AAAm	S&P
Investments measured at fair value:						
U.S. Government Agency Securities:						
FNMA	1,917,023	1,999,170	2%	1	AA+/Aaa	S&P/Moody's
FFCB	14,457,128	14,521,700	12%	15	AA+/Aaa	S&P/Moody's
FHLB	19,402,043	19,510,860	16%	45	AA+/Aaa	S&P/Moody's
FHLMC	9,224,091	9,257,465	8%	42	AA+/Aaa	S&P/Moody's
FAMCA	2,000,500	2,003,390	2%	6		Not rated
<b>Total</b>	<b>\$118,913,298</b>	<b>\$47,292,585</b>	<b>100%</b>			

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.

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 HilltopSecurities Inc. and JP 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, 2019, 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.

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

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

**Interest Rate Risk – Continued**

The following table details the maturity schedule for the City’s investment portfolio as of September 30, 2019:

<u>Maturity Schedule</u>	<u>Book Value</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
Overnight	\$ 71,912,513	\$ 71,912,513	60%
Less than 1 month	6,902,456	6,999,670	6%
1 to 6 months	15,409,732	15,516,850	13%
6 to 9 months	4,214,256	4,261,195	4%
9 to 12 months	3,975,091	4,002,540	3%
12 to 18 months	7,999,250	8,004,710	7%
Over 18 months	8,500,000	8,507,620	7%
 Total	 <u>\$ 118,913,298</u>	 <u>\$ 119,205,098</u>	 <u>100%</u>

**Credit Risk**

In compliance with the City’s Investment Policy, as of September 30, 2019, 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, 2019, the City’s bank balances were fully insured or collateralized.

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

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

**NOTE 3. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2019, was as follows:

	Balance Beginning of Year	Increase	Decrease	Adjustment/ Transfer	Balance End of Year
Governmental activities					
Capital assets not being depreciated					
Land	\$ 32,538,668	\$ 526,938	\$ -	\$ 372,971	\$ 33,438,577
Construction in progress	18,099,872	8,213,250	-	(838,415)	25,474,707
Total capital assets not being depreciated	50,638,540	8,740,188	-	(465,444)	58,913,284
Capital assets being depreciated					
Buildings	61,657,631	-	(257,414)	435,444	61,835,661
Improvements other than buildings	13,575,426	211,447	-	-	13,786,873
Infrastructure	90,924,715	688,112	-	-	91,612,827
Machinery and equipment	10,575,260	592,085	(278,470)	30,000	10,918,875
Total capital assets being depreciated	176,733,032	1,491,644	(535,884)	465,444	178,154,236
Less accumulated depreciation					
Buildings	(26,041,137)	(1,790,878)	8,141	-	(27,823,874)
Improvements other than buildings	(4,763,981)	(409,714)	-	-	(5,173,695)
Infrastructure	(42,332,924)	(2,458,941)	-	-	(44,791,865)
Machinery and equipment	(6,436,450)	(915,121)	256,004	-	(7,095,567)
Total accumulated depreciation	(79,574,492)	(5,574,654)	264,145	-	(84,885,001)
Total capital assets being depreciated, net	97,158,540	(4,083,010)	(271,739)	465,444	93,269,235
Total governmental fund capital assets, net	147,797,080	4,657,178	(271,739)	-	152,182,519
Internal service funds					
Capital assets being depreciated					
Machinery and equipment	13,602,771	1,141,662	(327,678)	-	14,416,755
Total internal service assets being depreciated	13,602,771	1,141,662	(327,678)	-	14,416,755
Less accumulated depreciation					
Machinery and equipment	(7,647,762)	(1,387,290)	327,678	-	(8,707,374)
Total internal service funds capital assets, net	5,955,009	(245,628)	-	-	5,709,381
Total governmental activities capital assets, net	<u>\$ 153,752,089</u>	<u>\$ 4,411,550</u>	<u>\$ (271,739)</u>	<u>\$ -</u>	<u>\$ 157,891,900</u>

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

**NOTE 3. CAPITAL ASSETS – CONTINUED**

	Balance Beginning of Year	Increase	Decrease	Adjustment/ Transfer	Balance End of Year
<b>Business-type activities</b>					
Capital assets not being depreciated					
Land	\$ 3,618,545	\$ -	\$ -	\$ -	\$ 3,618,545
Construction in progress	953,413	5,336,158	-	(1,082,404)	5,207,167
Total capital assets not being depreciated	4,571,958	5,336,158	-	(1,082,404)	8,825,712
Capital assets being depreciated					
Buildings	4,207,035	-	-	-	4,207,035
Equipment	3,970,602	130,289	(155,413)	14,436	3,959,914
Improvements	21,171,897	102,446	-	363,417	21,637,760
Utility system	113,518,732	1,782,925	-	704,551	116,006,208
Total capital assets being depreciated	142,868,266	2,015,660	(155,413)	1,082,404	145,810,917
Less accumulated depreciation					
Buildings	(2,531,389)	(124,215)	-	-	(2,655,604)
Equipment	(1,839,974)	(291,328)	155,413	-	(1,975,889)
Improvements	(11,138,603)	(608,303)	-	-	(11,746,906)
Utility system	(56,672,799)	(2,740,812)	-	-	(59,413,611)
Total accumulated depreciation	(72,182,765)	(3,764,658)	155,413	-	(75,792,010)
Total capital assets being depreciated, net	70,685,501	(1,748,998)	-	1,082,404	70,018,907
Total business-type activities capital assets, net	<u>\$ 75,257,459</u>	<u>\$ 3,587,160</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,844,619</u>

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

Governmental activities	
Culture and recreation	\$ 785,961
Development	24,003
General administrative	3,054,572
Highways and streets	2,540,116
Public safety	557,292
Total depreciation expense - governmental activities	<u>\$ 6,961,944</u>
Business-type activities	
Water and wastewater	\$ 2,110,195
Drainage utility	779,768
Golf course	398,547
Other recreation enterprises	476,148
Total depreciation expense - business-type activities	<u>\$ 3,764,658</u>

Outstanding commitments at September 30, 2019, under authorized construction contracts, were \$15,675,253. 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 of the City for the year ended September 30, 2019:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due within One Year
<b>Governmental activities</b>					
General obligation bonds	\$ 11,460,000	\$ -	\$ (2,655,000)	\$ 8,805,000	\$ 2,765,000
Certificates of obligation	35,660,000	11,785,000	(1,245,000)	46,200,000	1,605,000
Sales tax revenue bonds	40,000	1,635,000	(110,000)	1,565,000	60,000
Tax notes	735,000	-	(735,000)	-	-
Capital lease	83,848	-	(83,848)	-	-
Premium on debt	1,315,625	869,936	(206,536)	1,979,025	206,536
Discount on debt	(104,123)	-	12,735	(91,388)	(12,735)
Net pension liability	12,280,508	14,777,575	-	27,058,083	-
Net OPEB liability	9,927,619	-	(53,371)	9,874,248	-
Compensated absences	2,070,975	530,832	(524,873)	2,076,934	207,693
Total governmental activities	73,469,452	29,598,343	(5,600,893)	97,466,902	4,831,494
<b>Business-type activities</b>					
Water and sewer revenue bonds	11,545,000	9,275,000	(915,000)	19,905,000	1,180,000
General obligation refunding bonds	4,770,000	-	(475,000)	4,295,000	490,000
Premiums on debt	175,210	-	(19,243)	155,967	19,241
Discounts on debt	(24,380)	-	1,626	(22,754)	(1,625)
Net pension liability	2,280,133	2,835,745	-	5,115,878	-
Net OPEB liability	1,848,917	-	(10,243)	1,838,674	-
Compensated absences	335,229	39,070	(21,239)	353,060	35,306
Total business-type activities	20,930,109	12,149,815	(1,439,099)	31,640,825	1,722,922
Total primary government	<u>\$ 94,399,561</u>	<u>\$ 41,748,158</u>	<u>\$ (7,039,992)</u>	<u>\$ 129,107,727</u>	<u>\$ 6,554,416</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, 2019, general obligation bonds currently outstanding are as follows:

	Interest Rate %	Dated	Maturity Date	Principal Outstanding
<b>General Obligation Bonds</b>				
Taxable Refunding, Series 2010	3.85% – 4.4%	08/15/2010	08/01/2025	\$3,690,000
Refunding, Series 2011	4%	01/15/2011	08/15/2021	1,680,000
Refunding, Series 2012	3% – 4%	12/01/2011	02/15/2024	2,515,000
Refunding, Series 2012A	2% – 3%	11/01/2012	02/15/2027	4,295,000
Refunding, Series 2014	3%	10/15/2014	02/15/2020	920,000
			<b>Total</b>	<b><u>\$13,100,000</u></b>

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	
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	1,185,000	67,099	540,000	48,738	1,840,837
2025-2027	685,000	30,140	1,705,000	66,168	2,486,308
<b>Total</b>	<b><u>\$ 8,805,000</u></b>	<b><u>\$ 905,512</u></b>	<b><u>\$ 4,295,000</u></b>	<b><u>\$ 429,875</u></b>	<b><u>\$ 14,435,387</u></b>

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 2019, the Eulesse City Council approved the issuance of \$11,785,000 of City of Eulesse, 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.

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

Certificates of Obligation	Interest Rate %	Dated	Maturity Date	Principal Outstanding
Series 2011	4% – 4.25%	01/15/2011	08/15/2030	\$2,080,000
Series 2014	3% – 5%	10/15/2014	08/15/2034	5,025,000
Series 2015	3% – 5%	10/27/2015	02/15/2035	2,795,000
Series 2016	2% – 4%	01/12/2016	02/15/2041	15,555,000
Series 2018	3% – 4%	03/01/2018	02/15/2038	8,960,000
Series 2019	3% - 5%	01/15/2019	02/15/2039	11,785,000
			Total	<u>\$46,200,000</u>

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

Fiscal Year	Governmental Activities		Total
	Principal	Interest	
2020	\$ 1,605,000	\$ 1,786,085	\$ 3,391,085
2021	1,875,000	1,512,950	3,387,950
2022	1,930,000	1,452,075	3,382,075
2023	2,005,000	1,383,625	3,388,625
2024	2,070,000	1,304,800	3,374,800
2025-2029	11,530,000	5,393,975	16,923,975
2030-2034	12,760,000	3,230,273	15,990,273
2035-2039	10,895,000	1,186,537	12,081,537
2040-2041	1,530,000	59,150	1,589,150
Total	<u>\$ 46,200,000</u>	<u>\$17,309,470</u>	<u>\$63,509,470</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 Eules Development Corporation (EDC), payable solely from and secured by a lien on and pledge of certain Pledged Revenues which includes the gross proceeds of a ½¢ sales and use tax levied within the City for the benefit of the EDC. The EDC is reflected in the financial statements of the City as a special revenue fund. Accordingly, the EDC’s debt is reflected in governmental activities debt.

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

In October 2018, the Eules Development Corporation issued \$1,635,000 of Eules Development Corporation Sales Tax Revenue Bonds, Series 2018. The bonds have interest rates ranging from 3% to 4%, with maturities through September 2038. 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.

In April 2019, the City issued \$9,275,000 of Waterworks and Sewer System Revenue Bonds to the Texas Water Development Board through their Drinking Water State Revolving Fund low interest loan program. Proceeds will be used to fund well replacement construction and the financing thereof.

The City currently has the following revenue bonds outstanding at the end of the fiscal year:

Revenue Bonds	Interest Rate %	Dated	Maturity Date	Principal Outstanding
W&WW Refunding, Series 2012	2.03%	03/29/2012	07/15/2024	\$ 930,000
W&WW Improvement, Series 2013	3% – 5%	06/25/2013	07/15/2033	1,215,000
W&WW Improvement, Series 2015A	0% - 1.98%	06/15/2015	07/15/2035	3,805,000
W&WW Improvement, Series 2015B	0% - 1.68%	06/15/2015	07/15/2035	2,020,000
W&WW Improvement, Series 2018	0% - 1.49%	04/12/2018	07/15/2038	2,660,000
W&WW Improvement, Series 2019	0% - 1.66%	04/25/2019	07/15/2049	9,275,000
STRB, Series 2018	3% – 4%	10/15/2018	09/15/2038	1,565,000
			Total	<u>\$ 21,470,000</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	
2020	\$60,000	\$58,750	\$1,180,000	\$306,355	\$1,605,105
2021	60,000	56,950	945,000	271,034	1,332,984
2022	65,000	55,150	945,000	263,393	1,328,543
2023	65,000	53,200	960,000	254,746	1,332,946
2024	65,000	51,250	965,000	244,786	1,326,036
2025-2029	370,000	220,700	4,300,000	1,062,713	5,953,413
2030-2034	450,000	141,200	4,545,000	711,088	5,847,288
2035-2039	430,000	44,000	2,575,000	378,383	3,427,383
2040-2044	–	–	1,675,000	229,542	1,904,542
2045-2049	–	–	1,815,000	90,746	1,905,746
Total	<u>\$1,565,000</u>	<u>\$681,200</u>	<u>\$19,905,000</u>	<u>\$3,812,786</u>	<u>\$25,963,986</u>

The gross ½¢ sales tax revenues of the EDC recognized in the year ending September 30, 2019 totaled \$5,356,697. The principal and interest payments on the EDC debt for the same period totaled \$160,435 which equates to approximately 3.0% of the gross ½¢ sales tax revenues.

