

2019



Deer Park Nature Preserve - Dr. Billy J. Sealey Loop Trail

**Comprehensive Annual Financial Report
City of Deer Park, Texas
Fiscal Year Ended September 30, 2019**

*COMPREHENSIVE
ANNUAL FINANCIAL REPORT*

of the

CITY OF DEER PARK, TEXAS

**For the Year Ended
September 30, 2019**

**Prepared by
Finance Department**

**Donna Todd
Director of Finance**

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CITY OF DEER PARK, TEXAS

TABLE OF CONTENTS

September 30, 2019

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	3
Certificate of Achievement for Excellence in Financial Reporting	7
Organizational Chart	8
Principal Officials	9
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report	13
Management's Discussion and Analysis (Required Supplementary Information)	17
<u>BASIC FINANCIAL STATEMENTS</u>	
Government-Wide Financial Statements	
Statement of Net Position	29
Statement of Activities	30
Governmental Funds Financial Statements	
Balance Sheet – Governmental Funds	32
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	35
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	36
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	39
Proprietary Funds Financial Statements	
Statement of Net Position	41
Statement of Revenues, Expenses, and Changes in Fund Net Position	43
Statement of Cash Flows	44
Fiduciary Funds Financial Statements	
Statement of Net Position	46
Statement of Changes in Net Position	47
Notes to Financial Statements	49
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	96
Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System	98
Schedule of the City's Proportionate Share of the Net Pension Liability – Texas Emergency Services Retirement System	100

CITY OF DEER PARK, TEXAS

TABLE OF CONTENTS (Continued)

September 30, 2019

<u>REQUIRED SUPPLEMENTARY INFORMATION (Continued)</u>	<u>Page</u>
Schedule of Contributions – Texas Municipal Retirement System	102
Schedule of Contributions – Texas Emergency Services Retirement System	104
Schedule of Changes in Total OPEB Liability and Related Ratios – Texas Municipal Retirement System Supplemental Death Benefits Fund	106
Schedule of Changes in Total OPEB Liability and Related Ratios – Retiree Health Plan	107
 <u>COMBINING STATEMENTS AND SCHEDULES</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance– Budget and Actual – Debt Service Fund	111
Combining Balance Sheet – Nonmajor Governmental Funds	114
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	118
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Special Revenue Funds:	
Hotel/Motel Occupancy Tax Fund	122
Grants Fund	122
Police Forfeiture Fund	123
Municipal Court Fund	123
Combining Statement of Net Position – Discretely Presented Component Units	124
Combining Statement of Revenues, Expenses, and Changes in Net Position – Discretely Presented Component Units	125
 <u>STATISTICAL SECTION</u>	
Net Position by Component	128
Changes in Net Position	130
Fund Balances, Governmental Funds	134
Changes in Fund Balance, Governmental Funds	136
Assessed Value and Actual Value of Taxable Property	138
Industrial District Valuation, Billing, Collections, and Percentage Collected	140
Property Tax Rates – Direct and Overlapping Governments	142
Principal Property Taxpayers	145
Property Tax Levies and Collections	146
Ratios of Outstanding Debt by Type	148
Ratios of General Bonded Debt Outstanding	150
Direct and Overlapping Governmental Activities Debt	153
Legal Debt Margin Information	154
Pledged Revenue Coverage	156
Demographic and Economic Statistics	158
Principal Employers	159
Full-Time Equivalent City Government Employees by Function	161
Operating Indicators by Function	162
Capital Asset Statistics by Function	164

INTRODUCTORY SECTION

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DONNA TODD
Director of Finance

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E-Mail: dtodd@deerparktx.org

March 19, 2020

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Deer Park, Texas:

Texas law and the City charter require that the City of Deer Park (the “City”) publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City for the fiscal year ended September 30, 2019. This report is published to provide the citizens, City Council, City management and staff, bondholders, and other interested parties detailed information concerning the financial condition of the City. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To provide a reasonable basis for making these representations, the City has established a comprehensive internal control framework designed 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. I believe the data, as presented, is accurate in all material respects and that it is reported in a manner that fairly presents the financial position and results of operations of the City as measured by the financial activity of the various funds and account groups. All disclosures necessary to enable the reader to gain the maximum understanding of the City’s financial activities have been included.

The Report

In compliance with the Governmental Accounting Standards Board (GASB) Statement No. 34, this report includes a Management’s Discussion and Analysis (MD&A) which provides a narrative introduction, overview, and analysis to accompany the basic financial statements. The MD&A is located immediately following the Independent Auditors’ Report. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

City Profile

The City of Deer Park, incorporated in 1948, is located in the center of the highly industrialized ship channel area just east of Houston. The City currently occupies a land area of 15 square miles and serves a population of approximately 35,297. The City is empowered to levy an ad valorem tax on both real and personal property located within its boundaries. Further, the City is empowered to extend its corporate limits by annexation. The City receives annual “in-lieu-of-tax” payments from industries located within its extraterritorial jurisdiction. This “industrial district” includes the operations of 24 companies that contract with the City. The current contract, which was modified and renewed effective January 1, 2015, has a 12-year term and will expire on December 31, 2026.

The City operates under a home rule, council-manager form of government. Policy-making and legislative authority are vested in a City Council consisting of the mayor and six other members. The City Council is responsible for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager and City Attorney. Council members are elected on a non-partisan basis and serve two-year staggered terms. The Mayor and three Council members are elected in odd numbered years and the three remaining Council members are elected in even numbered years. The City Manager is responsible for the execution of City policies and ordinances, oversight of the daily operations of the City, and appointment of department heads.

The City provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; sanitation, water, and sewer services; library services; recreational and cultural opportunities; and general administrative services. In fiscal year 2012, following a special election for each, the City added two component units to be funded by sales and use taxes: the Crime Control and Prevention District and the Fire Control, Prevention, and Emergency Medical Services District. Each district was approved for a period of five years. In May 2016, voters authorized continuation of both the Crime Control and Prevention District and the Fire Control, Prevention, and Emergency Medical Services District for a period of 10 years, including the continuation of the dedicated sales and use tax for each.

Annual Budget

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Manager by May of each year. The City Manager uses these requests as the starting point for developing a proposed budget, which is presented to the City Council for review at least 45 days prior to the last regular meeting in September. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police), and appropriations are approved at the departmental level. Department heads may make appropriation transfers within a department with approval of the City Manager. Appropriation transfers outside of the department require approval of the City Council. The budget report includes a comparison of the actual results to the budget for each individual governmental fund for which an appropriated annual budget has been adopted.

Factors Affecting Financial Condition

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

Local economy. Deer Park lies directly adjacent to Port Houston, which is a 25-mile-long complex of diversified public and private facilities located just a few hours by ship from the Gulf of Mexico. The Port is consistently ranked 1st in the United States in foreign waterborne tonnage, 1st in U.S. imports, 1st in U.S. export tonnage, and 2nd in the U.S. in total tonnage. Additionally, Port Houston is the nation's leading breakbulk post, handling 65 percent of all major U.S. project cargo. The Port's container ship traffic is expected to grow significantly over the next 10 years because of the Panama Canal widening project and the deepening of Houston's ship channel. In anticipation of this growth, large office/warehouse projects are now being constructed or have recently been completed within the Deer Park city limits.

Crow Holdings built Victory Commerce Center, a 350,000 sq. ft. distribution center in Deer Park. This business park just recently leased the entire development to a large sugar distributor/exporter.

A second large distribution center, the Underwood Port Logistics Center, is a 404,000 sq. ft. development by Triten Real Estate Partners.

Another large office/warehouse project, Monument Business Park, is now under construction. The owner, Molto Properties, petitioned the City in early 2019 to annex the 49 acres so they could have access to public water and wastewater. This project will consist of a 410,000 sq. ft. warehouse and an adjacent 180,000 sq. ft. warehouse with rail access.

Deerwood Glen Business Park, owned by Clay Development & Construction, Inc., is Deer Park's 150-acre light industrial business park. Over the past 10 years, Deerwood Glen has seen an exciting influx of build-to-suit tenants and has now reached the ultimate point of final build-out. John Crane Power Transmission was Deerwood Glen's first tenant in 2009, followed by Mustang Engineering, Code Red Safety, Abrasive Products and Equipment, Core Laboratories, the Houston Pilots' Association, Siemens, and many others. The last parcel, now under construction for CAP Barbell, will include a 300,000 sq. ft. distribution warehouse.

The City has a Chapter 380 Economic Development Program Agreement with NEC Spencer Highway and East Boulevard Phase 1, LTD, which is a development of a mixed use/retail complex next to the City's HEB grocery store that opened in November 2015. The developer has received a key Letter-of-Intent from a large retailer and expects this to spur further retail development in the coming year. This would provide an additional 300,000 sq. ft. of retail space and generate nearly \$40 million in combined property and sales taxes for the City.

Shell Federal Credit Union, which is headquartered in the City of Deer Park, is preparing to construct an expansion project which includes 100,000 sq. ft. of additional office space and a three-story parking garage.

Accounting and budgetary controls. The City's accounting records for general governmental operations are maintained on a modified accrual basis, with revenues recorded when available and measurable, and expenditures recorded when the liability is incurred. Proprietary operations are maintained on a full accrual basis.

During the course of the fiscal year, each department head monitors expenditure controls with overall review exercised by the Director of Finance and the City Manager. Monthly expenditure reports provide information to department heads for decision making and, if necessary, timely corrective action to ensure the integrity of the adopted budget. Changes to approved expenditures are incorporated into the current year budget throughout the year in the form of budget amendments approved by City Council.

Management of the City is responsible for establishing and maintaining an internal control system designed to ensure that the City's assets are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits require estimates and judgments by management. Internal controls are subject to periodic evaluation by management and independent auditors. I believe the City's accounting controls provide reasonable assurance that employees in the normal course of business will detect and/or prevent errors or irregularities that could be material to the financial statements.

Long-term financial planning. The City continues to evaluate opportunities to improve operational efficiency and generate cost savings. The City maintains a Capital Improvement Plan for drainage projects and infrastructure needs throughout the City.

In order to remain financially strong and provide a framework for prudent financial management, the following financial controls are monitored annually:

- A multi-year financial forecast is updated projecting revenues and expenditures for all operating funds.
- Rates, fees, and charges for services are reviewed and adjusted as necessary to respond to changing financial circumstances.
- Insurance coverage is examined to ensure that policy limits are adequate and in compliance with revenue bond covenants.
- Bonds are issued as part of a planned debt issuance program to finance long-term capital projects.

Independent Audit

The City Charter requires an annual audit of all accounts of the City by an independent certified public accountant. The independent auditors' report prepared by Belt Harris Pechacek, LLLP is presented as the first component of the financial section of this report.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Deer Park for its CAFR for the fiscal year ended September 30, 2018. This was the 32nd consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. I believe the current CAFR continues to meet the Certificate of Achievement Program's requirements and will be submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this report would not have been possible without the capable and dedicated services of the entire staff of the finance department and the cooperation of all other City departments. I would like to express my appreciation to all members of the finance department and all other City staff who assisted and contributed to the preparation of this report. Credit must also be given to the Mayor, City Council, City Manager, and Assistant City Manager for their continued interest and support in planning and conducting the financial operations of the City in a responsible and professional manner.