The recognized net revenues of the water and wastewater fund totaled \$3,910,186 for the year ending September 30, 2019. Principal and interest payments on the water and sewer revenue bonds totaled \$1,106,327 which equates to approximately 28.3% of net system revenues.

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.

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

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

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

All funding requirements for the above reserves were met at September 30, 2019.

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, 2019, 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 \$10,827,111 and are included as operating expenses of the water and wastewater fund.

The City entered into a 20-year contract dated February 2, 2010, with the City of Fort Worth (Fort Worth) whereby Fort Worth agreed to provide reclaimed water service to the City. Payments by the City are based on metered volume. Payments under this contract were \$243,759 in the year ended September 30, 2019 and are included as operating expenses of the water and wastewater fund.

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

**NOTE 6. SERVICE CENTER**

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

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

**NOTE 7. INTERFUND TRANSFERS**

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

	Transfers in					Internal Service
	General	Debt Service	Street CIP	Non-major Governmental	Subtotal Governmental	
<b>Transfers out</b>						
General	\$ -	\$ -	\$ 1,050,000	\$ 206,406	\$ 1,256,406	\$ 242,000
Car rental tax	1,640,085	-	-	3,514,900	5,154,985	376,673
Water and wastewater	1,289,265	-	-	-	1,289,265	242,000
Drainage utility	41,541	-	-	-	41,541	-
Nonmajor governmental	-	2,392,997	-	880,246	3,273,243	-
Internal service	-	161	-	25,000	25,161	-
<b>Total transfers in</b>	<b>\$ 2,970,891</b>	<b>\$ 2,393,158</b>	<b>\$ 1,050,000</b>	<b>\$ 4,626,552</b>	<b>\$ 11,040,601</b>	<b>\$ 860,673</b>

	Transfers in					Total Transfers Out
	Major Enterprise				Subtotal Enterprise	
	Water and Wastewater	Drainage Utility	Golf Course	Other Recreation Enterprise		
<b>Transfers out</b>						
General	\$ -	\$ -	\$ 13,207	\$ -	\$ 13,207	\$ 1,511,613
Car rental tax	-	-	-	-	-	5,531,658
Water and wastewater	-	-	-	-	-	1,531,265
Drainage utility	-	-	-	-	-	41,541
Nonmajor governmental	-	-	438,102	58,835	496,937	3,770,180
Internal service	-	-	-	-	-	25,161
<b>Total transfers in</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 451,309</b>	<b>\$ 58,835</b>	<b>\$ 510,144</b>	<b>\$ 12,411,418</b>

Transfers are primarily used to move funds from:

- The general fund to the street CIP fund and non-major governmental funds 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 governmental 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 workers' compensation and general liability insurance claims.
- The car rental fund to the internal service funds for equipment purchases.

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

**NOTE 7. INTERFUND TRANSFERS – CONTINUED**

- The non-major governmental funds to the golf course fund to cover a portion of the operating and debt costs associated with the conference center.
- The non-major governmental funds to the other recreation enterprises fund to provide funding for approved projects.
- Internal service funds to general debt service for a portion of the debt payment and to the non-major governmental funds to provide project funding.

**NOTE 8. RISK MANAGEMENT**

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

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

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

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

The City provides employee health insurance coverage on a self-insured basis. Premiums are paid into a separate insurance fund by other funds, by the City's employees, and by retirees. The premiums are used to fund claims, administrative costs of the program, and claim reserves. An excess coverage insurance policy covers individual claims in excess of \$125,000 and aggregate claims in excess of \$6,661,017. During fiscal year 2019, the City and the City's employees contributed approximately \$4,525,714 and \$1,431,817 respectively, for medical coverage.

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

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

**NOTE 8. RISK MANAGEMENT – CONTINUED**

Changes in the balances of health and dental claims liabilities for the years ended September 30, 2019 and 2018 are as follows:

	2019	2018
Unpaid claims, beginning of year	\$ 608,000	\$ 885,000
Incurred claims	2,728,588	2,946,653
Paid claims	(2,903,588)	(3,223,653)
Unpaid claims, end of year	\$ 433,000	\$ 608,000

Settlement amounts have not exceeded stop loss insurance coverage for the year ended September 30, 2019 or any of the three preceding years ended September 30.

**NOTE 9. DEFINED BENEFIT PENSION PLAN**

**Plan Description**

The City participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS’s defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

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

**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.

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

**NOTE 9. DEFINED BENEFIT PENSION PLAN – CONTINUED**

**Benefits Provided – Continued**

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, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	247
Inactive employees entitled to, but not yet receiving benefits	170
Active employees	<u>382</u>
Total	<u><u>799</u></u>

**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, 2019. The contribution rates for the City were 17.80% and 17.51% in calendar years 2018 and 2019, respectively. The City’s contributions to TMRS for the year ended September 30, 2019 were \$5,174,020 and were equal to the required contributions.

**Net Pension Liability**

The City’s Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

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

**NOTE 9. DEFINED BENEFIT PENSION PLAN – CONTINUED**

**Actuarial Assumptions**

The TPL in the December 31, 2018 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.

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).

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

**NOTE 9. DEFINED BENEFIT PENSION PLAN – CONTINUED**

**Actuarial Assumptions – Continued**

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2019 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%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
Total	<u>100.0%</u>	

**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.

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

**NOTE 9. DEFINED BENEFIT PENSION PLAN – CONTINUED**

**Changes in the Net Pension Liability**

	Increase (Decrease)		
	TPL (a)	Plan Fiduciary Net Position (b)	NPL (a) - (b)
Balance at 12/31/2017	\$ 206,651,269	\$ 192,090,628	\$ 14,560,641
Changes for the year:			
Service cost	5,253,722	-	5,253,722
Interest	13,864,487	-	13,864,487
Change of benefit terms	-	-	-
Difference between expected and actual experience	(206,128)	-	(206,128)
Changes of assumptions	-	-	-
Contributions - employer	-	5,146,736	(5,146,736)
Contributions - employee	-	2,023,998	(2,023,998)
Net investment income	-	(5,754,957)	5,754,957
Benefit payments, including refunds of employee contributions	(7,756,635)	(7,756,635)	-
Administrative expense	-	(111,206)	111,206
Other changes	-	(5,810)	5,810
Net changes	11,155,446	(6,457,874)	17,613,320
Balance at 12/31/2018	<u>\$ 217,806,715</u>	<u>\$ 185,632,754</u>	<u>\$ 32,173,961</u>

**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	\$ 62,929,686	\$ 32,173,961	\$ 6,913,692

**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](http://www.tmrs.com).

**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**

For the year ended September 30, 2019, the City recognized pension expense of \$7,716,688.

At September 30, 2019, 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	\$ -	\$ 431,821
Changes in actuarial assumptions	-	146,976
Difference between projected and actual investment earnings	9,934,982	-
Contributions subsequent to the measurement date	3,605,248	-
Total	<u>\$ 13,540,230</u>	<u>\$ 578,797</u>

\$3,605,248 reported as deferred outflows of resources related to the pension 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year December 31,	Net Deferred Outflows/(Inflows) of Resources
2019	\$ 3,156,296
2020	1,190,955
2021	1,302,675
2022	3,711,091
2023	(4,832)
Total	<u>\$ 9,356,185</u>

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

**NOTE 10. OTHER POSTEMPLOYMENT BENEFITS**

**Postemployment Healthcare Plan**

**Plan Description**

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

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

*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 <https://www.eulesstx.gov/departments/finance/cafr>.

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.

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

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

**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.

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	\$ 908.73	\$ 739.68	\$ 33.10	\$ 8.26
Retiree plus Children	1,726.59	1,405.39	62.89	13.50
Retiree plus Spouse	2,090.08	1,701.26	76.13	16.04
Retiree plus Family	2,635.32	2,145.07	96.00	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		Hired Post-10/2014	
	Retiree	Retiree+	Retiree	Retiree+	Retiree	Retiree+
10 to 14 years	15%	30%	N/A	N/A	N/A	N/A
15 to 19 years	25%	40%	N/A	N/A	N/A	N/A
20 to 24 years	35%	50%	35%	50%	N/A	N/A
25 to 29 years	50%	65%	50%	65%	N/A	N/A
30+ years	60%	75%	60%	75%	N/A	N/A

**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 on or 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**

At the September 30, 2018 actuarial valuation and measurement date, 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>9/30/2019 Allocation</u>
Equity	60-85%	75%	58%
Fixed income	10-30%	20%	38%
Cash	0-20%	5%	4%
		<u>100%</u>	<u>100%</u>

*Rate of return.* For the year ended September 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 4.07%. 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, 2019:

<u>Asset Class</u>	<u>Investment Vehicle</u>	<u>% of Portfolio</u>
Equity	Vanguard Growth & Income Adm	12.86%
Equity	Dodge & Cox Stock Fund	6.87%
Fixed Income	Vanguard Short-Term Corp Adm Fund	6.07%
Fixed Income	PGIM Total Return Bond R6	10.82%
Fixed Income	PIMCO Total Rturn Instl Fund	10.82%
Fixed Income	DoubleLine Core Fixed Income I	10.79%

**Net OPEB Liability of the City**

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

	<u>2019</u>	<u>2018</u>
Total OPEB liability	\$ 19,126,287	\$ 18,214,654
Plan fiduciary net position	<u>(7,413,365)</u>	<u>(6,438,118)</u>
 City's net OPEB liability	 <u>\$ 11,712,922</u>	 <u>\$ 11,776,536</u>
 Plan fiduciary net assets as a percent of the total OPEB liability	 38.76%	 35.35%

**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, 2019. The actuarial assumptions include:

Inflation	2.5% per annum
Salary increases	3.00%
Investment rate of return	7.50%
Healthcare cost trend rates	7.3% with annual increases/decreases to an ultimate rate of 4.20% in 2044
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 7.21% with an expected standard deviation of 11.85%. 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	\$ 15,346,916	\$ 11,712,922	\$ 8,843,979

**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	\$ 8,790,831	\$ 11,712,922	\$ 14,843,022

**Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at 9/30/2018	\$ 18,214,654	\$ 6,438,118	\$ 11,776,536
Changes for the year:			
Service cost	435,930	-	435,930
Interest	1,360,548	-	1,360,548
Change of benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Difference in expected and actual net investment income	-	(226,279)	226,279
Contributions - employer	-	1,583,715	(1,583,715)
Contributions - other	270,205	270,205	-
Net investment income	-	502,656	(502,656)
Benefit payments, including refunds of employee contributions	(1,019,931)	(1,019,931)	-
Administrative expense	(135,119)	(135,119)	-
Net changes	911,633	975,247	(63,614)
Balance at 9/30/2019	\$ 19,126,287	\$ 7,413,365	\$ 11,712,922

*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 OPEB**

For the year ended September 30, 2019, the City recognized OPEB expense of \$1,479,142.

At September 30, 2019, 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	\$ 875,992	\$ -
Changes in actuarial assumptions	-	478,885
Difference between projected and actual investment earnings	204,109	-
Total	\$ 1,080,101	\$ 478,885

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

Fiscal Year Ending September 30,	Net Deferred Outflows/(Inflows) of Resources
2020	\$ 185,320
2021	185,320
2022	185,320
2023	45,256
Total	\$ 601,216

**NOTE 11. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

As of September 30, 2019, the grant special revenue fund had an excess of expenditures over appropriations of \$14,335.

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

**NOTE 12. SUBSEQUENT EVENT**

On December 12, 2019, the Eules Development Corporation, a blended component unit of the City, issued \$4,120,000 of Eules Development Corporation Sales Tax Revenue Bonds, Series 2019. Proceeds will be used for construction of parks and park facilities, specifically Texas Star Sports Complex Phase VII Construction, as approved in the Capital Improvements Program Budget and the financing thereof.

On January 14, 2020, the City Council approved the issuance of \$7,115,000 of Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, series 2020 for the purpose of paying contractual obligations to be incurred for (i) the construction of public works, to wit; acquiring, designing, constructing, improving, expanding, and equipping one or more fire stations (including the demolition of existing fire Station #1); and (ii) professional services rendered in relation to such projects and the financing thereof.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

	2018*	2017*	2016*	2015*	2014*
<b>Total pension liability</b>					
Service cost	\$ 5,253,722	\$ 5,149,378	\$ 4,868,631	\$ 4,539,237	\$ 4,331,759
Interest (on the total pension liability)	13,864,487	13,129,452	12,462,429	12,302,430	11,698,243
Difference in expected and actual experience	(206,128)	169,296	(361,966)	(579,992)	(752,184)
Change in assumptions	-	-	-	(595,757)	-
Benefit payments, including refunds of employee contributions	<u>(7,756,635)</u>	<u>(7,465,146)</u>	<u>(6,990,135)</u>	<u>(6,911,946)</u>	<u>(6,588,671)</u>
Net change in total pension liability	11,155,446	10,982,980	9,978,959	8,753,972	8,689,147
Total pension liability, beginning of year	<u>206,651,269</u>	<u>195,668,289</u>	<u>185,689,330</u>	<u>176,935,358</u>	<u>168,246,211</u>
Total pension liability, ending of year	<u>\$ 217,806,715</u>	<u>\$ 206,651,269</u>	<u>\$ 195,668,289</u>	<u>\$ 185,689,330</u>	<u>\$ 176,935,358</u>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 5,146,736	\$ 5,027,855	\$ 4,691,585	\$ 4,644,735	\$ 4,787,533
Contributions - employee	2,023,998	1,981,736	1,877,709	1,801,285	1,789,251
Net investment income	(5,754,957)	23,456,668	10,748,002	235,212	8,631,343
Benefit payments, including refunds of employee contributions	(7,756,635)	(7,465,146)	(6,990,135)	(6,911,946)	(6,588,671)
Administrative expense	(111,206)	(121,542)	(121,371)	(143,262)	(90,113)
Other	<u>(5,810)</u>	<u>(6,160)</u>	<u>(6,539)</u>	<u>(7,076)</u>	<u>(7,409)</u>
Net change in plan fiduciary net position	(6,457,874)	22,873,411	10,199,251	(381,052)	8,521,934
Plan fiduciary net position - beginning	<u>192,090,628</u>	<u>169,217,217</u>	<u>159,017,966</u>	<u>159,399,018</u>	<u>150,877,084</u>
Plan fiduciary net position - ending	<u>\$ 185,632,754</u>	<u>\$ 192,090,628</u>	<u>\$ 169,217,217</u>	<u>\$ 159,017,966</u>	<u>\$ 159,399,018</u>
Net pension liability - ending	\$ 32,173,961	\$ 14,560,641	\$ 26,451,072	\$ 26,671,364	\$ 17,536,340
Plan fiduciary net position as a % of total pension liability	85.23%	92.95%	86.48%	85.64%	90.09%
Covered employee payroll	\$ 28,914,263	\$ 28,308,838	\$ 26,824,411	\$ 25,732,638	\$ 25,560,729
Net pension liability as a % of covered employee payroll	111.27%	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**

	2019*	2018*	2017*	2016*	2015*
Actuarially determined contributions	\$ 5,174,020	\$ 5,094,779	\$ 4,971,811	\$ 4,670,520	\$ 4,602,538
Actual contributions	(5,174,020)	(5,094,779)	(4,971,811)	(4,670,520)	(4,602,538)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City covered employee payroll	\$ 29,411,252	\$ 28,640,420	\$ 28,113,691	\$ 26,464,297	\$ 25,453,407
Ratio of actual contributions to covered payroll amount	17.80% and 17.51%	17.76% and 17.80%	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	25 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 -
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**

	2019*	2018*	2017*
<b>Total OPEB liability</b>			
Service cost	\$ 435,930	\$ 447,155	\$ 75,083
Interest on total OPEB liability	1,360,548	1,271,483	825,331
Effect of changes of benefit terms	-	-	-
Effect of difference between expected and actual experience	-	1,459,988	432,425
Contributions - other	270,205	-	-
Effect of changes of assumptions	-	(798,143)	5,480,748
Administrative expense	(135,119)	-	-
Benefit payments	(1,019,931)	(1,230,281)	(1,332,839)
Net change in OPEB liability	911,633	1,150,202	5,480,748
Beginning balance	18,214,654	17,064,452	11,583,704
Ending balance	<u>\$ 19,126,287</u>	<u>\$ 18,214,654</u>	<u>\$ 17,064,452</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 1,583,715	\$ 1,754,093	\$ 1,832,839
Contributions - other	270,205	320,471	-
Net investment income	502,656	381,824	559,716
Difference in expected and actual net investment income	(226,279)	-	-
Benefit payments	(1,019,931)	(1,230,281)	(1,332,839)
Administrative expense	(135,119)	(147,597)	(13,525)
Net change in plan fiduciary net position	975,247	1,078,510	1,046,191
Beginning balance	6,438,118	5,359,608	4,313,417
Ending balance	<u>\$ 7,413,365</u>	<u>\$ 6,438,118</u>	<u>\$ 5,359,608</u>
City's net OPEB liability ending	\$ 11,712,922	\$ 11,776,536	\$ 11,704,844
Plan fiduciary net position as a % of the total OPEB liability	39%	35%	31%
Covered employee payroll	\$ 29,411,252	\$ 28,640,420	\$ 25,944,080
City's net OPEB liability as a % of covered employee payroll	40%	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**

<b>Schedule of City OPEB Contributions</b>	2019*	2018*	2017*
Actuarially determined contribution	\$ 1,486,177	\$ 1,492,738	\$ 1,226,144
Contributed in relation to the actuarially determined contribution	1,583,715	1,754,093	1,832,839
Contribution deficiency (excess)	\$ (97,538)	\$ (261,355)	\$ (606,695)
 Covered employee payroll	 \$ 29,411,252	 \$ 28,640,420	 \$ 25,944,080
 Contributions as a percentage of covered employee payroll	 5.4%	 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 (rolled forward to 9/30/2019)	
Actuarial cost method	Entry Age Normal	
Amortization method	Level Dollar Method	
Remaining amortization period	28 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	7.3% increasing/declining annually to 4.2% in 2044+	
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**  
**YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
General property tax				
Current and delinquent taxes	\$ 15,185,605	\$ 15,185,605	\$ 15,136,632	\$ (48,973)
Penalty and interest	65,000	65,000	56,913	(8,087)
Total property tax	15,250,605	15,250,605	15,193,545	(57,060)
Gross receipts and mixed beverage tax				
Telephone line access fee	268,000	268,000	250,706	(17,294)
Electric company	1,700,266	1,700,266	1,680,213	(20,053)
Gas company	430,000	430,000	381,306	(48,694)
Cable TV	580,000	580,000	551,611	(28,389)
City garbage service	252,000	252,000	264,926	12,926
Water and wastewater system	1,298,677	1,298,677	1,289,265	(9,412)
Others	191,300	191,300	160,095	(31,205)
Total gross receipts and mixed beverage tax	4,720,243	4,720,243	4,578,122	(142,121)
General sales tax	13,193,953	13,193,953	13,038,632	(155,321)
Fines and fees				
Municipal court fines	2,383,980	2,383,980	2,080,267	(303,713)
Jail income	200,000	200,000	175,239	(24,761)
Dog licenses and pound fees	7,500	7,500	7,605	105
Ambulance fees	1,010,000	1,010,000	905,783	(104,217)
Library fees	5,100	5,100	5,649	549
Zoning fees	17,000	17,000	20,041	3,041
Deferred adjudication fee	130,000	130,000	118,475	(11,525)
Total fines and fees	3,753,580	3,753,580	3,313,059	(440,521)
Licenses and permits				
Building permits	300,000	300,000	1,720,499	1,420,499
Miscellaneous permits	274,000	274,000	321,552	47,552
Minimum housing	79,015	79,015	63,665	(15,350)
Total licenses and permits	653,015	653,015	2,105,716	1,452,701
Investment income	170,000	170,000	442,141	272,141
Intergovernmental	420,000	420,000	422,585	2,585
Other revenues				
Rental income	559,594	559,594	712,912	153,318
Swimming pools	185,000	185,000	249,384	64,384
Miscellaneous income	249,650	249,650	179,669	(69,981)
Total other revenues	994,244	994,244	1,141,965	147,721
Total revenues	39,155,640	39,155,640	40,235,765	1,080,125

**CITY OF EULESS, TEXAS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2019**

(Continued)

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Expenditures</b>				
Current				
Culture and recreation	\$ 3,476,886	\$ 3,476,886	\$ 3,308,005	\$ 168,881
Development services	796,527	796,527	764,542	31,985
General and administrative	11,810,031	11,608,796	9,026,664	2,582,132
Highways and streets	1,404,700	1,404,700	1,366,556	38,144
Public safety	25,267,822	25,267,822	24,818,499	449,323
Total expenditures	<u>42,755,966</u>	<u>42,554,731</u>	<u>39,284,266</u>	<u>3,270,465</u>
Excess (deficiency) of revenues over (under) expenditures	(3,600,326)	(3,399,091)	951,499	4,350,590
<b>Other financing sources (uses)</b>				
Proceeds from sale of assets	4,000	4,000	8,145	4,145
Transfers in	2,979,037	2,979,037	2,970,891	(8,146)
Transfers out	<u>(1,343,456)</u>	<u>(1,544,691)</u>	<u>(1,511,613)</u>	<u>33,078</u>
Total other financing sources (uses), net	<u>1,639,581</u>	<u>1,438,346</u>	<u>1,467,423</u>	<u>29,077</u>
Net change in fund balance	(1,960,745)	(1,960,745)	2,418,922	4,379,667
Fund balance, beginning of year	<u>14,554,693</u>	<u>14,554,693</u>	<u>14,554,693</u>	<u>-</u>
Fund balance, end of year	<u>\$ 12,593,948</u>	<u>\$ 12,593,948</u>	<u>\$ 16,973,615</u>	<u>\$ 4,379,667</u>

**CITY OF EULESS, TEXAS  
 BUDGETARY COMPARISON SCHEDULE  
 CAR RENTAL SPECIAL REVENUE FUND  
 YEAR ENDED SEPTEMBER 30, 2019**

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Car rental tax	\$ 14,760,765	\$ 14,760,765	\$ 14,797,320	\$ 36,555
Investment income	75,000	75,000	231,387	156,387
Total revenues	14,835,765	14,835,765	15,028,707	192,942
<b>Expenditures</b>				
General and administrative	9,940,510	9,940,510	9,843,484	97,026
Capital outlay	381,339	381,339	-	381,339
Total expenditures	10,321,849	10,321,849	9,843,484	478,365
Excess of revenues over expenditures	4,513,916	4,513,916	5,185,223	671,307
<b>Other financing uses</b>				
Transfers out	(5,481,658)	(5,531,658)	(5,531,658)	-
Total other financing uses	(5,481,658)	(5,531,658)	(5,531,658)	-
<b>Net change in fund balance</b>	(967,742)	(1,017,742)	(346,435)	671,307
<b>Fund balance, beginning of year</b>	4,708,626	4,708,626	4,708,626	-
<b>Fund balance, end of year</b>	<u>\$ 3,740,884</u>	<u>\$ 3,690,884</u>	<u>\$ 4,362,191</u>	<u>\$ 671,307</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 or expenses 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 (TIRZ) #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.

Midtown TIRZ #4 Fund – to account for the accumulation of a portion of the incremental property taxes from taxing entities participating in the tax increment reinvestment zone. The resources are used for the repayment of debt issued to fund public improvements within the district.