Respectfully submitted,

Donna Todd

Donna Todd
Director of Finance

CITY OF DEER PARK, TEXAS

*CERTIFICATE OF ACHIEVEMENT FOR
EXCELLENCE IN FINANCIAL REPORTING*



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Deer Park
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

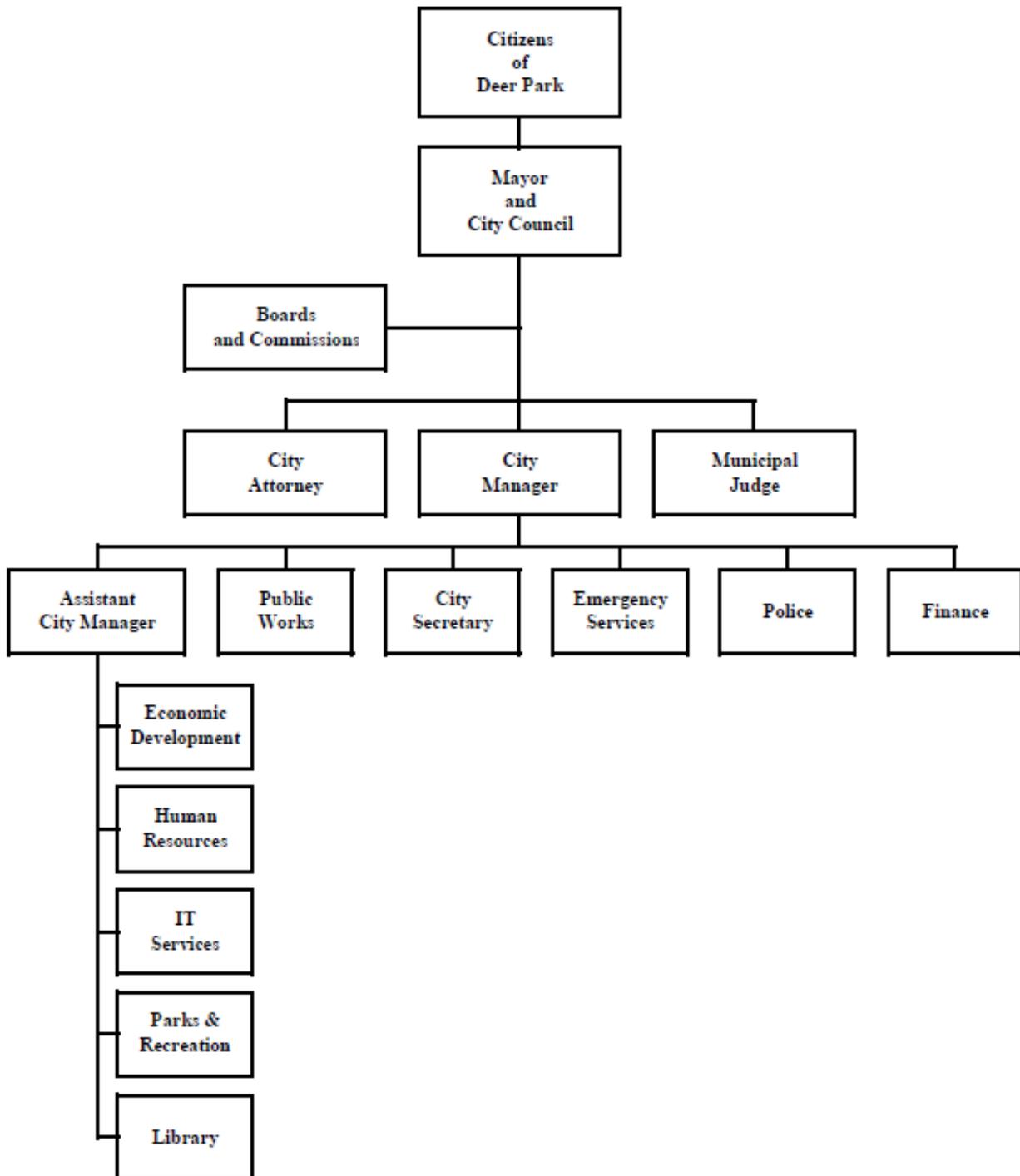
Christopher P. Morill

Executive Director/CEO

CITY OF DEER PARK, TEXAS

ORGANIZATIONAL CHART

September 30, 2019



CITY OF DEER PARK, TEXAS

PRINCIPAL OFFICIALS

September 30, 2019

City Officials	Elective Position
Jerry Mouton, Jr.	Mayor
Sherry Garrison	Council Member
TJ Haight	Council Member
Tommy Ginn	Council Member
Bill Patterson	Council Member
Ron Martin	Council Member
Rae A. Sinor	Council Member

Key Staff	Position
James Stokes	City Manager
Gary Jackson	Assistant City Manager
Shannon Bennett	City Secretary
Jim Fox	City Attorney
Donna Todd	Director of Finance
Bill Pedersen	Director of Public Works
Greg Grigg	Chief of Police
Charlie Sandberg	Director of Parks and Recreation
Bill Philbert	Director of Human Resources
Robert Hemminger	Emergency Services Director
Rebecca Pool	Director of Library Services
James Lewis	Director of Information Technology

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
City Council Members of the
City of Deer Park, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Deer Park, 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

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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 City'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 City'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, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, the schedule of changes in net pension and total other postemployment benefit liability and related ratios, the schedule of the City's proportionate share of the net pension liability, and the schedules of contributions, identified as Required Supplementary Information on 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 statements and schedules, and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining 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 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.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 19, 2020

***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

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CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2019

The Statement of Activities presents information showing how the City's net position changed during the most recent 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 – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities divide the City's financials into two classes of activities:

1. *Governmental Activities* – Most of the City's basic services are reported here including general government, public safety, public works, parks and recreation, and community development. Interest payments on the City's tax-supported debt are also reported here. Sales tax, property tax, franchise fees, municipal court fines, and permit fees finance most of these activities.
2. *Business-Type Activities* – Services involving a fee for those services are reported here. These services include the City's water and sewer services, as well as storm water utility services.

The government-wide financial statements include not only the City itself (known as the primary government), but also three legally separate discretely presented component units, the Crime Control and Prevention District; the Fire Control, Prevention, and Emergency Services District; and the Deer Park Community Development Corporation, for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found after the MD&A.

FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation, which is the City. They are usually segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance related legal reporting requirements. The three categories of City funds are governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. 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 year. Such information may be useful in evaluating the City'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, readers may better understand the long-term impact of the City'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 14 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and the capital improvement fund, which are considered to be major funds for reporting purposes.

CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2019

The City adopts an annual appropriated budget for its general fund, debt service fund, hotel/motel occupancy tax fund, grants fund, police forfeiture fund, and the municipal court fund. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with these budgets.

Proprietary Funds

The City maintains one type of proprietary fund, enterprise 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 distribution, wastewater collection/treatment, and storm water utility operations. The proprietary fund financial statements provide separate information for the water and sewer fund and the storm water utility fund. The basic proprietary fund financial statements can be found in the basic financial statements 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 reported in the government-wide financial statements because 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 City maintains one fiduciary fund, the senior citizens trust fund. The City's fiduciary activities are reported in a separate statement of net position and statement of changes in net position.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

Other Information

In addition to basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general fund, the schedule of changes in net pension and total other postemployment benefit (OPEB) liability and related ratios, the schedule of the City's proportionate share of the net pension liability, and the schedules of contributions. RSI can be found after the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the City, assets and deferred outflows of resources exceed liabilities and deferred inflows by \$133,881,502 as of September 30, 2019. This compares with \$122,318,200 from the prior fiscal year. The largest portion of the City's net position, 71.04 percent, reflects its investments in capital assets (e.g., land, buildings, equipment, improvements, construction in progress, and infrastructure), less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. 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 assets themselves cannot be used to liquidate these liabilities.

CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2019

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 63,496,345	\$ 65,664,166	\$ 27,565,389	\$ 27,980,238	\$ 91,061,734	\$ 93,644,404
Capital assets, net	101,781,171	90,426,346	54,171,372	47,138,668	155,952,543	137,565,014
Total Assets	165,277,516	156,090,512	81,736,761	75,118,906	247,014,277	231,209,418
Deferred charge on refunding	262,597	320,303	44,340	58,211	306,937	378,514
Deferred outflows - pensions	7,686,315	2,376,717	1,067,927	312,359	8,754,242	2,689,076
Deferred outflows - OPEB	4,805,468	72,228	694,670	-	5,500,138	72,228
Total Deferred Outflows of Resources	12,754,380	2,769,248	1,806,937	370,570	14,561,317	3,139,818
Long-term liabilities	66,475,022	55,848,599	51,816,005	45,565,877	118,291,027	101,414,476
Other liabilities	4,217,986	4,246,622	3,679,849	3,129,567	7,897,835	7,376,189
Total Liabilities	70,693,008	60,095,221	55,495,854	48,695,444	126,188,862	108,790,665
Deferred inflows - pensions	1,275,951	2,858,679	173,363	381,692	1,449,314	3,240,371
Deferred inflows - OPEB	55,916	-	-	-	55,916	-
Total Deferred Inflows of Resources	1,331,867	2,858,679	173,363	381,692	1,505,230	3,240,371
Net Position:						
Net investment in capital assets	75,517,066	65,700,068	19,598,349	18,011,665	95,115,415	83,711,733
Restricted	6,873,691	6,998,162	-	-	6,873,691	6,998,162
Unrestricted	23,616,264	23,207,630	8,276,132	8,400,675	31,892,396	31,608,305
Total Net Position	\$ 106,007,021	\$ 95,905,860	\$ 27,874,481	\$ 26,412,340	\$ 133,881,502	\$ 122,318,200

A portion of the City's net position, \$6,873,691 or 5.14 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$31,892,396 or 23.82 percent, may be used to meet the City's ongoing obligations to citizens and creditors.

The City's total net position increased by \$11,563,302 during the current fiscal year, an increase of 9.45 percent in comparison to the prior year net position. Compared to the prior year, total assets increased \$15,804,859 largely due to the current year operating surplus and an increase in capital assets largely attributable to construction projects. Deferred outflows of resources increased \$11,421,499 compared to the prior year due to the net difference between projected and actual investment earnings on pension and OPEB plan assets. Long-term liabilities increased \$16,876,551 compared to the prior year due to an increase in net pension liability, total OPEB liability, and the issuance of Certificates of Obligation, Series 2018. Other liabilities increased \$521,646 largely due to an increase in payables related to various construction projects. Deferred inflows of resources decreased \$1,791,057 due to the net difference between projected and actual investment earnings on pension and OPEB plan assets.

CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2019

Statement of Activities

The following table provides a summary of the City's changes in net position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues:						
Charges for services	\$ 6,491,414	\$ 6,268,955	\$ 11,085,567	\$ 11,375,400	\$ 17,576,981	\$ 17,644,355
Operating grants and contributions	1,881,692	2,530,277	-	-	1,881,692	2,530,277
Capital grants and contributions	3,102,292	1,464,298	-	-	3,102,292	1,464,298
General revenues:						
Property taxes	19,370,741	18,423,349	-	-	19,370,741	18,423,349
Industrial taxes	11,954,014	11,316,198	-	-	11,954,014	11,316,198
Other taxes and fees	9,962,243	9,393,809	-	-	9,962,243	9,393,809
Investment earnings	1,805,996	1,210,930	495,704	331,845	2,301,700	1,542,775
Other	504,981	260,331	-	-	504,981	260,331
Total Revenues	55,073,373	50,868,147	11,581,271	11,707,245	66,654,644	62,575,392
Expenses						
General government	9,268,068	8,991,472	-	-	9,268,068	8,991,472
Public safety	14,430,250	12,987,761	-	-	14,430,250	12,987,761
Public works	9,036,546	7,683,728	-	-	9,036,546	7,683,728
Parks and recreation	440,036	398,187	-	-	440,036	398,187
Community development	10,322,377	9,649,900	-	-	10,322,377	9,649,900
Interest on long-term debt	772,988	908,599	-	-	772,988	908,599
Water and sewer	-	-	10,653,981	9,894,062	10,653,981	9,894,062
Storm water utility	-	-	167,096	36,726	167,096	36,726
Total Expenses	44,270,265	40,619,647	10,821,077	9,930,788	55,091,342	50,550,435
Increase in Net Position Before Transfers	10,803,108	10,248,500	760,194	1,776,457	11,563,302	12,024,957
Transfers in (out)	(701,947)	(992,107)	701,947	992,107	-	-
Change in Net Position	10,101,161	9,256,393	1,462,141	2,768,564	11,563,302	12,024,957
Beginning net position	95,905,860	86,649,467	26,412,340	23,643,776	122,318,200	110,293,243
Ending Net Position	\$ 106,007,021	\$ 95,905,860	\$ 27,874,481	\$ 26,412,340	\$ 133,881,502	\$ 122,318,200

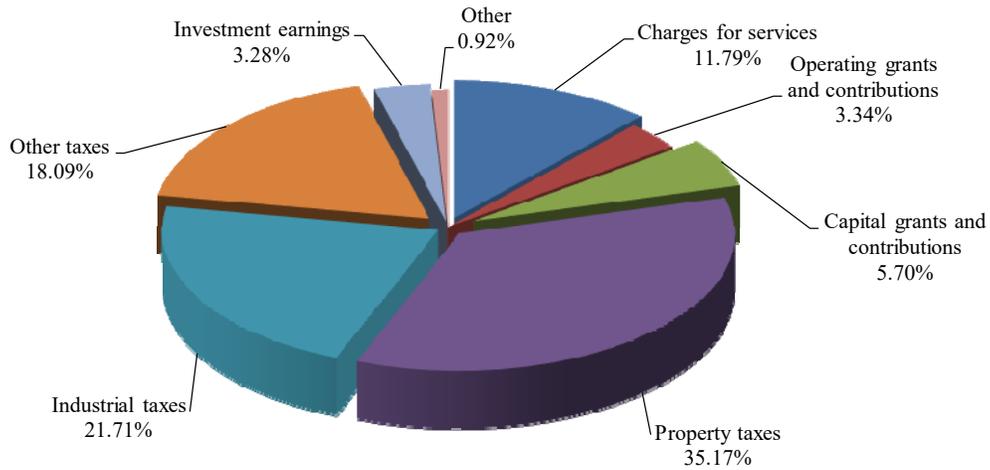
CITY OF DEER PARK, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

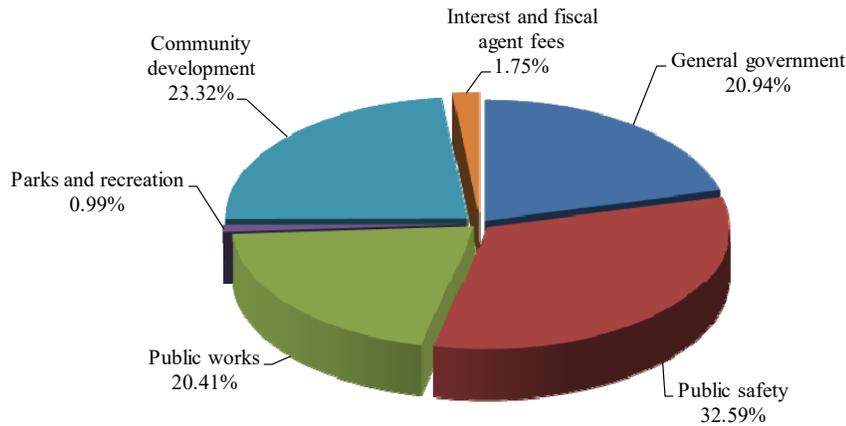
For the Year Ended September 30, 2019

Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities.

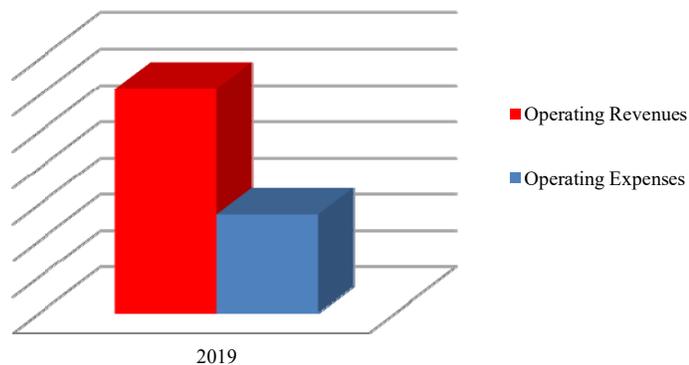
Governmental Revenues



Governmental Expenses



Business-Type Activities



CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2019

For the year ended September 30, 2019, revenues from governmental activities totaled \$55,073,373, an increase of \$4,205,226 compared to the prior year. Capital grants and contributions increased compared to prior year due to contributions received from the Deer Park Fire Control, Prevention, and Emergency Medical Services District for construction of the Fire Station 3 – Emergency Medical Services (EMS)/Annex addition. Property and industrial taxes increased compared to the prior year due to an increase in the assessed values of properties. Sales tax revenues increased compared to the prior year due to an increase in economic activity within the City. Investment earnings increased compared to the prior year due to higher interest rates. Other revenue increased compared to the prior year primarily due to a reimbursement from Intercontinental Terminals Company, LLC for expenses relating to a fire. These increases in revenue were partially offset by decreases in operating grants and contributions due to less contributions from Deer Park Community Development Corporation as a result of a decrease in debt service payments.

For the year ended September 30, 2019, expenses for governmental activities totaled \$44,270,265, an increase of \$3,650,618. This increase is mainly due to the increase in net pension liability and total OPEB liability. This increase was offset by a decrease in interest on long-term debt due to a decrease in debt service payments.

Total revenues for business-type activities decreased by a total of \$125,974 compared to the prior year. This was due to a decrease in customer consumption. Total expenses for business-type activities increased by \$890,289. This increase is primarily due to increases in expenses related to net pension liability and total OPEB liability.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure 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 the City's net resources available for spending at the end of the year.

The City's governmental funds reflect a combined fund balance of \$58,029,069. Of this, \$437,936 is nonspendable, \$9,368,226 is restricted, \$7,723,583 is assigned, and \$40,499,324 is unassigned.

There was a decrease in the combined fund balance of \$2,395,118 compared to the prior year. Compared to the prior year change in fund balance, the current year change in fund balance increased \$8,848,186. This is largely attributable to an increase in property tax revenues, industrial tax revenues, sales tax revenue, and investment earnings and a decrease in capital outlay expenditures.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$40,499,324, while total fund balance reached \$41,906,625. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 107.07 percent of total general fund expenditures, while total fund balance represents 110.79 percent of the total general fund expenditures. The general fund demonstrated an overall increase in fund balance of \$3,376,759. Revenues increased \$3,669,346 compared to the prior year as a result of increases in property tax, sales tax, and industrial tax revenues, and investment earnings. Property and industrial tax revenue increased due to increases in the assessed value of properties. Sales tax revenue increased due to an increase in economic activity within the City. Investment earnings increased due to increases in interest rates. Expenditures increased \$2,214,946 compared to the prior year primarily due to increases in public safety and public works expenditures. Public safety expenditures largely increased due to personnel related expenditures

CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2019

and public works expenditures increased as a result of increases in garbage collection fees and street improvements.

The debt service fund has a total fund balance of \$5,766,586, all of which is restricted for the payment of debt service. Revenues decreased due to the City lowering the debt service property tax rate and less intergovernmental revenue received as a result of a decrease in debt service payments. The debt service fund transferred \$787,068 to the water and sewer fund for debt service payments.

The capital improvement fund had an increase in fund balance of \$78,551 due to transfers in from the general fund.

Proprietary Funds – The City's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City budgeted for the use of fund balance of \$4,080,710 in the general fund. However, the net change in fund balance increased by \$3,376,759, resulting in a positive variance of \$7,457,469.

Actual general fund revenues were greater than the amended budgeted revenues by \$3,367,440 during the fiscal year. The largest positive variances were from property taxes, sales taxes, intergovernmental revenue, charges for services, investment earnings, and miscellaneous revenue.

Actual expenditures were less than budgeted amounts in total by \$4,431,510 for the fiscal year. The largest positive variances were in general government, information technology services, planning and development, park maintenance, senior services, library, street maintenance, fleet maintenance, police, and golf course lease.

CAPITAL ASSETS

At the end of the fiscal year, the City's governmental and business-type activities had invested \$155,952,543 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$18,387,529.

Major capital asset events during the year included the following:

- Land – 518 East Pasadena Boulevard \$262,498
- Land – Lot W, Deer Park Outlots, East Pasadena Boulevard \$410,559
- Land – 6.3346-acre tract of land \$679,970
- Ivy Street Reconstruction \$810,566
- Construction in progress additions:
 - Fire Station #3 – EMS Annex Addition \$3,738,154
 - Street Replacement Project \$3,399,456
 - Wastewater Treatment Plant Expansion \$4,144,462
 - 18" Force Main Rehabilitation \$1,250,803
 - Sanitary Sewer Rehabilitation – Park Meadows \$1,202,676

CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2019

- Animal Shelter \$624,889
- Girls Softball Renovation \$344,409
- P Street Ground Storage Tank \$344,284

More detailed information about the City's capital assets is presented in note III.D. to the financial statements.

LONG-TERM DEBT

At the end of the current year, the City had total bonds and certificates of obligation outstanding of \$72,565,024. Of this amount, \$13,025,024 was general obligation debt and certificates of obligation accounted for \$59,540,000.

During the year, the City had a net increase in bonds and certificates of obligation of \$475,026 as the result of one new bond issuance and scheduled debt payments.

State statutes limit the amount of general obligation debt a governmental entity may issue to ten percent of its total assessed valuation. The current debt limitation for the City is \$275,362,233, which is well above the City's total general obligation debt outstanding.

More detailed information about the City's long-term liabilities is presented in note III.E. to the financial statements.

Current underlying ratings on debt issues are as follows:

	Moody's Investors Service	Standard and Poor's
General Obligation Bonds	Aa1	AAA
Certificates of Obligation	N/A	AAA

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City budgeted for an increase in property tax revenues of \$1,330,077, which is a 7.56 percent increase from last year's budget. This increase is the result of new properties being added to the tax roll and increases in property values.

For the 2020 fiscal year budget, the total tax rate of \$0.720 per \$100 of assessed value is the same as the prior year rate. Compared to the prior year budget, the City budgeted for an increase in total general fund revenues/expenditures and other resources of approximately \$3,479,803.

City Council approved a current year budget increase of revenues/expenses of \$1,625,504 compared to the prior year budget for the water and sewer fund.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances. Questions concerning this report or requests for additional financial information should be directed to the City of Deer Park, Director of Finance, 710 E. San Augustine, Deer Park, Texas 77536.

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BASIC FINANCIAL STATEMENTS

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CITY OF DEER PARK, TEXAS

STATEMENT OF NET POSITION

September 30, 2019

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and cash equivalents	\$ 59,782,012	\$ 11,479,443	\$ 71,261,455	\$ 8,069,903
Restricted cash and cash equivalents	-	15,019,905	15,019,905	-
Receivables, net of allowances	3,273,137	1,014,496	4,287,633	1,199,390
Due from component units	3,260	-	3,260	-
Due from primary government	-	-	-	1,122
Inventories	103,019	-	103,019	-
Prepaid items	334,917	51,545	386,462	13,864
Capital assets:				
Nondepreciable capital assets	38,173,015	25,196,226	63,369,241	-
Depreciable capital assets, net	63,608,156	28,975,146	92,583,302	5,185,398
Total Assets	165,277,516	81,736,761	247,014,277	14,469,677
Deferred Outflows of Resources				
Deferred charge on refunding	262,597	44,340	306,937	-
Deferred outflows of resources - pensions (TMRS)	7,545,018	1,067,927	8,612,945	217,081
Deferred outflows of resources - pensions (TESRS)	141,297	-	141,297	-
Deferred outflows of resources - OPEB (SDBF)	152,360	-	152,360	-
Deferred outflows of resources - OPEB (Health)	4,653,108	694,670	5,347,778	149,786
Total Deferred Outflows of Resources	12,754,380	1,806,937	14,561,317	366,867
Liabilities				
Accounts payable	2,867,444	1,388,174	4,255,618	179,143
Accrued liabilities	826,383	117,003	943,386	43,079
Customer deposits	13,765	823,090	836,855	-
Due to component units	1,122	-	1,122	-
Due to primary government	-	-	-	3,260
Other payables	508,351	1,351,582	1,859,933	-
Unearned revenue	921	-	921	-
Noncurrent liabilities:				
Due within one year	5,400,644	2,566,259	7,966,903	140,555
Due in more than one year	61,074,378	49,249,746	110,324,124	1,844,977
Total Liabilities	70,693,008	55,495,854	126,188,862	2,211,014
Deferred Inflows of Resources				
Deferred inflows of resources - pensions (TMRS)	1,248,984	173,363	1,422,347	37,530
Deferred inflows of resources - TESRS	26,967	-	26,967	-
Deferred inflows of resources - OPEB (SDBF)	55,916	-	55,916	-
Total Deferred Inflows of Resources	1,331,867	173,363	1,505,230	37,530
Net Position				
Net investment in capital assets	75,517,066	19,598,349	95,115,415	4,272,158
Restricted for:				
Debt service	5,766,586	-	5,766,586	-
Enabling legislation:				
Hotel/motel occupancy tax	586,583	-	586,583	-
Police forfeiture	50,715	-	50,715	-
Municipal court	124,715	-	124,715	-
Special projects - restricted contributions	246,931	-	246,931	8,315,842
Capital projects	98,161	-	98,161	-
Unrestricted	23,616,264	8,276,132	31,892,396	-
Total Net Position	\$ 106,007,021	\$ 27,874,481	\$ 133,881,502	\$ 12,588,000

See Notes to Financial Statements.

CITY OF DEER PARK, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 9,268,068	\$ 557,271	\$ -	\$ -
Public safety	14,430,250	3,075,509	40,801	2,682,292
Public works	9,036,546	1,533,406	-	420,000
Parks and recreation	440,036	59,984	-	-
Community development	10,322,377	1,265,244	1,840,891	-
Interest on long-term debt	772,988	-	-	-
Total Governmental Activities	44,270,265	6,491,414	1,881,692	3,102,292
Business-Type Activities				
Water and sewer	10,653,981	10,739,546	-	-
Storm water utility	167,096	346,021	-	-
Total Business-Type Activities	10,821,077	11,085,567	-	-
Total Primary Government	\$ 55,091,342	\$ 17,576,981	\$ 1,881,692	\$ 3,102,292
Component Units				
Governmental	\$ 6,639,932	\$ -	\$ -	\$ -
Total Component Units	\$ 6,639,932	\$ -	\$ -	\$ -

General Revenues:

- Property taxes
- Industrial district taxes
- Franchise fees
- Sales and use taxes
- Hotel occupancy taxes
- Investment earnings
- Miscellaneous
- Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning net position

Ending Net Position

See Notes to Financial Statements.