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

## **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, 2019**

	Special Revenue Funds				
	Hotel/ Motel Fund	Half-Penny Sales Tax Fund	Police Drug Enforce- ment Fund	Crime Control and Prevention District Fund	Grant Fund
<b>ASSETS</b>					
Deposits and investments	\$ 587,100	\$ 2,799,264	\$ 526,962	\$ 953,500	\$ -
Accounts receivable	188,300	-	-	-	69,152
Property taxes receivable	-	-	-	-	-
Accrued interest receivable	-	3,510	-	-	-
Due from other governments	-	919,848	-	465,152	-
Restricted deposits and investments	-	-	-	-	-
Total assets	<u>\$ 775,400</u>	<u>\$ 3,722,622</u>	<u>\$ 526,962</u>	<u>\$ 1,418,652</u>	<u>\$ 69,152</u>
<b>LIABILITIES</b>					
Liabilities					
Accounts payable	\$ 266,043	\$ 112,870	\$ 1,500	\$ 1,926	\$ 65,620
Accrued salaries and wages	-	94,039	-	120,857	2,719
Total liabilities	266,043	206,909	1,500	122,783	68,339
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
<b>FUND BALANCES</b>					
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted, debt service	-	263,861	-	-	-
Restricted, capital projects	-	-	-	-	-
Restricted, developer agreements	-	-	-	-	-
Restricted, juvenile case management	-	-	-	-	-
Restricted, cable PEG fees	-	-	-	-	-
Restricted, historical preservation	1,245	-	-	-	-
Assigned	508,112	3,251,852	525,462	1,295,869	813
Total fund balances	<u>509,357</u>	<u>3,515,713</u>	<u>525,462</u>	<u>1,295,869</u>	<u>813</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 775,400</u>	<u>\$ 3,722,622</u>	<u>\$ 526,962</u>	<u>\$ 1,418,652</u>	<u>\$ 69,152</u>

**Special Revenue Funds**

<b>Police Seized Assets Fund</b>	<b>Juvenile Case Fund</b>	<b>Glade Parks PID Fund</b>	<b>TIRZ #3 Glade Parks Fund</b>	<b>Midtown PID Fund</b>	<b>Midtown TIRZ #4 Fund</b>	<b>Cable PEG Fees Fund</b>	<b>Special Revenue Funds Total</b>
\$ 279,543	\$ 287,972	\$ 750,000	\$ 1,145,696	\$ 87,437	\$ 39,865	\$ 759,969	\$ 8,217,308
-	4,584	-	40,726	-	-	27,000	329,762
-	-	-	26,777	-	11,859	-	38,636
-	-	-	-	-	-	-	3,510
-	-	-	-	-	-	-	1,385,000
-	-	-	-	-	-	-	-
<u>\$ 279,543</u>	<u>\$ 292,556</u>	<u>\$ 750,000</u>	<u>\$ 1,213,199</u>	<u>\$ 87,437</u>	<u>\$ 51,724</u>	<u>\$ 786,969</u>	<u>\$ 9,974,216</u>
\$ -	\$ 2,995	\$ -	\$ -	\$ -	\$ -	\$ 895	\$ 451,849
2,087	4,072	-	-	-	-	-	223,774
2,087	7,067	-	-	-	-	895	675,623
-	4,612	-	-	-	-	-	4,612
-	4,612	-	-	-	-	-	4,612
-	-	-	-	-	-	-	-
-	-	750,000	-	-	-	-	1,013,861
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	280,877	-	-	-	-	-	280,877
-	-	-	-	-	-	786,074	786,074
-	-	-	-	-	-	-	1,245
277,456	-	-	1,213,199	87,437	51,724	-	7,211,924
277,456	280,877	750,000	1,213,199	87,437	51,724	786,074	9,293,981
<u>\$ 279,543</u>	<u>\$ 292,556</u>	<u>\$ 750,000</u>	<u>\$ 1,213,199</u>	<u>\$ 87,437</u>	<u>\$ 51,724</u>	<u>\$ 786,969</u>	<u>\$ 9,974,216</u>

**CITY OF EULESS, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2019**

	<b>Capital Project Funds</b>			
	<b>Half-Penny Sales Tax CIP Fund</b>	<b>Developers' Contribution Fund</b>	<b>General CIP Fund</b>	<b>Redevelopment CIP Fund</b>
<b>ASSETS</b>				
Deposits and investments	\$ 915,237	\$ 2,240,331	\$ 1,856,002	\$ 971,143
Accounts receivable	13,712	-	5,840	-
Property taxes receivable	-	-	-	-
Accrued interest receivable	6,263	611	-	-
Due from other governments	-	-	-	-
Restricted deposits and investments	650,796	-	-	-
Total assets	<u>\$ 1,586,008</u>	<u>\$ 2,240,942</u>	<u>\$ 1,861,842</u>	<u>\$ 971,143</u>
<b>LIABILITIES</b>				
Liabilities				
Accounts payable	\$ 247,825	\$ -	\$ -	\$ -
Accrued salaries and wages	-	-	-	-
Total liabilities	247,825	-	-	-
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
<b>FUND BALANCES</b>				
Fund Balances				
Nonspendable	-	-	-	-
Restricted, debt service	-	-	-	-
Restricted, capital projects	650,796	-	-	-
Restricted, developer agreements	-	2,240,942	-	-
Restricted, juvenile case management	-	-	-	-
Restricted, cable PEG fees	-	-	-	-
Restricted, historical preservation	-	-	-	-
Assigned	687,387	-	1,861,842	971,143
Total fund balances	<u>1,338,183</u>	<u>2,240,942</u>	<u>1,861,842</u>	<u>971,143</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,586,008</u>	<u>\$ 2,240,942</u>	<u>\$ 1,861,842</u>	<u>\$ 971,143</u>

<b>Midtown Reserve Fund</b>	<b>TIRZ #4 Midtown CIP Fund</b>	<b>Car Rental CIP Fund</b>	<b>Capital Project Funds Totals</b>	<b>Total Non-major Governmental Funds</b>
\$ -	\$ -	\$ 4,311,943	\$ 10,294,656	\$ 18,511,964
-	-	-	19,552	349,314
-	-	-	-	38,636
-	-	28,007	34,881	38,391
-	-	-	-	1,385,000
999,725	69,475	-	1,719,996	1,719,996
<u>\$ 999,725</u>	<u>\$ 69,475</u>	<u>\$ 4,339,950</u>	<u>\$ 12,069,085</u>	<u>\$ 22,043,301</u>
\$ -	\$ -	\$ 492,803	\$ 740,628	\$ 1,192,477
-	-	-	-	223,774
-	-	492,803	740,628	1,416,251
-	-	-	-	4,612
-	-	-	-	4,612
-	-	-	-	-
-	-	-	-	1,013,861
999,725	69,475	-	1,719,996	1,719,996
-	-	-	2,240,942	2,240,942
-	-	-	-	280,877
-	-	-	-	786,074
-	-	-	-	1,245
-	-	3,847,147	7,367,519	14,579,443
999,725	69,475	3,847,147	11,328,457	20,622,438
<u>\$ 999,725</u>	<u>\$ 69,475</u>	<u>\$ 4,339,950</u>	<u>\$ 12,069,085</u>	<u>\$ 22,043,301</u>

**CITY OF EULESS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES – NON-MAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2019**

	Special Revenue Funds				
	Hotel/ Motel Fund	Half-Penny Sales Tax Fund	Police Drug Enforce- ment Fund	Crime Control and Prevention District Fund	Grant Fund
<b>Revenues</b>					
General property tax	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts tax	841,588	-	-	-	-
General sales tax	-	5,356,697	-	2,671,390	-
Investment income	12,130	41,367	11,447	20,094	-
DEA revenues	-	-	18,353	-	-
Intergovernmental	-	-	-	-	191,147
Rents and royalties	-	73,580	-	-	-
Other revenues	-	-	-	-	-
<b>Total revenues</b>	<b>853,718</b>	<b>5,471,644</b>	<b>29,800</b>	<b>2,691,484</b>	<b>191,147</b>
<b>Expenditures</b>					
Culture and recreation	-	2,749,421	-	-	6,000
Development services	-	206,703	-	-	-
General and administrative	270,870	236,087	-	-	-
Public safety	-	-	23,448	2,651,548	211,562
Debt service					
Principal	-	110,000	-	-	-
Interest and fiscal charges	-	50,435	-	-	-
Capital outlay	-	130,435	-	28,240	10,889
<b>Total expenditures</b>	<b>270,870</b>	<b>3,483,081</b>	<b>23,448</b>	<b>2,679,788</b>	<b>228,451</b>
Excess (deficiency) of revenues over (under) expenditures	582,848	1,988,563	6,352	11,696	(37,304)
<b>Other financing sources (uses)</b>					
Issuance of debt	-	-	-	-	-
Premium on issuance of debt	-	-	-	-	-
Proceeds from sale of assets	-	3,735	-	-	-
Transfers in	-	-	-	-	37,711
Transfers out	(496,937)	(1,032,834)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(496,937)</b>	<b>(1,029,099)</b>	<b>-</b>	<b>-</b>	<b>37,711</b>
<b>Net change in fund balances</b>	<b>85,911</b>	<b>959,464</b>	<b>6,352</b>	<b>11,696</b>	<b>407</b>
<b>Fund balance, beginning of year</b>	<b>423,446</b>	<b>2,556,249</b>	<b>519,110</b>	<b>1,284,173</b>	<b>406</b>
<b>Fund balance, end of year</b>	<b>\$ 509,357</b>	<b>\$ 3,515,713</b>	<b>\$ 525,462</b>	<b>\$ 1,295,869</b>	<b>\$ 813</b>

**Special Revenue Funds**

<b>Police Seized Asset Fund</b>	<b>Juvenile Case Fund</b>	<b>Glade Parks PID Fund</b>	<b>TIRZ #3 Glade Parks Fund</b>	<b>Midtown PID Fund</b>	<b>Midtown TIRZ #4 Fund</b>	<b>Cable PEG Fees Fund</b>	<b>Special Revenue Funds Totals</b>
\$ -	\$ -	\$ -	\$ 1,266,741	\$ -	\$ 51,724	\$ -	\$ 1,318,465
-	-	-	-	-	-	109,122	950,710
-	-	-	353,112	-	-	-	8,381,199
6,252	5,799	-	21,793	676	-	16,221	135,779
-	-	-	-	-	-	-	18,353
-	-	-	-	-	-	-	191,147
-	-	-	-	-	-	-	73,580
-	77,939	-	-	1,114,507	-	-	1,192,446
6,252	83,738	-	1,641,646	1,115,183	51,724	125,343	12,261,679
-	-	-	-	-	-	-	2,755,421
-	-	-	-	-	-	-	206,703
-	72,367	-	-	20,381	-	16,934	616,639
33,181	-	-	-	-	-	-	2,919,739
-	-	-	-	-	-	-	110,000
-	-	-	-	-	-	-	50,435
-	-	-	-	-	-	12,731	182,295
33,181	72,367	-	-	20,381	-	29,665	6,841,232
(26,929)	11,371	-	1,641,646	1,094,802	51,724	95,678	5,420,447
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
13,745	-	-	-	-	-	-	17,480
-	-	-	-	-	-	-	37,711
-	-	-	(1,130,268)	(1,077,388)	-	-	(3,737,427)
13,745	-	-	(1,130,268)	(1,077,388)	-	-	(3,682,236)
(13,184)	11,371	-	511,378	17,414	51,724	95,678	1,738,211
290,640	269,506	750,000	701,821	70,023	-	690,396	7,555,770
<u>\$ 277,456</u>	<u>\$ 280,877</u>	<u>\$ 750,000</u>	<u>\$ 1,213,199</u>	<u>\$ 87,437</u>	<u>\$ 51,724</u>	<u>\$ 786,074</u>	<u>\$ 9,293,981</u>

**CITY OF EULESS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES – NON-MAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2019**

	<b>Capital Project Funds</b>			
	<b>Half-Penny Sales Tax CIP Fund</b>	<b>Developers' Contribution Fund</b>	<b>General CIP Fund</b>	<b>Redevelopment CIP Fund</b>
<b>Revenues</b>				
General property tax	\$ -	\$ -	\$ -	\$ -
Gross receipts tax	-	-	-	-
General sales tax	-	-	-	-
Investment income	82,892	47,529	36,592	30,021
DEA revenues	-	-	-	-
Intergovernmental	-	-	-	-
Rents and royalties	-	-	45,223	-
Other revenues	-	28,319	-	-
<b>Total revenues</b>	<b>82,892</b>	<b>75,848</b>	<b>81,815</b>	<b>30,021</b>
<b>Expenditures</b>				
Culture and recreation	124,842	70,224	-	-
Development services	30,342	-	-	-
General and administrative	-	-	-	98,202
Public safety	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	3,471,365	-	-	799,415
<b>Total expenditures</b>	<b>3,626,549</b>	<b>70,224</b>	<b>-</b>	<b>897,617</b>
Excess (deficiency) of revenues over (under) expenditures	(3,543,657)	5,624	81,815	(867,596)
<b>Other financing sources (uses)</b>				
Issuance of debt	1,635,000	-	-	-
Premium on issuance of debt	39,041	-	-	-
Proceeds from sale of assets	-	-	-	-
Transfers in	847,493	-	201,448	500,000
Transfers out	-	(32,753)	-	-
<b>Total other financing sources (uses)</b>	<b>2,521,534</b>	<b>(32,753)</b>	<b>201,448</b>	<b>500,000</b>
<b>Net change in fund balances</b>	<b>(1,022,123)</b>	<b>(27,129)</b>	<b>283,263</b>	<b>(367,596)</b>
<b>Fund balance, beginning of year</b>	<b>2,360,306</b>	<b>2,268,071</b>	<b>1,578,579</b>	<b>1,338,739</b>
<b>Fund balance, end of year</b>	<b>\$ 1,338,183</b>	<b>\$ 2,240,942</b>	<b>\$ 1,861,842</b>	<b>\$ 971,143</b>

<b>Midtown Reserve Fund</b>	<b>TIRZ #4 Midtown CIP Fund</b>	<b>Car Rental CIP Fund</b>	<b>Capital Project Funds Totals</b>	<b>Total Non-major Governmental Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ 1,318,465
-	-	-	-	950,710
-	-	-	-	8,381,199
-	-	123,810	320,844	456,623
-	-	-	-	18,353
-	-	-	-	191,147
-	-	-	45,223	118,803
-	-	-	28,319	1,220,765
-	-	123,810	394,386	12,656,065
-	-	-	195,066	2,950,487
-	-	-	30,342	237,045
-	-	4,145	102,347	718,986
-	-	-	-	2,919,739
-	-	-	-	110,000
-	-	-	-	50,435
-	312,877	1,454,656	6,038,313	6,220,608
-	312,877	1,458,801	6,366,068	13,207,300
-	(312,877)	(1,334,991)	(5,971,682)	(551,235)
-	-	-	1,635,000	1,635,000
-	-	-	39,041	39,041
-	-	-	-	17,480
-	-	3,039,900	4,588,841	4,626,552
-	-	-	(32,753)	(3,770,180)
-	-	3,039,900	6,230,129	2,547,893
-	(312,877)	1,704,909	258,447	1,996,658
999,725	382,352	2,142,238	11,070,010	18,625,780
<u>\$ 999,725</u>	<u>\$ 69,475</u>	<u>\$ 3,847,147</u>	<u>\$ 11,328,457</u>	<u>\$ 20,622,438</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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Gross receipts tax	\$ 864,690	\$ 864,690	\$ 841,588	\$ (23,102)
Investment income	5,000	5,000	12,130	7,130
Total revenues	869,690	869,690	853,718	(15,972)
<b>Expenditures</b>				
General and administrative	400,766	433,230	270,870	162,360
Total expenditures	400,766	433,230	270,870	162,360
Excess of revenues over expenditures	468,924	436,460	582,848	146,388
<b>Other financing uses</b>				
Transfers out	(518,102)	(518,102)	(496,937)	21,165
Total other financing uses	(518,102)	(518,102)	(496,937)	21,165
<b>Net change in fund balance</b>	(49,178)	(81,642)	85,911	167,553
<b>Fund balance, beginning of year</b>	423,446	423,446	423,446	-
<b>Fund balance, end of year</b>	<u>\$ 374,268</u>	<u>\$ 341,804</u>	<u>\$ 509,357</u>	<u>\$ 167,553</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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
General sales tax	\$ 5,413,479	\$ 5,413,479	\$ 5,356,697	\$ (56,782)
Investment income	14,150	14,150	41,367	27,217
Rents and royalties	73,580	73,580	73,580	-
Total revenues	5,501,209	5,501,209	5,471,644	(29,565)
<b>Expenditures</b>				
Culture and recreation	3,810,177	3,810,177	2,879,856	930,321
Development services	755,141	755,141	206,703	548,438
General and administrative	275,156	275,156	236,087	39,069
Debt service				
Principal	95,000	95,000	110,000	(15,000)
Interest and fiscal charges	154,054	154,054	50,435	103,619
Total expenditures	5,089,528	5,089,528	3,483,081	1,606,447
Excess of revenues over expenditures	411,681	411,681	1,988,563	1,576,882
<b>Other financing sources (uses)</b>				
Proceeds from sale of assets	-	-	3,735	3,735
Transfers out	(1,066,533)	(1,066,533)	(1,032,834)	33,699
Total other financing sources (uses), net	(1,066,533)	(1,066,533)	(1,029,099)	37,434
<b>Net change in fund balance</b>	(654,852)	(654,852)	959,464	1,614,316
<b>Fund balance, beginning of year</b>	2,556,249	2,556,249	2,556,249	-
<b>Fund balance, end of year</b>	<u>\$ 1,901,397</u>	<u>\$ 1,901,397</u>	<u>\$ 3,515,713</u>	<u>\$ 1,614,316</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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment income	\$ 7,300	\$ 7,300	\$ 11,447	\$ 4,147
DEA revenues	-	-	18,353	18,353
Total revenues	7,300	7,300	29,800	22,500
<b>Expenditures</b>				
Public safety	200,500	200,500	23,448	177,052
Total expenditures	200,500	200,500	23,448	177,052
Excess (deficiency) of revenues over (under) expenditures	(193,200)	(193,200)	6,352	199,552
<b>Net change in fund balance</b>	(193,200)	(193,200)	6,352	199,552
<b>Fund balance, beginning of year</b>	519,110	519,110	519,110	-
<b>Fund balance, end of year</b>	<u>\$ 325,910</u>	<u>\$ 325,910</u>	<u>\$ 525,462</u>	<u>\$ 199,552</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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive – (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
General sales tax	\$ 2,672,030	\$ 2,672,030	\$ 2,671,390	\$ (640)
Investment income	11,885	11,885	20,094	8,209
Total revenues	2,683,915	2,683,915	2,691,484	7,569
<b>Expenditures</b>				
Public safety	2,782,684	2,782,684	2,679,788	102,896
Total expenditures	2,782,684	2,782,684	2,679,788	102,896
Excess (deficiency) of revenues over (under) expenditures	(98,769)	(98,769)	11,696	110,465
<b>Net change in fund balance</b>	(98,769)	(98,769)	11,696	110,465
<b>Fund balance, beginning of year</b>	1,284,173	1,284,173	1,284,173	-
<b>Fund balance, end of year</b>	<u>\$ 1,185,404</u>	<u>\$ 1,185,404</u>	<u>\$ 1,295,869</u>	<u>\$ 110,465</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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 129,002	\$ 129,002	\$ 191,147	\$ 62,145
Total revenues	129,002	129,002	191,147	62,145
<b>Expenditures</b>				
Culture and recreation	-	6,000	6,000	-
Public safety	151,118	208,116	222,451	(14,335)
Total expenditures	151,118	214,116	228,451	(14,335)
Deficiency of revenues under expenditures	(22,116)	(85,114)	(37,304)	47,810
<b>Other financing sources</b>				
Transfers in	35,456	35,456	37,711	2,255
Total other financing sources	35,456	35,456	37,711	2,255
<b>Net change in fund balance</b>	13,340	(49,658)	407	50,065
<b>Fund balance, beginning of year</b>	406	406	406	-
<b>Fund balance, end of year</b>	<u>\$ 13,746</u>	<u>(\$ 49,252)</u>	<u>\$ 813</u>	<u>\$ 50,065</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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment income	\$ 3,500	\$ 3,500	\$ 6,252	\$ 2,752
Total revenues	3,500	3,500	6,252	2,752
<b>Expenditures</b>				
Public safety	61,506	61,506	33,181	28,325
Total expenditures	61,506	61,506	33,181	28,325
Deficiency of revenues under expenditures	(58,006)	(58,006)	(26,929)	31,077
<b>Other financing sources</b>				
Proceeds from sale of assets	-	-	13,745	13,745
Total other financing sources	-	-	13,745	13,745
<b>Net change in fund balance</b>	(58,006)	(58,006)	(13,184)	44,822
<b>Fund balance, beginning of year</b>	290,640	290,640	290,640	-
<b>Fund balance, end of year</b>	<u>\$ 232,634</u>	<u>\$ 232,634</u>	<u>\$ 277,456</u>	<u>\$ 44,822</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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment income	\$ 3,000	\$ 3,000	\$ 5,799	\$ 2,799
Other revenues	91,000	91,000	77,939	(13,061)
Total revenues	94,000	94,000	83,738	(10,262)
<b>Expenditures</b>				
General and administrative	81,317	81,317	72,367	8,950
Total expenditures	81,317	81,317	72,367	8,950
<b>Net change in fund balance</b>	12,683	12,683	11,371	(1,312)
<b>Fund balance, beginning of year</b>	269,506	269,506	269,506	-
<b>Fund balance, end of year</b>	<u>\$ 282,189</u>	<u>\$ 282,189</u>	<u>\$ 280,877</u>	<u>\$ (1,312)</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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
General property tax	\$ 1,316,474	\$ 1,316,474	\$ 1,266,741	\$ (49,733)
General sales tax	339,743	339,743	353,112	13,369
Investment income	-	-	21,793	21,793
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	1,656,217	1,656,217	1,641,646	(14,571)
<b>Other financing uses</b>				
Transfers out	(1,130,249)	(1,130,249)	(1,130,268)	(19)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing uses	(1,130,249)	(1,130,249)	(1,130,268)	(19)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net change in fund balance</b>	525,968	525,968	511,378	(14,590)
<b>Fund balance, beginning of year</b>	701,821	701,821	701,821	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund balance, end of year</b>	<u>\$ 1,227,789</u>	<u>\$ 1,227,789</u>	<u>\$ 1,213,199</u>	<u>\$ (14,590)</u>

**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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Other revenues	\$ 1,114,529	\$ 1,114,529	\$1,114,507	\$ (22)
Investment income	-	-	676	676
Total revenues	1,114,529	1,114,529	1,115,183	654
<b>Expenditures</b>				
General and administrative	37,141	37,141	20,381	16,760
Total expenditures	37,141	37,141	20,381	16,760
Excess of revenues over expenditures	1,077,388	1,077,388	1,094,802	17,414
<b>Other financing uses</b>				
Transfers out	(1,077,388)	(1,077,388)	(1,077,388)	-
Total other financing uses	(1,077,388)	(1,077,388)	(1,077,388)	-
<b>Net change in fund balance</b>	-	-	17,414	17,414
<b>Fund balance, beginning of year</b>	70,023	70,023	70,023	-
<b>Fund balance, end of year</b>	<u>\$ 70,023</u>	<u>\$ 70,023</u>	<u>\$ 87,437</u>	<u>\$ 17,414</u>

**CITY OF EULESS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –**  
**BUDGET AND ACTUAL**  
**TIRZ #4 MIDTOWN SPECIAL REVENUE FUND**  
**YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property tax revenues	\$ 37,820	\$ 37,820	\$ 51,724	\$ 13,904
Total revenues	<u>37,820</u>	<u>37,820</u>	<u>51,724</u>	<u>13,904</u>
<b>Net change in fund balance</b>	37,820	37,820	51,724	13,904
<b>Fund balance, beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 37,820</u>	<u>\$ 37,820</u>	<u>\$ 51,724</u>	<u>\$ 13,904</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, 2019**

	<u>Budgeted Amounts</u>		<b>Actual GAAP Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Gross receipts tax	\$ 111,000	\$ 111,000	\$ 109,122	\$ (1,878)
Investment income	-	-	16,221	16,221
Total revenues	111,000	111,000	125,343	14,343
<b>Expenditures</b>				
General and administrative	60,000	60,000	16,934	43,066
Capital outlay	60,000	60,000	12,731	47,269
Total expenditures	120,000	120,000	29,665	90,335
<b>Net change in fund balance</b>	(9,000)	(9,000)	95,678	104,678
<b>Fund balance, beginning of year</b>	690,396	690,396	690,396	-
<b>Fund balance, end of year</b>	<u>\$ 681,396</u>	<u>\$ 681,396</u>	<u>\$ 786,074</u>	<u>\$ 104,678</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 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, 2019**