Net Revenue (Expense) and Changes in Net Position

Primary Government

Governmental Activities	Business-Type Activities	Total	Component Units
\$ (8,710,797)	\$ -	\$ (8,710,797)	\$ -
(8,631,648)	-	(8,631,648)	-
(7,083,140)	-	(7,083,140)	-
(380,052)	-	(380,052)	-
(7,216,242)	-	(7,216,242)	-
(772,988)	-	(772,988)	-
<u>(32,794,867)</u>	<u>-</u>	<u>(32,794,867)</u>	<u>-</u>
-	85,565	85,565	-
-	178,925	178,925	-
-	264,490	264,490	-
<u>(32,794,867)</u>	<u>264,490</u>	<u>(32,530,377)</u>	<u>-</u>
-	-	-	(6,639,932)
-	-	-	(6,639,932)
19,370,741	-	19,370,741	-
11,954,014	-	11,954,014	-
2,089,400	-	2,089,400	-
7,243,047	-	7,243,047	7,320,257
629,796	-	629,796	-
1,805,996	495,704	2,301,700	12,110
504,981	-	504,981	31,829
(701,947)	701,947	-	-
<u>42,896,028</u>	<u>1,197,651</u>	<u>44,093,679</u>	<u>7,364,196</u>
10,101,161	1,462,141	11,563,302	724,264
<u>95,905,860</u>	<u>26,412,340</u>	<u>122,318,200</u>	<u>11,863,736</u>
<u>\$ 106,007,021</u>	<u>\$ 27,874,481</u>	<u>\$ 133,881,502</u>	<u>\$ 12,588,000</u>

CITY OF DEER PARK, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2019

	General	Debt Service	Capital Improvement	Nonmajor Governmental
Assets				
Cash and cash equivalents	\$ 42,370,806	\$ 5,766,586	\$ 7,532,047	\$ 4,112,573
Receivables, net	3,021,295	78,058	-	173,784
Due from component units	3,260	-	-	-
Inventories	103,019	-	-	-
Prepaid items	334,917	-	-	-
Total Assets	\$ 45,833,297	\$ 5,844,644	\$ 7,532,047	\$ 4,286,357
Liabilities				
Accounts payable	\$ 1,536,545	\$ -	\$ 650,003	\$ 680,896
Accrued liabilities	822,562	-	-	3,821
Due to component units	1,122	-	-	-
Customer deposits	13,765	-	-	-
Other payables	380,525	-	127,826	-
Unearned revenue	921	-	-	-
Total Liabilities	2,755,440	-	777,829	684,717
Deferred Inflows of Resources				
Unavailable revenue - court fines and warrants	221,023	-	-	-
Unavailable revenue - ambulance	734,779	-	-	-
Unavailable revenue - industrial district taxes	78	-	-	-
Unavailable revenue - property taxes	215,352	78,058	-	-
Total Deferred Inflows of Resources	1,171,232	78,058	-	-
Fund Balances				
Nonspendable:				
Inventories	103,019	-	-	-
Prepaid items	334,917	-	-	-
Restricted for:				
Debt service	-	5,766,586	-	-
Enabling legislation	-	-	-	762,013
Special projects	-	-	-	246,931
Capital projects	-	-	-	2,592,696
Assigned:				
Disaster response/repair	816,000	-	-	-
Park maintenance	153,365	-	-	-
Capital projects	-	-	6,754,218	-
Unassigned	40,499,324	-	-	-
Total Fund Balances	41,906,625	5,766,586	6,754,218	3,601,640
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 45,833,297	\$ 5,844,644	\$ 7,532,047	\$ 4,286,357

See Notes to Financial Statements.

**Total
Governmental
Funds**

\$ 59,782,012
3,273,137
3,260
103,019
334,917
\$ 63,496,345

\$ 2,867,444
826,383
1,122
13,765
508,351
921
4,217,986

221,023
734,779
78
293,410
1,249,290

103,019
334,917

5,766,586
762,013
246,931
2,592,696

816,000
153,365
6,754,218
40,499,324
58,029,069

\$ 63,496,345

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CITY OF DEER PARK, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2019

Total fund balances for governmental funds \$ 58,029,069

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, nondepreciable	38,173,015	
Capital assets, net depreciable	<u>63,608,156</u>	101,781,171

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 1,249,290

Long-term liabilities and deferred outflows and deferred inflows related to pensions and other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.

Deferred charge on refunding	262,597	
Deferred outflows - pensions (TMRS)	7,545,018	
Deferred outflows - pensions (TESRS)	141,297	
Deferred outflows - OPEB (SDBF)	152,360	
Deferred outflows OPEB (Health)	4,653,108	
Deferred inflows - pensions (TMRS)	(1,248,984)	
Deferred inflows pensions (TESRS)	(26,967)	
Deferred inflows OPEB (SDBF)	(55,916)	
Noncurrent liabilities due in one year	(5,400,644)	
Noncurrent liabilities due in more than one year	<u>(61,074,378)</u>	(55,052,509)
Net Position of Governmental Activities		<u><u>\$ 106,007,021</u></u>

See Notes to Financial Statements.

CITY OF DEER PARK, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2019

	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvement</u>	<u>Nonmajor Governmental</u>
<u>Revenues</u>				
Property taxes	\$ 14,830,188	\$ 4,557,703	\$ -	\$ -
Industrial district taxes	11,954,014	-	-	-
Sales taxes	7,243,047	-	-	-
Franchise fees	2,089,400	-	-	-
Hotel/motel occupancy taxes	-	-	-	629,796
Fees and fines	1,313,432	-	-	191,085
Licenses and permits	709,531	-	-	-
Intergovernmental	625,416	1,215,475	-	420,000
Charges for services	3,947,920	-	-	94,809
Investment earnings	1,570,444	45,293	3,277	186,982
Miscellaneous	366,660	-	-	119,425
Total Revenues	44,650,052	5,818,471	3,277	1,642,097
<u>Expenditures</u>				
Current:				
General government	7,648,276	-	-	146,122
Community development	8,358,912	-	-	1,097,684
Public works	6,998,072	-	-	26,976
Parks and recreation	58,989	-	-	-
Public safety	12,863,609	-	-	146,738
Capital outlay	1,483,612	-	3,593,618	6,455,976
Debt service:				
Principal	396,393	3,702,962	-	-
Interest and other charges	18,558	881,651	-	-
Total Expenditures	37,826,421	4,584,613	3,593,618	7,873,496
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,823,631	1,233,858	(3,590,341)	(6,231,399)
<u>Other Financing Sources (Uses)</u>				
Transfers in	529,116	138,370	4,026,425	708,264
Transfers (out)	(4,047,068)	(787,068)	(357,533)	(912,453)
Proceeds from sale of capital assets	52,184	-	-	-
Insurance proceeds	18,896	-	-	-
Total Other Financing Sources (Uses)	(3,446,872)	(648,698)	3,668,892	(204,189)
Net Change in Fund Balances	3,376,759	585,160	78,551	(6,435,588)
Beginning fund balances	38,529,866	5,181,426	6,675,667	10,037,228
Ending Fund Balances	\$ 41,906,625	\$ 5,766,586	\$ 6,754,218	\$ 3,601,640

See Notes to Financial Statements.

**Total
Governmental
Funds**

\$ 19,387,891
11,954,014
7,243,047
2,089,400
629,796
1,504,517
709,531
2,260,891
4,042,729
1,805,996
486,085

52,113,897

7,794,398
9,456,596
7,025,048
58,989
13,010,347
11,533,206

4,099,355
900,209

53,878,148

(1,764,251)

5,402,175
(6,104,122)
52,184
18,896

(630,867)

(2,395,118)

60,424,187

\$ 58,029,069

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CITY OF DEER PARK, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2019

Net changes in fund balances - total governmental funds \$ (2,395,118)

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 their estimated useful lives and reported as depreciation expense.

Capital asset expenditures	13,124,180
Depreciation expense	(4,441,794)
Disposals, net	(9,853)

The issuance of long-term debt (e.g., bonds and certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities. In addition, pension and other postemployment benefits (OPEB) expenses and the amortization of deferred items are accounted for in the Statement of Activities.

Principal payments	4,099,355
Amortization of deferred loss on refunding	(57,706)
Amortization of premiums on bonds	146,481
Amortization of deferred outflows - pensions (TMRS)	7,940,082
Amortization of deferred outflows - pensions (TESRS)	31,633
Amortization of deferred outflows - OPEB (SDBF)	146,539
Amortization of deferred outflows - OPEB (Health)	4,653,108
Amortization of deferred inflows - pensions (TMRS)	(1,011,059)
Amortization of deferred inflows - pensions (TESRS)	(68,330)
Amortization of deferred inflows - OPEB (SDBF)	(122,323)
Compensated absences	(23,771)
Closure costs	(947)
Net pension liability - TMRS	(8,513,051)
Net pension liability - TESRS	(20,202)
Total OPEB liability - Health	(6,214,093)
Total OPEB liability - SDBF	(100,195)
Accrued interest	38,446

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

217,487

Change in Net Position of Governmental Activities \$ 10,101,161

See Notes to Financial Statements.

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CITY OF DEER PARK, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2019

	Business-Type Activities		
	Water and Sewer	Storm Water Utility	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 10,850,188	\$ 629,255	\$ 11,479,443
Restricted cash and cash equivalents	15,019,905	-	15,019,905
Accounts receivable, net	984,060	30,436	1,014,496
Prepays	48,744	2,801	51,545
Total Current Assets	26,902,897	662,492	27,565,389
Noncurrent assets:			
Capital assets:			
Land	591,397	-	591,397
Buildings	4,795,184	-	4,795,184
Utility system	58,386,339	-	58,386,339
Machinery and equipment	4,851,469	-	4,851,469
Construction in progress	24,604,829	-	24,604,829
Less: accumulated depreciation	(39,057,846)	-	(39,057,846)
Total Noncurrent Assets	54,171,372	-	54,171,372
Total Assets	81,074,269	662,492	81,736,761
Deferred Outflows of Resources			
Deferred charge on refunding	44,340	-	44,340
Deferred outflows of resources - pensions (TMRS)	1,035,626	32,301	1,067,927
Deferred outflows of resources - OPEB (Health)	671,465	23,205	694,670
Total Deferred Outflows of Resources	1,751,431	55,506	1,806,937
Liabilities			
Current liabilities:			
Accounts payable	1,386,384	1,790	1,388,174
Accrued liabilities	113,731	3,272	117,003
Customer deposits	823,090	-	823,090
Other payables	1,351,582	-	1,351,582
Compensated absences	131,813	1,838	133,651
Bonds payable - current	2,342,797	-	2,342,797
Capital leases payable	-	89,811	89,811
Total Current Liabilities	6,149,397	96,711	6,246,108
Noncurrent liabilities:			
Net pension liability - TMRS	1,956,891	54,009	2,010,900
Total OPEB liability - Health	2,981,482	45,059	3,026,541
Compensated absences	14,646	204	14,850
Bonds payable, net of deferred charges	44,174,748	-	44,174,748
Capital leases payable	-	22,707	22,707
Total Noncurrent Liabilities	49,127,767	121,979	49,249,746
Total Liabilities	55,277,164	218,690	55,495,854
Deferred Inflows of Resources			
Deferred inflows of resources - pensions (TMRS)	168,773	4,590	173,363
Total Deferred Inflows of Resources	168,773	4,590	173,363
Net Position			
Net investment in capital assets	19,598,349	-	19,598,349
Unrestricted	7,781,414	494,718	8,276,132
Total Net Position	\$ 27,379,763	\$ 494,718	\$ 27,874,481

See Notes to Financial Statements.

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CITY OF DEER PARK, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For the Year Ended September 30, 2019

	Business-Type Activities		
	Water and Sewer	Storm Water Utility	Total
<u>Operating Revenues</u>			
Charges for services	\$ 10,739,546	\$ 346,021	\$ 11,085,567
Total Operating Revenues	10,739,546	346,021	11,085,567
<u>Operating Expenses</u>			
Personnel services	3,639,035	150,963	3,789,998
Contractual services	1,085,527	9,463	1,094,990
Repairs and maintenance	576,915	2,899	579,814
Other supplies and expenses	1,944,213	3,771	1,947,984
Depreciation	1,942,551	-	1,942,551
Total Operating Expenses	9,188,241	167,096	9,355,337
Operating Income	1,551,305	178,925	1,730,230
<u>Nonoperating Revenues (Expenses)</u>			
Investment earnings	495,704	-	495,704
Interest and fiscal agent fees	(1,465,740)	-	(1,465,740)
Total Nonoperating (Expenses)	(970,036)	-	(970,036)
Income Before Transfers	581,269	178,925	760,194
<u>Transfers</u>			
Transfers in	787,068	41,286	828,354
Transfers (out)	(126,407)	-	(126,407)
Total Transfers	660,661	41,286	701,947
Change in Net Position	1,241,930	220,211	1,462,141
Beginning net position	26,137,833	274,507	26,412,340
Ending Net Position	\$ 27,379,763	\$ 494,718	\$ 27,874,481

See Notes to Financial Statements.