	<b>Equipment Replacement Fund</b>	<b>Insurance Fund</b>	<b>Risk/WC Fund</b>	<b>Total</b>
<b>ASSETS</b>				
Deposits and investments	\$ 4,786,193	\$ 5,014,002	\$ 2,181,464	\$ 11,981,659
Accounts receivable	-	40,070	52,852	92,922
Prepaid expenses	-	62,157	-	62,157
Accrued interest receivable	9,656	7,780	-	17,436
Total current assets	4,795,849	5,124,009	2,234,316	12,154,174
Property, plant, and equipment, at cost				
Equipment	14,246,598	-	170,157	14,416,755
Less accumulated depreciation	8,655,681	-	51,693	8,707,374
Net property, plant, and equipment	5,590,917	-	118,464	5,709,381
Total assets	10,386,766	5,124,009	2,352,780	17,863,555
<b>LIABILITIES</b>				
Accounts payable	-	23,275	277,042	300,317
Accrued salary and wages	-	5,853	4,054	9,907
Current portion of compensated absences	-	457	119	576
Accrued insurance claims	-	433,000	2,843	435,843
Total current liabilities	-	462,585	284,058	746,643
Compensated absences	-	4,115	1,072	5,187
Total non-current liabilities	-	4,115	1,072	5,187
Total liabilities	-	466,700	285,130	751,830
<b>NET POSITION</b>				
Net investment in capital assets	5,590,917	-	118,464	5,709,381
Unrestricted	4,795,849	4,657,309	1,949,186	11,402,344
Total net position	<u>\$ 10,386,766</u>	<u>\$ 4,657,309</u>	<u>\$ 2,067,650</u>	<u>\$ 17,111,725</u>

**CITY OF EULESS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2019**

	<b>Equipment Replacement Fund</b>	<b>Insurance Fund</b>	<b>Risk/WC Fund</b>	<b>Total</b>
<b>Operating revenues</b>				
Insurance premiums	\$ -	\$ 5,957,487	\$ 507,813	\$ 6,465,300
Intergovernmental	-	-	48,077	48,077
Service fees and miscellaneous	1,536,169	869,152	-	2,405,321
<b>Total operating revenues</b>	<b>1,536,169</b>	<b>6,826,639</b>	<b>555,890</b>	<b>8,918,698</b>
<b>Operating expenses</b>				
General and administrative	91,477	1,762,940	87,979	1,942,396
Insurance costs	-	4,469,286	1,112,837	5,582,123
Depreciation	1,374,829	-	12,461	1,387,290
<b>Total operating expenses</b>	<b>1,466,306</b>	<b>6,232,226</b>	<b>1,213,277</b>	<b>8,911,809</b>
Operating income (loss)	69,863	594,413	(657,387)	6,889
<b>Nonoperating revenues</b>				
Gain on sale of capital assets	106,820	-	-	106,820
Investment income	95,650	115,879	47,262	258,791
<b>Total nonoperating revenues</b>	<b>202,470</b>	<b>115,879</b>	<b>47,262</b>	<b>365,611</b>
Income (loss) before transfers	272,333	710,292	(610,125)	372,500
<b>Transfers</b>				
Transfers in	376,673	-	484,000	860,673
Transfers out	(161)	-	(25,000)	(25,161)
<b>Net transfers</b>	<b>376,512</b>	<b>-</b>	<b>459,000</b>	<b>835,512</b>
<b>Change in net position</b>	<b>648,845</b>	<b>710,292</b>	<b>(151,125)</b>	<b>1,208,012</b>
<b>Net position, beginning of year</b>	<b>9,737,921</b>	<b>3,947,017</b>	<b>2,218,775</b>	<b>15,903,713</b>
<b>Net position, end of year</b>	<b>\$ 10,386,766</b>	<b>\$ 4,657,309</b>	<b>\$ 2,067,650</b>	<b>\$ 17,111,725</b>

**CITY OF EULESS, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2019**

	<b>Equipment Replacement Fund</b>	<b>Insurance Fund</b>	<b>Risk/WC Fund</b>	<b>Total</b>
<b>OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 1,536,169	\$ 6,834,362	\$ 503,038	\$ 8,873,569
Cash payments to suppliers for goods and services	(99,759)	(6,374,061)	(1,152,329)	(7,626,149)
Cash payments to employees for services	-	(78,628)	(62,146)	(140,774)
Net cash provided by (used in) operating activities	1,436,410	381,673	(711,437)	1,106,646
<b>NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	376,673	-	484,000	860,673
Transfers out	(161)	-	(25,000)	(25,161)
Net cash provided by noncapital financing activities	376,512	-	459,000	835,512
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	(1,041,719)	-	(99,943)	(1,141,662)
Proceeds from sale of capital assets	106,820	-	-	106,820
Net cash used in capital and related financing activities	(934,899)	-	(99,943)	(1,034,842)
<b>INVESTING ACTIVITIES</b>				
Interest received on investments	94,442	123,384	52,887	270,713
Net cash provided by investing activities	94,442	123,384	52,887	270,713
Net increase in cash and cash equivalents	972,465	505,057	(299,493)	1,178,029
<b>Cash and cash equivalents, beginning of year</b>	<b>3,813,728</b>	<b>4,508,945</b>	<b>2,480,957</b>	<b>10,803,630</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 4,786,193</b>	<b>\$ 5,014,002</b>	<b>\$ 2,181,464</b>	<b>\$ 11,981,659</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>				
Operating income (loss)	\$ 69,863	\$ 594,413	\$ (657,387)	\$ 6,889
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	1,374,829	-	12,461	1,387,290
Change in assets and liabilities				
Receivables	-	7,723	(52,852)	(45,129)
Prepays	-	(59,957)	3,000	(56,957)
Accounts payable	(8,282)	12,512	(19,000)	(14,770)
Accrued salaries and wages	-	1,982	2,341	4,323
Accrued insurance claims	-	(175,000)	-	(175,000)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 1,436,410</b>	<b>\$ 381,673</b>	<b>\$ (711,437)</b>	<b>\$ 1,106,646</b>
<b>Reconciliation of cash to balance sheet:</b>				
Cash - current	\$ 4,786,193	\$ 5,014,002	\$ 2,181,464	\$ 11,981,659
Cash and cash equivalents	\$ 4,786,193	\$ 5,014,002	\$ 2,181,464	\$ 11,981,659

**CITY OF EULESS, TEXAS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ESCROW AGENCY FUNDS  
 YEAR ENDED SEPTEMBER 30, 2019**

	<u>Balance October 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2019</u>
<b>Stars Center Escrow Fund</b>				
<b>Assets</b>				
Investments at fair value	\$ 1,427,488	\$ 32,954	\$ (31,849)	\$ 1,428,593
Total assets	<u>\$ 1,427,488</u>	<u>\$ 32,954</u>	<u>\$ (31,849)</u>	<u>\$ 1,428,593</u>
<b>Liabilities</b>				
Due to other entities	\$ 1,420,547	\$ -	\$ -	\$ 1,420,547
Refunds payable	6,941	8,046	(6,941)	8,046
Total liabilities	<u>\$ 1,427,488</u>	<u>\$ 8,046</u>	<u>\$ (6,941)</u>	<u>\$ 1,428,593</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									
	2010*	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental activities</b>										
Net investment in capital assets	\$ 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	\$ 99,744,023
Restricted	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	26,158,342
Unrestricted	24,933,443	31,448,528	27,192,202	24,910,579	23,921,387	17,302,574	3,610,521	12,466,943	10,698,663	18,071,669
<b>Total governmental activities net position</b>	<b>\$ 100,124,897</b>	<b>\$ 104,318,579</b>	<b>\$ 109,447,971</b>	<b>\$ 117,277,635</b>	<b>\$ 123,083,378</b>	<b>\$ 122,508,982</b>	<b>\$ 129,255,119</b>	<b>\$ 136,269,089</b>	<b>\$ 137,029,994</b>	<b>\$ 143,974,034</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 53,318,214	\$ 53,132,882	\$ 52,202,849	\$ 52,334,570	\$ 55,160,898	\$ 55,396,268	\$ 59,184,256	\$ 62,421,284	\$ 63,283,054	\$ 65,621,697
Restricted for debt service	438,340	438,948	309,595	314,171	317,758	733,562	733,164	733,264	1,018,037	1,426,830
Restricted for capital projects	-	-	-	-	232,300	1,183,350	4,265,268	1,166,442	3,962,644	10,646,450
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	3,047,942
Unrestricted	13,987,730	16,947,928	17,703,257	18,150,441	15,047,594	12,554,695	11,122,601	14,528,797	12,286,319	7,130,279
<b>Total business-type activities net position</b>	<b>\$ 70,743,440</b>	<b>\$ 73,169,094</b>	<b>\$ 72,616,918</b>	<b>\$ 73,539,838</b>	<b>\$ 72,634,943</b>	<b>\$ 71,834,190</b>	<b>\$ 77,285,439</b>	<b>\$ 81,316,882</b>	<b>\$ 83,445,731</b>	<b>\$ 87,873,198</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 127,133,718	\$ 124,183,976	\$ 130,031,799	\$ 140,562,852	\$ 149,323,804	\$ 154,936,226	\$ 167,319,911	\$ 175,930,373	\$ 175,993,392	\$ 165,365,720
Restricted	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	41,279,564
Unrestricted	38,921,173	48,396,456	44,895,459	43,061,020	38,968,981	29,857,269	14,733,122	26,995,740	22,984,982	25,201,948
<b>Total primary government net position</b>	<b>\$ 170,868,337 *</b>	<b>\$ 177,487,673</b>	<b>\$ 182,064,889</b>	<b>\$ 190,817,473</b>	<b>\$ 195,718,321</b>	<b>\$ 194,343,172</b>	<b>\$ 206,540,558</b>	<b>\$ 217,585,971</b>	<b>\$ 220,475,725</b>	<b>\$ 231,847,232</b>

**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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
Governmental activities:										
Culture and recreation	\$ 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	\$ 7,330,168
Development services	1,692,845	1,707,148	972,770	1,155,089	1,367,005	877,713	918,214	999,153	1,038,328	1,057,414
General and administrative	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	21,112,696
Highways and streets	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	7,193,189
Public safety	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	30,352,705
Interest on long-term debt	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	2,010,814
Total governmental activities expenses	<u>47,234,117</u>	<u>47,793,963</u>	<u>49,176,536</u>	<u>52,211,981</u>	<u>54,791,725</u>	<u>55,614,129</u>	<u>60,828,505</u>	<u>63,075,732</u>	<u>62,309,045</u>	<u>69,056,986</u>
Business-type activities:										
Water and wastewater	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	23,493,321
Drainage utility	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	1,563,021
Golf	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	4,731,810
Other recreation enterprises	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	2,270,768
Total business-type activities expenses	<u>24,470,139</u>	<u>25,471,075</u>	<u>25,811,645</u>	<u>26,863,907</u>	<u>28,111,412</u>	<u>27,455,761</u>	<u>29,045,022</u>	<u>30,024,469</u>	<u>31,921,401</u>	<u>32,058,920</u>
Total primary government expenses	<u>71,704,256</u>	<u>73,265,038</u>	<u>74,988,181</u>	<u>79,075,888</u>	<u>82,903,137</u>	<u>83,069,890</u>	<u>89,873,527</u>	<u>93,100,201</u>	<u>94,230,446</u>	<u>101,115,906</u>
<b>Program Revenues</b>										
Governmental activities:										
Fees, fines, and charges for services										
Culture and recreation	66,368	69,950	65,912	297,361	304,283	317,024	291,349	264,307	252,000	266,091
Development services	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	2,133,420
General and administrative	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	861,929
Highways and streets	-	-	54,622	112,736	218,012	93,258	350,920	607,588	988,302	1,114,507
Public safety	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	2,541,205
Operating grants and contributions	511,093	469,404	481,655	2,978,933	633,080	597,437	578,007	592,870	740,969	622,061
Capital grants and contributions	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	1,304,420
Total governmental activities program revenues	<u>7,824,754</u>	<u>7,313,700</u>	<u>7,412,472</u>	<u>10,528,101</u>	<u>8,944,050</u>	<u>10,440,544</u>	<u>10,982,965</u>	<u>10,148,969</u>	<u>10,381,811</u>	<u>8,843,633</u>
Business-type activities:										
Charges for services										
Water and wastewater	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	26,400,731
Drainage utility	691,800	694,751	705,474	708,984	712,971	716,595	725,152	730,202	818,622	826,711
Golf	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	4,067,026
Other recreation enterprises	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	2,197,926
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	26,400	772,714	368,882	1,847,097	2,037,263	1,746,638	2,943,188	2,280,769	1,729,219	3,058,291
Total business-type activities program revenues	<u>25,256,545</u>	<u>28,877,414</u>	<u>25,889,346</u>	<u>28,398,103</u>	<u>27,968,250</u>	<u>29,073,507</u>	<u>33,674,717</u>	<u>33,606,072</u>	<u>36,513,483</u>	<u>36,550,685</u>
Total primary government program revenues	<u>33,081,299</u>	<u>36,191,114</u>	<u>33,301,818</u>	<u>38,926,204</u>	<u>36,912,300</u>	<u>39,514,051</u>	<u>44,657,682</u>	<u>43,755,041</u>	<u>46,895,294</u>	<u>45,394,318</u>
	(Continued)									

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

Table 2

**Net (Expense) Revenue**

Governmental activities	\$ (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)	\$ (60,213,353)
Business-type activities	786,406	3,406,339	77,701	1,534,196	(143,162)	1,617,746	4,629,695	3,581,603	4,592,082	4,491,765
Total primary government net expense	<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>	<u>(55,721,588)</u>

**General Revenues  
and Other Changes in Net Position**

Governmental activities:

Taxes										
Property taxes, levied for general purposes	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	20,428,821
Sales taxes	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	21,419,831
Car rental taxes	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	14,797,320
Mixed beverage taxes	71,653	66,383	54,138	60,823	69,160	84,533	101,503	128,250	154,035	138,219
Hotel/motel occupancy taxes	237,429	272,809	292,931	329,368	343,312	391,991	696,805	798,905	864,829	841,588
Gross receipts taxes	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	4,549,026
Investment income	292,761	168,929	132,607	106,521	70,374	127,367	271,786	451,406	963,670	1,882,696
Rents and royalties	-	-	397,527	1,481,305	1,390,283	1,166,832	1,105,829	1,149,534	1,223,788	1,348,465
Gain/(loss) on disposal of assets	116,978	100,110	68,329	117,763	84,664	-	-	124,792	-	-
Miscellaneous	103,569	1,419,512	637,975	35,884	48,773	35,128	692,939	755,996	772,773	930,764
Transfers	647,463	904,867	690,629	692,951	531,974	722,702	(703,751)	(233,569)	760,590	820,663
Total governmental activities	<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>	<u>67,157,393</u>

Business-type activities:

Investment income	87,799	66,161	60,752	40,045	34,063	40,282	104,618	158,805	385,513	746,865
Gain on disposal of assets	3,579	(141,979)	-	41,630	-	4,199	13,185	57,466	2,873	9,500
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Transfers	(647,463)	(904,867)	(690,629)	(692,951)	(531,974)	(722,702)	703,751	233,569	(760,590)	(820,663)
Total business-type activities	<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>	<u>(64,298)</u>

Total primary government

	<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>	<u>67,093,095</u>
--	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------

**Change in Net Position**

Governmental activities	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	6,944,040
Business-type activities	230,321	2,425,654	(552,176)	922,920	(641,073)	939,525	5,451,249	4,031,443	4,219,878	4,427,467
Total primary government	<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>	<u>\$ 11,371,507</u>
	(concluded)	(concluded)	(concluded)	(concluded)						

Source: Comprehensive Annual Financial Reports

**CITY OF EULESS, TEXAS**  
**FUND BALANCES, GOVERNMENTAL FUNDS – LAST TEN FISCAL YEARS**  
**(Modified Accrual Basis of Accounting – Unaudited)**

Table 3

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Fund</b>										
Reserved for other	\$ 492,776	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	19,344	28,796	49,262	48,072	47,834	35,250	52,050	51,409	74,835
Restricted	-	311,076	258,765	124,312	120,093	109,618	121,041	104,340	125,753	132,954
Assigned	-	103,423	111,096	121,542	121,334	116,336	113,655	107,657	121,708	135,720
Unreserved/Unassigned	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	16,630,106
<b>Total general fund</b>	<b>\$ 7,614,459</b>	<b>\$ 7,730,562</b>	<b>\$ 9,311,735</b>	<b>\$ 9,890,674</b>	<b>\$ 10,850,457</b>	<b>\$ 11,049,330</b>	<b>\$ 12,243,470</b>	<b>\$ 13,449,468</b>	<b>\$ 14,554,693</b>	<b>\$ 16,973,615</b>
<b>All Other Governmental Funds</b>										
Reserved for:										
Debt service	\$ 1,622,584	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Development Agreements	1,454,496	-	-	-	-	-	-	-	-	-
Other	7,677	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	7,780,378	-	-	-	-	-	-	-	-	-
Capital funds	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	3,429,240
Capital projects	-	2,168,956	606,505	365,641	398,756	594,211	12,715,424	4,985,922	7,501,009	19,287,010
Other	-	87,972	1,694,821	1,872,178	2,089,735	2,455,941	2,718,045	2,952,158	3,229,218	3,309,138
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	19,461,628
<b>Total all other governmental funds</b>	<b>\$ 16,658,007</b>	<b>\$ 18,937,370</b>	<b>\$ 19,977,963</b>	<b>\$ 17,528,339</b>	<b>\$ 17,593,090</b>	<b>\$ 19,308,917</b>	<b>\$ 29,977,939</b>	<b>\$ 24,975,998</b>	<b>\$ 34,863,956</b>	<b>\$ 45,487,016</b>

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

**Source:** Comprehensive Annual Financial Reports

**CITY OF EULESS, TEXAS**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified Accrual Basis of Accounting – Unaudited)**

Table 4

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues:</b>										
General property tax	\$ 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	\$ 20,408,581
Gross receipts tax	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	5,528,832
General sales tax	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	21,419,831
Car rental tax	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	14,797,320
Fines and fees	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	3,313,059
Licenses and permits	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	2,105,716
Investment income	253,302	143,564	107,195	92,118	57,880	105,443	237,949	385,769	821,642	1,623,907
DEA revenues	15,350	6,589	12,488	3,571	15,316	39,292	18,274	9,994	2,656	18,353
Intergovernmental	376,512	377,660	1,012,673	2,839,545	461,484	906,695	507,966	1,490,142	813,633	629,332
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	635,553
Other revenues	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	2,362,730
<b>Total Revenues</b>	<b>48,671,435</b>	<b>49,746,424</b>	<b>53,860,646</b>	<b>58,350,451</b>	<b>59,015,381</b>	<b>61,009,780</b>	<b>64,707,893</b>	<b>68,180,435</b>	<b>70,165,440</b>	<b>72,843,214</b>
<b>Expenditures:</b>										
Culture and recreation	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	6,258,492
Development services	1,251,706	1,340,898	688,296	806,275	1,017,903	882,212	862,571	931,119	1,036,278	1,001,587
General and administrative	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	19,038,500
Highways and streets	610,996	713,742	861,748	1,144,223	1,351,404	1,606,372	1,688,714	1,616,714	1,222,905	4,555,735
Public safety	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	27,738,238
<b>Debt Service:</b>										
Principal	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	4,828,848
Interest and fiscal charges	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	1,943,495
Issuance costs	95,000	178,229	184,966	26,064	-	-	-	-	-	-
Capital outlay	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	8,979,048
<b>Total expenditures</b>	<b>52,051,146</b>	<b>51,721,051</b>	<b>56,323,634</b>	<b>62,155,819</b>	<b>58,148,151</b>	<b>64,685,943</b>	<b>72,393,082</b>	<b>69,893,143</b>	<b>68,663,061</b>	<b>74,343,943</b>
Excess (deficiency) of revenues over (under) expenditures	(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	(1,500,729)
<b>Other Financing Sources (Uses):</b>										
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	13,420,000
Payment of escrow for refunding	(8,443,763)	(6,804,790)	(5,381,310)	(1,190,252)	-	(6,074,450)	-	-	-	-
Premiums on issuance of debt	-	390,694	260,435	79,046	-	789,428	403,354	-	264,116	869,936
Bond discount	(94,828)	-	-	-	-	-	-	-	-	-
Proceeds from sale of assets	-	-	-	-	-	-	-	-	23,513	25,625
Transfers in	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	11,040,601
Transfers out	(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)	(10,813,451)
<b>Total other financing sources</b>	<b>(474,097)</b>	<b>4,370,093</b>	<b>5,084,754</b>	<b>1,934,683</b>	<b>157,304</b>	<b>5,590,863</b>	<b>19,548,351</b>	<b>(2,083,235)</b>	<b>9,490,804</b>	<b>14,542,711</b>
<b>Net change in fund balances</b>	<b>\$ (3,853,808)</b>	<b>\$ 2,395,466</b>	<b>\$ 2,621,766</b>	<b>\$ (1,870,685)</b>	<b>\$ 1,024,534</b>	<b>\$ 1,914,700</b>	<b>\$ 11,863,162</b>	<b>\$ (3,795,943)</b>	<b>\$ 10,993,183</b>	<b>\$ 13,041,982</b>
Debt service as a percentage of noncapital expenditures	11.9%	11.6%	18.5%	10.1%	12.1%	9.9%	9.2%	9.0%	10.4%	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			Less: Tax-Exempt Property	Total Taxable Value	Total Direct Tax Rate
	Real Property	Personal Property	Total Value			
2010	2,470,282,654	449,954,489	2,920,237,143	330,392,987	2,589,844,156	0.470000
2011 <sup>(1)</sup>	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
2019	4,353,413,236	576,907,417	4,930,320,653	549,709,999	4,380,610,654	0.462500

Source: Tarrant Appraisal District

<sup>(1)</sup> 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
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
2019	0.371710	0.090790	0.462500	1.2730	1.3967	0.2340	0.2244	0.1361

**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

Taxpayer	Fiscal Year 2019		Taxpayer	Fiscal Year 2010	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value <sup>(1)</sup>		Taxable Assessed Value	Percentage of Total City Taxable Assessed Value <sup>(2)</sup>
Star Monticello LLC/Star Kensington LLC	\$ 100,900,000	2.30 %	Avis Budget Group LLC	\$ 71,494,412	2.76 %
EAN Holdings LLC	89,401,459	2.04	Hertz Corp	59,138,506	2.28
Westdale Hills 2013 LP	83,608,284	1.91	Vanguard Car Rental USA, Inc.	55,180,417	2.13
Brazos TX Partners LLC	75,060,000	1.71	UDR The Mandolin LLC	38,448,160	1.48
WOP Mandolin LLC	73,900,000	1.69	Somerset Village Partners LP	36,903,507	1.42
Stoneleigh at Bear Creek Apt.	65,895,000	1.50	Oncor Electric Delivery Co. LLC	36,706,608	1.42
CMF 15 Portfolio LLC	61,200,000	1.40	CMF 15 Portfolio LLC	32,500,000	1.25
Bedrock Holdings II (Dallas) LLC	58,950,000	1.35	IRA Stoneleigh FEEOCO LLC	32,200,000	1.24
Avenue 900 Holdings LLC	52,590,662	1.20	Vineyard Village MSV LLC	31,421,752	1.21
Avis Rent a Car System LLC/Budget Car Rental	48,915,653	1.12	Seramont II LP	30,563,740	1.18
<b>Total</b>	<b>\$ 710,421,058</b>	<b>16.22 %</b>	<b>Total</b>	<b>\$ 424,557,102</b>	<b>16.37 %</b>

**Source:** Tarrant County Tax Office

**Notes:**

<sup>(1)</sup> Total Taxable Value including real and personal property for tax year 2018 (fiscal year 2019) is \$4,380,610,654.

<sup>(2)</sup> Total Taxable Value including real and personal property for tax year 2009 (fiscal year 2010) is \$2,589,844,156.