CITY OF DEER PARK, TEXAS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Page 1 of 2) For the Year Ended September 30, 2019

	Business-Type Activities		
	Water and Sewer	Storm Water Utility	Total
<u>Cash Flows from Operating Activities</u>			
Receipts from customers and users	\$ 10,735,539	\$ 343,676	\$ 11,079,215
Payments to suppliers for goods and services	(3,132,161)	(17,144)	(3,149,305)
Payments to employees for services	(3,179,703)	(130,676)	(3,310,379)
Net Cash Provided by Operating Activities	4,423,675	195,856	4,619,531
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfer from other funds	787,068	41,286	828,354
Transfer to other funds	(126,407)	-	(126,407)
Net Cash Provided by Noncapital Financing Activities	660,661	41,286	701,947
<u>Cash Flows from Capital and Related Financing Activities</u>			
Acquisition and construction of capital assets	(8,975,255)	-	(8,975,255)
Proceeds from debt issuance	6,462,051	-	6,462,051
Principal paid on capital debt	(2,122,012)	(88,204)	(2,210,216)
Interest and fiscal agent fees paid	(1,588,490)	-	(1,588,490)
Net Cash (Used) by Capital and Related Financing Activities	(6,223,706)	(88,204)	(6,311,910)
<u>Cash Flows from Investing Activities</u>			
Earnings on investments	495,704	-	495,704
Net Cash Provided by Investing Activities	495,704	-	495,704
Net Increase (Decrease) in Cash and Cash Equivalents	(643,666)	148,938	(494,728)
Beginning cash and cash equivalents	26,513,759	480,317	26,994,076
Ending Cash and Cash Equivalents	\$ 25,870,093	\$ 629,255	\$ 26,499,348
Ending Cash and Cash Equivalents			
Unrestricted cash and cash equivalents	\$ 10,850,188	\$ 629,255	\$ 11,479,443
Restricted cash and cash equivalents	15,019,905	-	15,019,905
	\$ 25,870,093	\$ 629,255	\$ 26,499,348

See Notes to Financial Statements.

CITY OF DEER PARK, TEXAS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Page 2 of 2) For the Year Ended September 30, 2019

	Business-Type Activities		
	Water and Sewer	Storm Water Utility	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income	\$ 1,551,305	\$ 178,925	\$ 1,730,230
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,942,551	-	1,942,551
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in Assets:			
Accounts receivable	(25,989)	(2,345)	(28,334)
Prepays	(48,744)	(2,801)	(51,545)
Deferred outflows of resources	(1,390,962)	(45,405)	(1,436,367)
Increase (Decrease) in Liabilities:			
Accounts payable	(448,260)	1,790	(446,470)
Accrued liabilities	27,467	-	27,467
Other payables	944,031	3,272	947,303
Compensated absences payable	7,039	2,042	9,081
Net pension liability	1,145,611	38,639	1,184,250
Deferred inflows of resources	(199,079)	(9,250)	(208,329)
Total OPEB liability	896,723	30,989	927,712
Customer deposits	21,982	-	21,982
Net Cash Provided by Operating Activities	\$ 4,423,675	\$ 195,856	\$ 4,619,531

See Notes to Financial Statements.

CITY OF DEER PARK, TEXAS

STATEMENT OF NET POSITION

FIDUCIARY FUNDS

September 30, 2019

	<u>Senior Citizens Trust</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 117,510
Total Assets	\$ 117,510
<u>Net Position</u>	
Restricted	\$ 117,510
Total Net Position	\$ 117,510

See Notes to Financial Statements.

CITY OF DEER PARK, TEXAS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND

For the Year Ended September 30, 2019

	<u>Senior Citizens Trust</u>
<u>Additions</u>	
Investment earnings	\$ 2,669
	<u>2,669</u>
Total Additions	<u>2,669</u>
	<u>2,669</u>
Change in Net Position	<u>2,669</u>
Beginning net position	<u>114,841</u>
Ending Net Position	<u><u>\$ 117,510</u></u>

See Notes to Financial Statements.

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CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Deer Park, Texas (the “City”) was incorporated under the laws of the State of Texas in 1948 and adopted a home-rule charter in December 1960. The charter provides for a “mayor council-manager” form of government with the elective body empowered to enact local legislation, adopt budgets, and determine policies. A mayor and six council members are elected to “at large” positions for two-year terms. The City Manager is appointed by the elective body and is responsible for the administrative affairs of the City.

The City provides for the following services: police, fire and emergency medical, water and sewer, street maintenance, sanitation, planning, parks and recreation, library, and general and administrative.

The City is an independent political subdivision of the State of Texas governed by an elected six-member council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements present the activities of the City (primary government) and its component units. Component units are legally separate organizations for which the City is financially accountable or other organizations whose nature and significant relationship with the City are such that exclusion would cause the City’s financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit’s board, and (i) either the City’s ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the City.

The basic financial statements contain discretely presented component units. Discretely presented component units are reported in an aggregate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the City’s financial reporting entity are based on criteria prescribed by generally accepted accounting principles. The elements considered in determining that the City’s financial reporting entity status is that of a primary government are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Discretely Presented Component Units

Deer Park Crime Control and Prevention District

The Deer Park Crime Control and Prevention District (CCPD) is reported in the basic financial statements as a discretely presented component unit, which emphasizes that the CCPD is legally separate from the City. The authority for the CCPD is provided by Texas Local Government Code, Chapter 363. It was established to enhance public safety throughout the City and is funded by a dedicated one-fourth of one percent sales and use tax approved by the voters in May 2011

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

and effective on October 1, 2011 for a period of five years from the date it began to levy taxes. In May 2016, the voters approved the continuation of the CCPD for a period of 10 years. In the event of dissolution, the net position of the CCPD shall be conveyed to the City.

The CCPD is governed by a seven-member board of directors appointed by the City Council. The City has the ability to impose its will on the CCPD because it may remove appointed members at will, and it must approve the CCPD budget and any necessary budget amendments. Separate financial statements are not available for the CCPD.

Deer Park Fire Control, Prevention, and Emergency Medical Services District

The Deer Park Fire Control, Prevention, and Emergency Medical Services District (FCPEMSD) is reported in the basic financial statements as a discretely presented component unit, which emphasizes that the FCPEMSD is legally separate from the City. The authority for the FCPEMSD is provided by Texas Local Government Code, Chapter 344. It was established to enhance fire control and prevention and emergency medical services programs in the City and is funded by a dedicated one-fourth of one percent sales and use tax approved by the voters in May 2011 and effective on October 1, 2011 for a period of five years from the date it began to levy taxes. In May 2016, the voters approved the continuation of the FCPEMSD for a period of 10 years. In the event of dissolution, the net position of the FCPEMSD shall be conveyed to the City.

The FCPEMSD is governed by a seven-member board of directors appointed by the City Council. The City has the ability to impose its will on the FCPEMSD because it may remove appointed members at will, and it must approve the FCPEMSD budget and any necessary budget amendments. Separate financial statements are not available for the FCPEMSD.

Deer Park Community Development Corporation

The Deer Park Community Development Corporation (the “Corporation”) is reported in the basic financial statements as a discretely presented component unit, which emphasizes that the Corporation is legally separate from the City. The Corporation was established by a dedicated one-half of one percent sales and use tax approved by the voters in May 2015 for economic development purposes. The authority for the Corporation is provided by Texas Local Government Code, Chapter 505, Type B Corporations. The Corporation was formed for the purpose of financing various public park projects as authorized by Chapter 505 and the election. The dedicated one-half of one percent sales and use tax became effective on October 1, 2015 and the first sales tax receipts for the Corporation were received in December 2015.

The Corporation is governed by a seven-member board of directors appointed by the City Council. The City has the ability to impose its will on the Corporation because it may remove appointed members at will, and it must approve the Corporation budget and any necessary budget amendments. Separate financial statements are not available for the Corporation.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and wastewater functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following governmental funds:

The *general fund* is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales taxes, and franchise fees, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, parks and recreation, and community development. The general fund is always considered a major fund for reporting purposes.

The *debt service fund* is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of the City. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

The *special revenue funds* are used to account for proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes. The special revenue funds are considered nonmajor funds for reporting purposes.

The *capital projects funds* are used to account for the expenditures of resources accumulated from the sale of long-term debt and related interest earnings for capital improvement projects. The capital improvement fund is considered a major fund for reporting purposes. The remaining capital project funds are considered nonmajor funds for reporting purposes.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

The City reports the following enterprise funds:

The *enterprise funds* are used to account for the operations that provide water and wastewater collection, wastewater treatment operations, and storm water utility operations. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The water and sewer fund is considered a major fund for reporting purposes. The storm water utility fund is considered a nonmajor fund for reporting purposes, but the City has elected to present it as major due to its significance.

Additionally, the City reports the following fiduciary fund type:

The *private-purpose trust fund* is used to account for disbursements made from investment earnings from an initial \$100,000 corpus established as a trust fund to benefit citizens age 55 and older. All disbursements of the senior citizens trust fund must be approved by the City of Deer Park Senior Citizen's Foundation Trust Committee. Activities are not budgeted and are controlled on an event-by-event basis.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amounts are included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amounts are included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amounts are included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amounts are included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and balances in statewide investment pools. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with a maturity date of three months or less when purchased to be cash equivalents.

The City maintains a pooled cash account. Each fund whose monies are deposited in the pooled cash account has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month end. Amounts on deposit in interest bearing accounts and other investments are displayed on the combined balance sheet as "cash and equity in pooled cash."

2. Investments

Investments are stated at fair value, except for investment pools, which are stated at either amortized costs or net asset value. Investment income from the pools are allocated back to the respective funds based on each fund's equity in the pool. Investments in nonparticipating interest earning contracts, such as certificates of deposit, are reported at cost.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. government
- Direct obligations of the State of Texas
- Statewide investment pools
- Certificates of deposit that meet certain criteria

3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Restricted Assets

Certain proceeds of bonds, as well as other resources set aside for specific purposes, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements. Restricted assets of the enterprise fund are restricted by bond covenants for repayment of debt and to finance construction projects.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of at least two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Infrastructure	20 to 40 years
Buildings and Improvements	10 to 40 years
Vehicles and Equipment	5 to 20 years
Furniture and Fixtures	5 to 10 years

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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. In addition to liabilities, the statement of financial 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.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.
- 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 or refunding debt.

At the fund level, the City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from court fines and warrants, ambulance fees, industrial district and property taxes. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

7. Compensated Absences

Employees earn vacation based on years of service with the City within certain limits. Only accumulated vacation and earned compensatory time are paid upon termination of employment. Vacation pay is accrued when incurred in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

8. Long-Term Obligations

In government-wide financial statement and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premium or discount.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund. Although a portion of the general obligation debt was directly related to the purchase of water and sewer infrastructure, the debt service expenditures are included in the governmental fund financial statements as they are expected to be paid from debt service tax revenues instead of water system revenues.

Assets acquired under the terms of a capital lease are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the applicable fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

9. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

10. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

11. Fund Balance Policies

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

In accordance with the City's fund balance policy, City Council, by resolution, has authorized the City Manager as the official authorized to assign fund balance to a specific purpose. Assignments of fund balance by the City Manager do not require formal action by the City Council.

The City has established a target level of unassigned fund balance to alleviate revenue shortfalls and/or unanticipated expenditures to ensure the orderly and continued provision of services. The City shall strive to maintain an unassigned fund balance in the general fund equal to at least 25 percent of normal recurring operating costs, based on the current year's budgeted operating expenditures. Should unassigned fund balance fall below the goal or have a deficiency, the City will seek to reduce expenditures prior to increasing revenues to replenish fund balance within a reasonable timeframe.

12. Estimates

The preparation of the financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

13. Pensions

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and the Texas Emergency Services Retirement System (TESRS) and additions to/deductions from TMRS's and TESRS's fiduciary net position have been determined on the same basis as they are reported by TMRS and TESRS. 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.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

14. Other Postemployment Benefits

The City participates in a single-employer, unfunded, defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. Benefit payments are treated as being equal to the employer's yearly contributions for retirees. Benefit payments and refunds are due and payable in accordance with the benefit terms. Information about the City's total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense is provided by TMRS from reports prepared by their consulting actuary.