**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
2010	12,318,061	(12,986)	12,305,075	12,182,266	99.00%	113,554	12,295,820	99.92%	9,255	0.08%
2011	11,796,659	(39,704)	11,756,955	11,637,719	98.99%	108,776	11,746,495	99.91%	10,459	0.09%
2012	12,436,816	(89,925)	12,346,891	12,252,510	99.24%	80,402	12,332,912	99.89%	13,979	0.11%
2013	12,926,215	(227,241)	12,698,974	12,648,635	99.60%	35,181	12,683,816	99.88%	15,158	0.12%
2014	13,426,248	(70,742)	13,355,506	13,303,694	99.61%	34,321	13,338,015	99.87%	17,492	0.13%
2015	14,245,865	(193,585)	14,052,280	14,049,020	99.98%	(12,186)	14,036,834	99.89%	15,447	0.11%
2016	13,671,980	871,167	14,543,147	14,481,033	99.57%	42,889	14,523,922	99.87%	19,225	0.13%
2017	15,828,162	379,458	16,207,620	16,191,555	99.90%	(4,820)	16,186,735	99.87%	20,885	0.13%
2018	18,199,497	(34,530)	18,164,967	18,131,429	99.82%	5,690	18,137,119	99.85%	27,848	0.15%
2019	19,850,820	-	19,850,820	19,769,021	99.59%	-	19,769,021	99.59%	81,799	0.41%

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 <sup>(3)</sup>	Per Capita <sup>(3)</sup>
	General Obligation Bonds	Certificates of Obligation	Tax Notes	Sales Tax Revenue Bonds	Capital Leases	Premiums/ Discounts on Debt Issues and Losses on Refundings <sup>(1)</sup>	W&S Revenue Bonds	General Obligation Refunding Bonds	Premiums/ Discounts on Debt Issues and Losses on Refundings <sup>(1)</sup>				
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 <sup>(2)</sup>	4,285,000	6,915,000	237,146 <sup>(2)</sup>	40,178,709	2.53%	\$ 731	
2015	20,655,000	8,365,000	-	285,000	-	994,148 <sup>(2)</sup>	10,940,000	6,320,000	211,601 <sup>(2)</sup>	47,770,749	2.98%	\$ 884	
2016	17,425,000	27,710,000	1,280,000	120,000	-	1,497,876 <sup>(2)</sup>	10,305,000	5,695,000	186,063 <sup>(2)</sup>	64,218,939	3.94%	\$ 1,184	
2017	14,490,000	27,350,000	860,000	75,000	160,545	1,099,640 <sup>(2)</sup>	9,540,000	5,240,000	168,446 <sup>(2)</sup>	58,983,631	3.62%	\$ 1,075	
2018	11,460,000	35,660,000	735,000	40,000	83,848	1,211,502 <sup>(2)</sup>	11,545,000	4,770,000	150,830 <sup>(2)</sup>	65,656,180	3.82%	\$ 1,190	
2019	8,805,000	46,200,000	-	1,565,000	-	1,887,637 <sup>(2)</sup>	19,905,000	4,295,000	133,213 <sup>(2)</sup>	82,790,850	4.49%	\$ 1,474	

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

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

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

<sup>(3)</sup> See Table 14 for personal income and population data.

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

Table 10

Fiscal Year	General Bonded Debt Outstanding					Estimated Population <sup>(2)</sup>	Taxable Value <sup>(3)</sup>	Net Debt to Taxable Value	Net General Debt Per Capita
	General Obligation Bonds	Certificates of Obligation	Premiums/ Discounts on Debt Issues and Losses on Refundings <sup>(1)</sup>	Less: Debt Service Reserves	Net O/S Debt Total				
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 <sup>(5)</sup>	796,454	33,852,494	53,780	2,864,049,903	1.18%	\$ 629
2015	26,975,000	8,365,000	1,228,901 <sup>(5)</sup>	813,841	35,755,060	54,050	3,060,003,254	1.17%	\$ 662
2016 <sup>(4)</sup>	23,120,000	27,710,000	1,446,619 <sup>(5)</sup>	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 <sup>(5)</sup>	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 <sup>(5)</sup>	1,914,141	51,357,490	55,170	3,994,306,235	1.29%	\$ 931
2019	13,100,000	46,200,000	2,038,856 <sup>(5)</sup>	2,415,379	58,923,477	56,160	4,380,610,654	1.35%	\$ 1,049

**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:** <sup>(1)</sup> Column added to table in 2016, prior years restated to include amounts shown.

<sup>(2)</sup> Estimates by North Central Texas Council of Governments and Eules Planning and Development Department

<sup>(3)</sup> Tarrant Appraisal District

<sup>(4)</sup> Taxable value restated to fiscal year end amounts.

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

**CITY OF EULESS, TEXAS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF SEPTEMBER 30, 2019 – (Unaudited)**

Table 11

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<b>Debt repaid with property taxes</b>			
Grapevine-Colleyville Independent School District	\$ 382,071,058	9.89%	\$ 37,786,828
Hurst-Eules-Bedford Independent School District	383,550,000	21.67%	83,115,285
Tarrant County	266,375,000	2.48%	6,606,100
Tarrant County Hospital District	17,735,000	2.48%	439,828
Tarrant County College District	-	2.48%	-
Subtotal, overlapping debt			<u>127,948,041</u>
<b>Debt repaid with property taxes</b>			
<b>City of Euless (direct debt)</b>	56,543,834	100.00%	<u>56,543,834</u>
<b>Total direct and overlapping debt repaid with property taxes</b>			<u><u>\$ 184,491,875</u></u>

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

The current year calculation of direct debt includes all general governmental activities debt 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 <sup>(1)</sup>	Less Operating Expenses <sup>(2)</sup>	Net Revenue Available	Principal	Interest and Fiscal Charges	Total	Coverage Ratio
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
2019	27,603,615	21,006,298	6,597,317	915,000	191,327	1,106,327	5.96

**Notes:** <sup>(1)</sup> Operating and nonoperating revenues of water and wastewater fund

<sup>(2)</sup> 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 <sup>(1)</sup>	Less Operating Expenses <sup>(2)</sup>	Net Revenue Available	Principal	Interest and Fiscal Charges	Total	Coverage Ratio
2010	700,827	457,376	243,451	210,000	8,400	218,400	1.11
2011	699,709	519,622	180,087	-	-	-	n/a
2012	707,165	604,994	102,171	-	-	-	n/a
2013	711,154	567,215	143,939	-	-	-	n/a
2014	715,800	663,625	52,175	-	-	-	n/a
2015	717,763	581,364	136,399	-	-	-	n/a
2016	812,399	666,628	145,771	-	-	-	n/a
2017	741,055	629,112	111,943	-	-	-	n/a
2018	840,916	741,964	98,952	-	-	-	n/a
2019	860,553	764,267	96,286	-	-	-	n/a

**Notes:** <sup>(1)</sup> Operating and nonoperating revenues of drainage utility fund

<sup>(2)</sup> 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 <sup>(1)</sup>	Per Capita Income <sup>(2)</sup>	Personal Income (thousands of dollars)	Median Age <sup>(2)</sup>	School Enrollment <sup>(3)</sup>	Unemployment Rate <sup>(4)</sup>
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%
2019	56,160	\$ 32,810	\$ 1,842,610	36.1	23,707	3.6%

**Notes:** <sup>(1)</sup> Estimates by North Central Texas Council of Governments

<sup>(2)</sup> Estimates by Claritas Site Reports; *Research & Demographic Solutions*; 2014 forward from US Census Bureau

<sup>(3)</sup> Hurst-Eules-Bedford Independent School District

<sup>(4)</sup> Texas Workforce Commission; Bureau of Labor Statistics

**CITY OF EULESS, TEXAS  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)**

Table 15

2019			2010		
Employer	Employees	Percentage of Total City Employment	Employer	Employees	Percentage of Total City Employment
LSG Sky Chefs, Inc.	1,000	4.27%	HEB ISD	818	3.45%
HEB ISD	861	3.61%	LSG Sky Chefs, Inc.	800	3.37%
City of Euless	390	1.67%	City of Euless	358	1.51%
Target	250	1.07%	Redi-Mix Concrete	355	1.50%
Lowe's	225	0.96%	Autogrill Group, Inc.	350	1.47%
Redi-Mix Concrete	190	0.81%	Life Outreach International	181	0.76%
Life Outreach International	186	0.79%	Super Target	150	0.63%
Dave and Buster's	150	0.64%	Lowe's	125	0.53%
Lazy Dog	125	0.53%	Home Depot	122	0.51%
Legend Oaks Healthcare	90	0.38%	TJ Lambrecht Construction	20	0.51%
<b>Total</b>	<b>3,467</b>	<b>14.73%</b>		<b>3,279</b>	<b>14.23%</b>

**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>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>	<u>2019</u>
General Government and Administration	50.00	48.50	48.50	48.50	48.50	48.00	49.50	50.00	51.00	50.50
Public Safety	118.00	121.00	129.00	132.00	135.00	136.00	136.00	136.00	137.00	137.00
Fire Safety	71.00	71.00	72.00	72.00	72.00	72.00	72.00	75.00	75.00	75.00
Development Services	11.50	13.50	6.00	6.00	7.50	7.50	7.50	8.00	7.50	7.50
Culture and Recreational	30.00	31.00	32.00	30.50	33.25	34.25	34.25	35.25	35.25	35.25
Water and Wastewater	46.00	42.00	42.50	42.00	42.00	42.00	42.50	42.50	43.50	43.00
Golf Course	13.00	13.00	13.00	12.00	10.75	11.75	11.75	11.75	11.75	11.75
Public Works	14.00	17.50	18.50	18.50	18.50	20.00	20.00	21.00	22.50	23.50
Service Center	5.00	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>									
<b>Total</b>	<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>	<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

<u>Function/Program</u>	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Public Safety</b>										
Police										
Number of Certified Officers	85	85	85	87	92	92	92	87	91	91
Number of Citations Issued	24,126	21,790	22,787	26,356	25,500	24,573	18,483	25,061	19,100	16,552
Fire										
Number of Certified Firefighters	69	69	70	70	70	70	70	72	73	74
Number of Alarms	4,097	4,196	4,204	4,296	4,505	4,686	4,770	4,678	3,758	4,324
Number of EMS Calls	2,793	2,848	2,982	3,108	3,230	3,424	3,431	3,772	3,468	2,958
Municipal Court										
Cases Filed	31,442	27,022	26,889	32,192	31,172	28,885	25,957	25,061	25,101	22,472
<b>Development</b>										
Number Residential Inspections - New	101	52	44	42	107	176	186	176	214	93
Number Commercial Inspections - New	14	11	29	16	29	33	15	36	32	18
Number Multifamily Inspections - New	0	0	0	0	1	1	0	0	1	6
<b>Public Works</b>										
Street Overlay (Square Footage)	770,380	953,406	368,654	540,613	631,260	430,504	1,156,833	1,549,065	1,063,046	1,289,759
<b>Cultural and Recreational</b>										
Parks and Recreation										
Recreation Center Memberships	2,443	4,337	3,654	5,137	6,261	6,742 (1)	6,975	6,528	7,183	7,125
<b>Water and Wastewater</b>										
Number of Water Consumers	24,760	24,924	24,428	25,039	25,319	26,014	25,812	25,970	26,200	26,659
Water Produced (In Gallons x 1000)	579,154	477,914	299,107	416,843	380,864	741,225	540,921	439,255	580,337	569,697
Water Purchased - TRA (In Gallons x 1000)	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	1,586,667
Water Supplied (In Gallons x 1000)	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	2,156,364
Annual Rainfall (In Inches)	38.65	22.26	36.57	24.41	23.98	44.45	53.16	34.96	42.39	48.20
<b>Golf Course</b>										
Number of Paid Rounds Played	32,996	35,075	34,550	35,890	22,110 (2)	33,735	32,852	33,237	32,557	32,016

**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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Public Safety</b>										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	3	3	3	3	3	3	3	3	3	3
<b>Public Works</b>										
Streets - Paved <sup>(1)</sup>	217.6	332.1	332.4	333.36	340.62	342.8	344.77	350.12	350.12	351.74
<b>Cultural and Recreational</b>										
Aquatic Facilities	3	3	3	4	3	3	3	3	3	3
Parks <sup>(2)</sup>	16	16	16	16	16	16	16	16	16	16
Parks Land (Acres) <sup>(3)</sup>	341	341	341	341	341	341	341	341	341	341
Other Facilities (Acres) <sup>(3)</sup>	291	291	291	291	291	291	291	291	291	291
Community Buildings	5	6	6	6	6	6	6	6	6	6
Ampitheater	2	2	2	2	3	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 <sup>(4)</sup>	1	1	1	1	1	1	1	1	1	1
Athletic Fields	33	33	33	33	28	28	30	30	30	30
Library Holdings	106,121	110,149	111,230	111,312	105,500	98,596	101,160	85,123	80,241	81,353
<b>Water and Wastewater</b>										
Water Mains - Potable <sup>(5)</sup>	228.20	228.50	227.99	231.06	232.28	234.84	235.50	236.30	239.10	241.93
Water Mains - Reclaimed <sup>(5)</sup>	-	-	-	1.73	3.22	3.70	3.82	3.96	4.12	7.15
Fire Hydrants	1,525	1,526	1,550	1,579	1,633	1,648	1,674	1,719	1,798	1,805
Wastewater Mains <sup>(5)</sup>	186.5	186.7	187.6	187.6	191.3	192.4	193.2	195.2	197.0	198.4

**Source:** City Departments

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

<sup>(2)</sup> Restated to exclude Softball Facility

<sup>(3)</sup> Restated to reflect Golf Course and Softball Facility land separately

<sup>(4)</sup> Added Softball Facility

<sup>(5)</sup> Miles of lines. Fiscal year 2012 figures have been restated to exclude approximately two miles of TRA lines that had been accidentally included as City lines.