The City also provides medical benefits to eligible retirees through a single-employer defined benefit plan (the "Plan"). This Plan is an unfunded, pay-as-you-go plan. Information about the City's OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense is provided by the City's consulting actuary.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

All taxes due to the City on real or personal property are payable at the Office of the City Tax Assessor-Collector and may be paid at any time after the tax rolls for the year have been completed and approved, which is October 1, or as soon thereafter as practicable. Taxes are due upon receipt and all taxes not paid prior to February 1 are deemed delinquent and are subject to such penalty and interest established by State law.

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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. The principal operating revenues of the enterprise funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles except the capital projects funds, which adopt project length budgets. The original budget is adopted by the City Council prior to the beginning of the fiscal year. The legal level of budgetary control, as defined by the charter, is the department level. The City Manager may transfer appropriations within a department without seeking the approval of City Council. The City Council may transfer any unencumbered funds from one department to another. Appropriations lapse at the end of the year, excluding capital project budgets. Supplemental budget appropriations were made for the year ended September 30, 2019.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2019, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
TexSTAR	\$ 13,634,234	0.06
TexPool	19,171,437	0.09
Texas CLASS	5,035,475	0.14
Certificates of deposit	44,049,393	0.89
Total Fair Value	\$ 81,890,539	
Portfolio weighted average maturity		0.52

Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities.

Credit risk. The City’s investment policy limits investments in public fund investment pools rated as to investment quality not less than ‘AAA’ or ‘AAAm’, or at an equivalent rating by at least one nationally recognized rating service. As of September 30, 2019, the City’s investments in TexPool, Texas CLASS and TexSTAR were rated ‘AAAm’ by Standard & Poor’s.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of September 30, 2019, the combined balances of FDIC insurance, collateral pledged, and letters of credit exceeded the City’s bank balances. As of September 30, 2019, the discretely presented component units’ bank balances were collateralized with securities held by the pledging financial institution or covered by FDIC insurance.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investment policy requires that it will seek to safekeep securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City’s safekeeping account prior to the release of funds.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rates TexPool 'AAAm'. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

TexPool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, Texpool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within TexPool. TexPool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less, and weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than five percent of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. TexPool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national state of emergency that affects TexPool's liquidity. The City has no unfunded commitments related to TexPool.

TexSTAR

The Texas Short-Term Asset Reserve Fund (TexSTAR) is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexSTAR was created in April 2002 by contract among its participating governmental units and is governed by a board of directors. J.P. Morgan Investment Management, Inc. and Hilltop Securities Inc. act as co-administrators, providing investment management services, participant services, and marketing. JPMorgan Chase Bank and/or its subsidiary, J.P. Morgan Investor Services, Inc., provide custodial, transfer agency, fund accounting, and depository services.

TexSTAR is 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. The City has no unfunded commitments related to TexSTAR. TexSTAR has a redemption notice period of one day and may redeem daily. TexSTAR'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 TexSTAR's liquidity.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Texas CLASS

The Texas Cooperative Liquid Assets Securities System Trust (CLASS) is a public funds investment pool under Section 2256.016 of the Public Funds Investment Act, Texas Government Code, as amended. CLASS is created under an amended and restated trust agreement, dated as of December 14, 2011 (the "Agreement"), among certain Texas governmental entities investing in CLASS (the "Participants"), with Cutwater Investor Services Corporation as program administrator and Wells Fargo Bank Texas, NA as custodian. CLASS is not SEC registered and is not subject to regulation by the State of Texas. Under the Agreement, however, CLASS is administered and supervised by a seven-member board of trustees (the "Board"), whose members are investment officers of the Participants, elected by the Participants for overlapping two-year terms. In the Agreement and by resolution of the Board, CLASS has contracted with Cutwater Investors Service Corporation to provide for the investment and management of the public funds of CLASS. Separate financial statements for CLASS may be obtained from CLASS' website at www.texasclass.com.

B. Receivables

Amounts recorded as receivable as of September 30, 2019 for the City's individual major and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Water and Sewer</u>	<u>Storm Water Utility</u>	<u>Component Units</u>
Taxes	\$ 861,583	\$ 312,231	\$ -	\$ -	\$ -	\$ 1,199,390
Accounts	2,763,619	-	173,784	1,458,709	41,759	-
Ambulance	4,099,202	-	-	-	-	-
Less allowance	(4,703,109)	(234,173)	-	(474,649)	(11,323)	-
Total	<u>\$ 3,021,295</u>	<u>\$ 78,058</u>	<u>\$ 173,784</u>	<u>\$ 984,060</u>	<u>\$ 30,436</u>	<u>\$ 1,199,390</u>

C. Restricted Assets

The balances of the restricted cash and cash equivalents accounts recognized by the City are as follows:

	<u>Water and Sewer</u>
Restricted for:	
Customer deposits	\$ 823,090
Bond funded capital projects	14,196,815
Total Restricted Assets	<u>\$ 15,019,905</u>

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

D. Capital Assets

The following is a summary of changes in capital assets for governmental activities for the year end:

	Primary Government			Ending Balance
	Beginning Balance	Increases	(Decreases)/ Reclassifications	
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 25,334,279	\$ 1,353,027	\$ -	\$ 26,687,306
Construction in progress	24,676,347	10,269,256	(23,459,894)	11,485,709
Total capital assets not being depreciated	<u>50,010,626</u>	<u>11,622,283</u>	<u>(23,459,894)</u>	<u>38,173,015</u>
Other capital assets:				
Buildings	24,346,804	19,368,584	-	43,715,388
Improvements	66,145,435	7,064,833	-	73,210,268
Machinery and equipment	20,376,051	1,210,666	(172,471)	21,414,246
Total other capital assets	<u>110,868,290</u>	<u>27,644,083</u>	<u>(172,471)</u>	<u>138,339,902</u>
Less accumulated depreciation for:				
Buildings	(12,311,878)	(1,177,895)	-	(13,489,773)
Improvements	(43,000,077)	(1,791,375)	-	(44,791,452)
Machinery and equipment	(15,140,615)	(1,472,524)	162,618	(16,450,521)
Total accumulated depreciation	<u>(70,452,570)</u>	<u>(4,441,794)</u>	<u>162,618</u>	<u>(74,731,746)</u>
Other capital assets, net	<u>40,415,720</u>	<u>23,202,289</u>	<u>(9,853)</u>	<u>63,608,156</u>
Governmental Activities Capital Assets, Net	<u>\$ 90,426,346</u>	<u>\$ 34,824,572</u>	<u>\$ (23,469,747)</u>	<u>101,781,171</u>
			Less associated debt	(29,021,237)
			Plus deferred charge on refunding	262,597
			Plus unspent bond proceeds	2,494,535
			Net Investment in Capital Assets	<u>\$ 75,517,066</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 609,900
Public safety	514,203
Public works	1,494,757
Parks and recreation	421,847
Community development	1,401,087
Total Governmental Activities Depreciation Expense	<u>\$ 4,441,794</u>

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Construction in progress and remaining commitments under related construction contracts for governmental fund projects at year end are as follows:

Project Description	Authorized Contract	Contract Expenditures	Remaining Contract
Phone System - EMS Station	\$ 27,130	\$ 5,963	\$ 21,167
Nature Preserve	691,809	223,778	468,031
Irrigation Improvements - Golf Course	304,239	103,698	200,541
Fire Station #3 - EMS Annex/Addition	3,849,550	3,738,154	111,396
Hike and Bike Trails	70,000	31,952	38,048
Hike and Bike Trails - Type B	500,000	23,500	476,500
Drainage Recovery - Repetitive Loss Flood Analysis	90,540	81,486	9,054
Drainage Improvements - Deer Park Manor/Delo-Elaine	255,660	107,456	148,204
HCFCB B112 Ditch	76,163	20,025	56,138
Street Replacement Project	5,728,015	5,395,976	332,039
Total	\$ 11,593,106	\$ 9,731,988	\$ 1,861,118

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

The following is a summary of changes in capital assets for business-type activities for the year end:

	Primary Government			Ending Balance
	Beginning Balance	Increases	(Decreases)/ Reclassifications	
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 591,397	\$ -	\$ -	\$ 591,397
Construction in progress	17,103,161	8,012,650	(510,982)	24,604,829
Total capital assets not being depreciated	17,694,558	8,012,650	(510,982)	25,196,226
Other capital assets:				
Buildings	4,795,184	-	-	4,795,184
Improvements	57,133,324	1,253,015	-	58,386,339
Machinery and equipment	4,660,852	220,572	(29,955)	4,851,469
Total other capital assets	66,589,360	1,473,587	(29,955)	68,032,992
Less accumulated depreciation for:				
Buildings	(1,312,306)	(119,428)	-	(1,431,734)
Improvements	(32,363,807)	(1,588,709)	-	(33,952,516)
Machinery and equipment	(3,469,137)	(234,414)	29,955	(3,673,596)
Total accumulated depreciation	(37,145,250)	(1,942,551)	29,955	(39,057,846)
Other capital assets, net	29,444,110	(468,964)	-	28,975,146
Business-Type Activities Capital Assets, Net	\$ 47,138,668	\$ 7,543,686	\$ (510,982)	54,171,372
			Less associated debt	(46,630,063)
			Plus deferred charge on refunding	44,340
			Plus unspent bond proceeds	12,012,700
			Net Investment in Capital Assets	\$ 19,598,349

Depreciation was charged to business-type functions as follows:

Water and sewer	\$ 1,942,551
Total Business-Type Activities Depreciation Expense	\$ 1,942,551

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Construction in progress and remaining commitments under related construction contracts for business-type activities projects at year end are as follows:

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Contract</u>
Waste Water Treatment Plant - Lagoon Project	\$ 486,000	\$ 750	\$ 485,250
Driveway - Water and Sewer Maintenance Building	123,101	98,621	24,480
18" Force Main Rehabilitation - Phase 1	1,398,596	1,250,803	147,793
Access Control - Waste Water Treatment Plant	14,775	13,514	1,261
Camera System - Waste Water Treatment Plant	17,902	16,691	1,211
Sanitary Sewer Rehab - Deer Meadows	1,746,211	1,712,942	33,268
P Street Ground Storage Tank	404,500	399,284	5,216
Water Treatment Plant - Solids Handling	495,348	238,884	256,465
Sanitary Sewer Rehab - Park Meadows	1,987,242	1,202,676	784,566
Sanitary Sewer Rehab - Regency Park	345,276	287,730	57,546
Total	<u>\$ 7,018,950</u>	<u>\$ 5,221,893</u>	<u>\$ 1,797,057</u>

The following is a summary of changes in capital assets for the component units for the year end:

	<u>Component Units</u>			
	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)/ Reclassifications</u>	
Discretely presented component units:				
Capital assets not being depreciated:				
Construction in progress	\$ 2,903,089	\$ -	\$ (2,903,089)	\$ -
Total capital assets not being depreciated	<u>2,903,089</u>	<u>-</u>	<u>(2,903,089)</u>	<u>-</u>
Capital assets, being depreciated:				
Building	87,641	1,986,280	-	2,073,921
Improvements	115,182	726,000	-	841,182
Machinery and equipment	5,042,357	250,714	(109,970)	5,183,101
Total capital assets, being depreciated	<u>5,245,180</u>	<u>2,962,994</u>	<u>(109,970)</u>	<u>8,098,204</u>
Less accumulated depreciation for:				
Building	(8,764)	(52,675)	-	(61,439)
Improvements	(42,886)	(56,780)	-	(99,666)
Machinery and equipment	(2,339,964)	(521,707)	109,970	(2,751,701)
Total accumulated depreciation	<u>(2,391,614)</u>	<u>(631,162)</u>	<u>109,970</u>	<u>(2,912,806)</u>
Capital assets, being depreciated, net	<u>2,853,566</u>	<u>2,331,832</u>	<u>-</u>	<u>5,185,398</u>
Discretely Presented Component Units Capital Assets, Net	<u>\$ 5,756,655</u>	<u>\$ 2,331,832</u>	<u>\$ (2,903,089)</u>	<u>5,185,398</u>
			Less associated debt	<u>(913,240)</u>
			Net Investment in Capital Assets	<u>\$ 4,272,158</u>

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Depreciation was charged to component units as follows:

Crime control and prevention district	\$	402,547
Fire control, prevention, and emergency medical services district		<u>228,615</u>
Total Component Units Depreciation Expense	\$	<u>631,162</u>

E. Long-Term Debt

The following is a summary of changes in the City's total governmental long-term liabilities for the year end:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>		<u>Amounts Due Within One Year</u>
Governmental Activities:						
General obligation bonds	\$ 11,980,674	\$ -	\$ 1,512,962	\$ 10,467,712	*	\$ 1,564,953
Certificates of obligation	10,985,000	-	1,105,000	9,880,000	*	1,140,000
Certificates of obligation from direct borrowings/placements	8,290,000	-	1,085,000	7,205,000	*	1,105,000
Capital leases	900,933	-	396,393	504,540	*	384,315
Premium on bond issuance	1,110,466	-	146,481	963,985	*	146,481
Compensated absences	1,153,892	1,352,114	1,328,343	1,177,663		1,059,895
Net pension liability						
TMRS	5,710,249	8,513,051	-	14,223,300		-
TESRS	443,551	20,202	-	463,753		-
Total OPEB liability						
SDBF	973,595	100,195	-	1,073,790		-
Health	14,247,612	6,214,093	-	20,461,705		-
Closure costs	<u>52,627</u>	<u>947</u>	<u>-</u>	<u>53,574</u>		<u>-</u>
Total Governmental Activities	<u>\$ 55,848,599</u>	<u>\$ 16,200,602</u>	<u>\$ 5,574,179</u>	<u>\$ 66,475,022</u>		<u>\$ 5,400,644</u>
				<u>Long-term debt due in more than one year</u>		<u>\$ 61,074,378</u>
				<u>*Debt associated with governmental activities capital assets</u>		<u>\$ 29,021,237</u>

Long-term liabilities of the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. For the governmental activities, compensated absences are generally liquidated by the general fund. For governmental activities, the net pension liability and total other postemployment benefits liability are fully liquidated by the general fund.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>		<u>Amounts Due Within One Year</u>
Business-Type Activities:						
General obligation bonds	\$ 3,224,324	\$ -	\$ 667,012	\$ 2,557,312	**	\$ 660,047
Certificates of obligation	37,610,000	6,300,000	1,455,000	42,455,000	**	1,560,000
Capital leases	200,722	-	88,204	112,518	**	89,811
Premium on bond issuance	1,465,932	162,051	122,750	1,505,233	**	122,750
Net pension liability - TMRS	826,650	1,184,250	-	2,010,900		-
Total OPEB liability - Health	2,098,829	927,712	-	3,026,541		-
Compensated absences	139,420	162,598	153,517	148,501		133,651
Total Business-Type Activities	<u>\$ 45,565,877</u>	<u>\$ 8,736,611</u>	<u>\$ 2,486,483</u>	<u>\$ 51,816,005</u>		<u>\$ 2,566,259</u>
				Long-term debt due in more than one year		<u>\$ 49,249,746</u>
						**Debt associated with business-type activities capital assets
						<u>\$ 46,630,063</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>		<u>Amounts Due Within One Year</u>
Discretely Presented Component Units:						
Capital leases	\$ 1,051,016	\$ -	\$ 137,776	\$ 913,240	***	\$ 140,555
Net pension liability - TMRS	123,346	276,267	-	399,613		-
Total OPEB liability - Health	472,644	200,035	-	672,679		-
Total Discretely Presented Component Units	<u>\$ 1,647,006</u>	<u>\$ 476,302</u>	<u>\$ 137,776</u>	<u>\$ 1,985,532</u>		<u>\$ 140,555</u>
				Long-term debt due in more than one year		<u>\$ 1,844,977</u>
						***Debt associated with discretely presented component units capital assets
						<u>\$ 913,240</u>

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Governmental activities long-term debt at year end was comprised of the following debt issues:

<u>Description</u>	<u>Interest Rates</u>	<u>Balance</u>
<u>Governmental Activities</u>		
General Obligation Bonds		
2010 General Obligation Refunding Bonds	4.00-4.50%	\$ 559,749
2012 General Obligation Refunding Bonds	2.00-3.00%	2,645,000
2014 General Obligation Bonds	3.00-4.00%	805,000
2014 General Obligation Refunding Bonds	3.00-4.00%	642,963
2016 Limited Tax Refunding Bonds	2.25-4.00%	5,815,000
Total General Obligation Bonds		10,467,712
Certificates of Obligation		
2010 Certificates of Obligation	4.00-5.00%	5,255,000
2015 Certificates of Obligation	2.00-4.00%	4,625,000
2016 Certificates of Obligation	1.59%	4,985,000
2017 Certificates of Obligation	1.89%	2,220,000
Total Certificates of Obligation		17,085,000
Total Bonds and Certificates of Obligation		27,552,712
Capital Leases		
2016 Golf Carts and Beverage Vehicle	3.15%	142,354
2017 Freightliner Trash Truck	1.84%	30,928
2018 Freightliner 108SD	1.83%	45,278
2018 Freightliner Bus	1.69%	25,612
2018 Freightliner M2-106-80	2.68%	107,962
VOIP Telephone Equipment	2.87%	152,406
Total Capital Leases		504,540
Total Governmental Activities Long-Term Debt		\$ 28,057,252

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Business-type activities long-term debt at year end was comprised of the following debt issues:

<u>Description</u>	<u>Interest Rates</u>	<u>Balance</u>
<u>Business-Type Activities</u>		
General Obligation Bonds		
2010 General Obligation Refunding Bonds	4.00-4.50%	\$ 370,251
2011 General Obligation Refunding Bonds	2.50-3.00%	1,150,000
2014 General Obligation Refunding Bonds	3.00-4.00%	1,037,061
Total General Obligation Bonds		2,557,312
Certificates of Obligation		
2011 Certificates of Obligation	2.50-4.00%	2,590,000
2012 Certificates of Obligation	2.00-3.00%	4,130,000
2013 Certificates of Obligation	3.00-3.35%	6,475,000
2014 Certificates of Obligation	3.00-4.00%	5,550,000
2015-A Certificates of Obligation	2.00-3.50%	6,345,000
2016-A Certificates of Obligation	2.00-4.00%	6,360,000
2017-A Certificates of Obligation	2.00-3.00%	4,875,000
2018 Certificates of Obligation	3.25-5.00%	6,130,000
Total Certificates of Obligation		42,455,000
Capital Leases		
Gradall XL5100 Excavator	1.81%	112,518
Total Capital Leases		112,518
Total Business-Type Activities Long-Term Debt		\$ 45,124,830

The City is not obligated in any manner for special assessment debt.

Component unit long-term debt at year end was comprised of the following debt issues:

<u>Description</u>	<u>Interest Rates</u>	<u>Balance</u>
<u>Component Unit</u>		
Capital Leases		
2018 Pierce Velocity	2.00%	\$ 913,240
Total Component Unit Long-Term Debt		\$ 913,240

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Annual debt service requirements for governmental activities are as follows:

Year Ending Sep 30	Governmental Activities				
	General Obligation Bonds		Certificates of Obligation		Total
	Principal	Interest	Principal	Interest	
2020	\$ 1,564,953	303,642	\$ 1,140,000	\$ 354,275	\$ 3,362,870
2021	1,539,672	254,861	1,180,000	310,475	3,285,008
2022	1,483,025	205,597	1,215,000	270,050	3,173,672
2023	1,538,025	153,331	1,250,000	228,475	3,169,831
2024	1,062,037	113,518	1,280,000	185,825	2,641,380
2025-2029	2,960,000	226,450	3,270,000	445,750	6,902,200
2030-2034	320,000	33,000	545,000	13,625	911,625
Total	\$ 10,467,712	\$ 1,290,399	\$ 9,880,000	\$ 1,808,475	\$ 23,446,586

Annual debt service requirements for direct borrowings/placements are as follows:

Year Ending Sep 30	Governmental Activities		
	General Obligation Bonds		
	Principal	Interest	Total
2020	\$ 1,105,000	\$ 111,797	\$ 1,216,797
2021	1,125,000	92,779	1,217,779
2022	1,145,000	73,412	1,218,412
2023	1,165,000	53,698	1,218,698
2024	1,185,000	33,643	1,218,643
2025-2029	1,480,000	23,612	1,503,612
Total	\$ 7,205,000	\$ 388,941	\$ 7,593,941

The annual debt service requirements for business-type activities are as follows:

Year Ending Sep 30	Business-Type Activities				
	General Obligation Bonds		Certificates of Obligation		Total
	Principal	Interest	Principal	Interest	
2020	\$ 660,047	\$ 69,983	\$ 1,560,000	\$ 1,361,482	\$ 3,651,512
2021	590,329	48,839	1,775,000	1,314,407	3,728,575
2022	426,975	32,803	1,855,000	1,260,982	3,575,760
2023	416,975	20,144	1,935,000	1,205,183	3,577,302
2024	462,986	6,944	2,515,000	1,139,864	4,124,794
2025-2029	-	-	13,835,000	4,422,433	18,257,433
2030-2034	-	-	14,505,000	1,894,457	16,399,457
2035-2037	-	-	4,475,000	220,338	4,695,338
Total	\$ 2,557,312	\$ 178,713	\$ 42,455,000	\$ 12,819,146	\$ 58,010,171

Legal Debt Margin

The City is authorized to issue debt up to 10% of the average full valuation of taxable real property which is currently \$275,362,233. The net indebtedness subject to the debt limit is \$7,978,761 resulting in a legal debt margin of \$267,383,472.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the City for which its full faith and credit are pledged. Repayment of general obligation bonds for governmental activities is from taxes levied on all taxable property located within the City, while business-type activities will be paid with utility rate revenues. A number of limitations and restrictions are contained in the various bond ordinances. The City has complied with all significant limitations and restrictions.

Certificates of Obligations

The City has issued tax and revenue certificates of obligation to provide funds for the acquisition and construction of major capital facilities. Certificates of obligation are direct obligations of the City for which its full faith and credit are pledged. Repayment of certificates for governmental activities is from taxes levied on all taxable property located within the City, while business-type activities will be paid with utility rate revenues. A number of limitations and restrictions are contained in the various bond ordinances. The City has complied with all significant limitations and restrictions.

During fiscal year 2019, the City issued Certificates of Obligation, Series 2018 (the “Certificates”) in the amount of \$6,300,000. Proceeds from this issuance will be used to pay costs associated with the repair and renovation of, the construction of improvements to, and the equipment of the water and sewer system. The Certificates will mature on March 15, 2038. The interest rates range from 3.25 percent to 5.00 percent.

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of equipment, principally consisting of vehicles and equipment. These leases qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. Capital leases bear interest rates ranging from 1.69 percent to 3.15 percent and have maturity dates ranging from 2020 to 2026.

Annual requirements to satisfy these obligations are as follows:

Year Ending Sep 30	Governmental Activities		
	Capital Leases		
	Principal	Interest	Total
2020	\$ 384,315	\$ 9,047	\$ 393,362
2021	120,225	1,661	121,886
Total	\$ 504,540	\$ 10,708	\$ 515,248

Year Ending Sep 30	Business-Type Activities		
	Capital Leases		
	Principal	Interest	Total
2020	\$ 89,811	\$ 1,292	\$ 91,103
2021	22,707	68	22,775
Total	\$ 112,518	\$ 1,360	\$ 113,878

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Year Ending Sep 30	Component Units		
	Capital Leases		
	Principal	Interest	Total
2020	\$ 140,555	\$ 16,981	\$ 157,536
2021	143,392	14,144	157,536
2022	146,287	11,250	157,537
2023	149,239	8,297	157,536
2024	152,252	5,285	157,537
2024-2026	181,515	2,278	183,793
Total	\$ 913,240	\$ 58,235	\$ 971,475

The assets acquired through capital leases are as follows:

Assets:	Governmental	Business-Type	Component
	Activities	Activities	Units
Machinery and equipment	\$ 1,244,005	\$ 435,228	\$ 1,163,743
Less: accumulated depreciation	(483,031)	(174,091)	(129,305)
Total	\$ 760,974	\$ 261,137	\$ 1,034,438

Federal Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or are not performed correctly, a substantial liability to the City could result. The City periodically engages an arbitrage consultant to perform the calculations in accordance with the rules and regulations of the IRS.

F. Interfund Receivables, Payables, and Transfers

Transfers between the primary government funds during the year were as follows:

Transfer In	Transfer Out	Amounts
General	Water and sewer	\$ 102,330
General	Nonmajor governmental	426,786
Debt service	Nonmajor governmental	134,936
Capital improvement	General	4,026,425
Water and sewer	Debt service	787,068
Solid waste	Water and sewer	20,643
Solid waste	General	20,643
Nonmajor governmental	Capital improvement	357,533
Debt service	Water and sewer	3,434
Nonmajor governmental	Nonmajor governmental	350,731
		\$ 6,230,529

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Amounts transferred between funds relate to the following activities:

- Transfers to the debt service fund were made to transfer interest earned from bond funds for the repayment of debt service and debt service related expenditures in accordance with applicable ordinances and federal regulations.
- The general fund transferred \$4,026,425 to the capital improvement fund to fund current and future capital improvement projects.
- Transfers to the general fund were made by the water and sewer fund and the nonmajor governmental funds to reimburse the general fund for the respective funds' portion of expenditures paid by the general fund.
- Transfers to the water and sewer fund were made by the debt service fund for current year debt service payments.
- Transfers to the solid waste fund were made by the general fund and water and sewer fund as additional funding for various projects.
- Transfers to nonmajor governmental funds were made by the capital improvement to fund current and future expenses in excess of bond proceeds. Transfers between nonmajor governmental funds were to reclass bond capital expenditures.

G. Fund Equity

As of September 30, 2019, \$762,013 of the City's total fund balance is restricted by enabling legislation.

H. Restatement of Net Position

The City has restated beginning net position for governmental activities and beginning fund balance for the general fund to recognize prior year revenue for Federal Emergency Management Agency, Hurricane Harvey grants:

	General Fund	Governmental Activities
Beginning fund balance/net position as reported	\$ 38,347,432	\$ 95,723,426
Restate grant accrual	182,434	182,434
Beginning fund balance/net position - restated	\$ 38,529,866	\$ 95,905,860

The City has also restated beginning net position for the CCPD and component units to decrease prior year liabilities due to a settlement on a construction contract:

	CCPD	Component Units
Beginning net position as reported	\$ 5,015,210	\$ 11,779,609
Restate accounts payable	84,127	84,127
Beginning net position - restated	\$ 5,099,337	\$ 11,863,736

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

IV. OTHER INFORMATION

A. 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; and natural disasters for which the City participates along with 2,617 other entities in the Texas Municipal League's Intergovernmental Risk Pools (the "Pool"). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures that may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is a defendant in several lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's management that resolution of these matters will not have a material adverse effect on the financial condition of the City.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

C. Pension Plans

1. Texas Municipal Retirement System

Plan Description

The City participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by 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 TMRS with a six-member Board of Trustees (the "Board"). 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 that can be obtained at www.tMrs.com.

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

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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 percent of the member's deposits and interest.

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

	<u>2019</u>	<u>2018</u>
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	50% of CPI	50% 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:

	<u>Primary Government</u>	<u>Component Units</u>
Inactive employees or beneficiaries currently receiving benefits	196	6
Inactive employees entitled to, but not yet receiving, benefits	145	4
Active employees	297	8
Total	<u>638</u>	<u>18</u>

Contributions

The contribution rates for employees in TMRS are either five percent, six percent, or seven percent of employee gross earnings, and the City-matching percentages are either 100 percent, 150 percent, or 200 percent, 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.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Employees for the City were required to contribute seven percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 14.10 percent and 14.44 percent in calendar years 2019 and 2018, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2019 were \$2,881,927 which 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 NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.00% 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 Tables with Blue Collar Adjustment, with male rates multiplied by 109 percent and female rates multiplied by 103 percent. 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 Adjustment are used with male rates multiplied by 109 percent and female rates multiplied by 103 percent with a three-year set-forward for both males and females. In addition, a three percent 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 three percent 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 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, TMRS adopted the EAN 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, the actuary 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 DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

The target allocation and best estimates of real rates of return for each major asset class 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	100.0%	

Discount Rate

The discount rate used to measure the TPL was 6.75 percent. 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 TPL.

Changes in the NPL

	<u>Primary Government</u>		
	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (A)</u>	<u>Plan Fiduciary Net Position (B)</u>	<u>Net Pension Liability (A) - (B)</u>
Changes for the year:			
Service cost	\$ 3,262,541	\$ -	\$ 3,262,541
Interest	8,447,734	-	8,447,734
Difference between expected and actual experience	(1,627,977)	-	(1,627,977)
Contributions - employer	-	2,723,182	(2,723,182)
Contributions - employee	-	1,320,103	(1,320,103)
Net investment income	-	(3,585,355)	3,585,355
Benefit payments, including refunds of employee contributions	(5,357,486)	(5,357,486)	-
Administrative expense	-	(69,311)	69,311
Other changes	-	(3,621)	3,621
Net Changes	4,724,812	(4,972,488)	9,697,300
Balance at December 31, 2017	127,390,663	120,853,763	6,536,900
Balance at December 31, 2018	\$ 132,115,475	\$ 115,881,275	\$ 16,234,200

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

	Component Units		
	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Changes for the year:			
Service cost	\$ 92,947	\$ -	\$ 92,947
Interest	240,669	-	240,669
Difference between expected and actual experience	(46,380)	-	(46,380)
Contributions - employer	-	77,581	(77,581)
Contributions - employee	-	37,609	(37,609)
Net investment income	-	(102,144)	102,144
Benefit payments, including refunds of employee contributions	(152,630)	(152,630)	-
Administrative expense	-	(1,975)	1,975
Other changes	-	(103)	103
Net Changes	134,606	(141,662)	276,268
Balance at December 31, 2017	2,403,739	2,280,394	123,345
Balance at December 31, 2018	\$ 2,538,345	\$ 2,138,732	\$ 399,613

Sensitivity of the NPL to Changes in the Discount Rate

The following presents the NPL of the City, calculated using the discount rate of 6.75 percent, as well as what the City's NPL would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one 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%)
Primary Government's Net Pension Liability	\$ 34,223,419	\$ 16,234,200	\$ 1,453,640
	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Component Units' Net Pension Liability	\$ 842,427	\$ 399,613	\$ 35,782

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 at www.tmr.com.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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

For the fiscal year ended September 30, 2019, the City recognized net pension expense of \$4,606,476 for the primary government and \$131,235 for the component units.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 25,159	\$ 1,422,347
Changes in actuarial assumptions	250,155	-
Difference between projected and actual investment earnings	6,215,461	-
Contributions subsequent to the measurement date	2,122,170	-
Total	\$ 8,612,945	\$ 1,422,347

	Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 420	\$ 37,530
Changes in actuarial assumptions	4,173	-
Difference between projected and actual investment earnings	152,029	-
Contributions subsequent to the measurement date	60,459	-
Total	\$ 217,081	\$ 37,530

\$2,122,170 for the primary government and \$60,459 for component units are reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the NPL for the fiscal year ending September 30, 2020.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30	Pension Expense	
	Primary Government	Component Units
2020	\$ 2,072,110	\$ 48,688
2021	525,043	12,337
2022	475,853	11,181
2023	2,018,011	47,417
2024	(22,589)	(531)
Total	\$ 5,068,428	\$ 119,092

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

2. Texas Emergency Services Retirement System

Plan Description

The City participates in a cost-sharing multiple employer pension plan that has a special funding situation. The plan is administered by the TESRS and established and administered by the State of Texas (the “State”) to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. At August 31, 2018, there were 238 contributing fire and/or emergency services department members participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

On August 31, 2018, the TESRS system membership consisted of:

Retirees and beneficiaries currently receiving benefits	3,533
Terminated members entitled to, but not yet receiving, benefits	1,927
Active participants	3,927

Pension Plan Fiduciary Net Position

Detailed information about TESRS’s fiduciary net position is available in a separately-issued CAFR that includes financial statements and Required Supplementary Information. TESRS issues a publicly available annual financial report, which includes financial statements, notes, and Required Supplementary Information, and can be obtained at www.tesrs.org. The separately issued actuarial valuations that may be of interest are also available at the same link.

Benefits Provided

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees (the “Board”) authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by Board rule. The benefit provisions include retirement benefits, as well as death and disability benefits. Members are 50 percent vested after the tenth year of service, with the vesting percentage increasing ten percent for each of the next five years of service so that a member becomes 100 percent vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percentage multiplied by six times the governing body’s average monthly contribution over the member’s years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2 percent compounded annually. There is no provision for automatic postretirement benefit increases.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount or continuing monthly payments to a member’s surviving spouse and dependent children.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Funding Policy

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of TESRS, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is \$36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the TESRS contribution that directly impacts future retiree annuities.

The State is required to contribute an amount necessary to make TESRS “actuarially sound” each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

The Board rule defining contributions was amended effective July 27, 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the State are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percentage of the Part One portion (not to exceed 15 percent), is to be actuarially adjusted near the end of each even-numbered calendar year based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2016, the Part Two contributions were established by the Board to be two percent of the Part One contributions beginning September 1, 2017. Based on the August 31, 2018 actuarial valuation, the Part Two contributions are not required for an adequate contribution arrangement.

Additional contributions may be made by governing bodies within two years of joining TESRS to grant up to ten years of credit for service per member. Prior service purchased must have occurred before the department began participation in TESRS.

A small subset of participating departments has a different contribution arrangement that is being phased out over time. In this arrangement, contributions made in addition to the monthly contributions for active members are made by local governing bodies on a pay-as-you-go basis for members who were pensioners when their respective departments merged into TESRS. There is no actuarial impact associated with this arrangement as the pay-as-you-go contributions made by these governing bodies are always equal to benefit payments paid by TESRS.

Contributions

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by Board rule, and there is no maximum contribution rate. For the fiscal year ending September 30, 2018, total contributions (dues, prior service, and interest on prior service financing) of \$102,714 were paid by the City. The State appropriated \$1,329,224 for the fiscal year ending August 31, 2018 to TESRS as a whole.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Actuarial Assumptions

The TPL in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	8/31/2018
Actuarial cost method	Entry age
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Market value smoothed by a 5-year deferred recognition method with an 80%/120% corridor on market value
Actuarial assumptions:	
Investment rate of return*	7.75%
Projected salary increases	N/A
*Includes inflation at	3.00%
Cost of living adjustments	None

Mortality rates were based on the RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2024 by scale AA. The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components 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 (currently 5.01%) and by adding expected inflation (3.00%). In addition, the final 7.75 percent assumption reflected a reduction of 0.26 percent for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Net Real Rate of Return</u>
Equities		
Large cap domestic	32.0%	5.81%
Small cap domestic	15.0%	5.92%
Developed international	15.0%	6.21%
Emerging markets	5.0%	7.18%
Master limited partnership	5.0%	7.61%
Real Estate	5.0%	4.46%
Fixed income	23.0%	1.61%
	Total	
	<u>100.0%</u>	
Weighted average		5.01%

Discount Rate

The discount rate used to measure the TPL was 7.75 percent. No projection of cash flows was used to determine the discount rate because the August 31, 2018 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. Because of the 30-year

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

amortization period with the conservative amortization method and with a lower value of assets, TESRS's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Discount Rate Sensitivity Analysis

The following presents the NPL of the City, calculated using the discount rate of 7.75 percent, as well as what the City's NPL would be if it were calculated using a discount rate that is one percentage point lower (6.75%) or one percentage point higher (8.75%) than the current rate:

	1% Decrease in Discount Rate (6.75%)	Discount Rate (7.75%)	1% Increase in Discount Rate (8.75%)
City's proportionate share of the net pension liability	\$ 921,619	\$ 463,753	\$ 154,935

Pension Liability, Pension Expense, and Deferred Outflows/Deferred Inflows of Resources Related to Pensions

At August 31, 2018, the City reported a liability of \$463,753 for its proportionate share of TESRS's NPL. The amount recognized by the City as its proportionate share of the NPL, the related State support, and the total portion of the NPL that was associated with the City were as follows:

City's proportionate share of the collective NPL	\$ 463,753
*State's proportionate share that is associated with the City	128,708
Total	\$ 592,461

**Calculated using the City's proportionate share of contributions multiplied by the State's share of the collective NPL.*

The TPL used to calculate the NPL was determined by an actuarial valuation as of August 31, 2018. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) requires the NPL to be measured as of a date no earlier than the end of the employer's prior fiscal year. TESRS did not roll forward (nor did they provide the necessary information for the participants to roll forward) the NPL to be measured as of a date no earlier than the end of the City's prior fiscal year. While the City acknowledges that the measurement date does not fall within this 12-month period, the City elected to honor the conservatism principle and report an NPL measured as of August 31, 2018. The City used the assumption that any differences in the NPL measured as of August 31, 2018 versus September 30, 2018 would be immaterial. The employer's proportion of the NPL was based on the employer's contributions to TESRS relative to the contributions of all employers to TESRS for the period September 1, 2017 through August 31, 2018.

At August 31, 2018, the employer's proportion of the collective NPL was 2.142 percent, which was an increase of 0.294 percent from its proportion measured as of August 31, 2017.

There were no changes of assumptions or other inputs that affected measurement of the TPL during the measurement period.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

There were no changes of benefit terms that affected measurement of the TPL during the measurement period.

For the year ended September 30, 2019, the City recognized pension expense of \$147,012. The City recognized on-behalf revenues of \$40,801 calculated by taking the State’s total contributions to TESRS multiplied by the City’s proportionate share.

At September 30, 2019, the City reported its proportionate share of the TESRS’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ -	\$ 25,631
Changes in assumptions	1,733	-
Differences between expected and actual experience	126	1,336
Contributions paid to TESRS subsequent to the measurement date	139,438	-
Total	\$ 141,297	\$ 26,967

The net amounts of the employer’s balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30	Pension Expense
2020	\$ 29,881
2021	(16,626)
2022	(24,468)
2023	(13,895)
Total	\$ (25,108)

D. Other Postemployment Benefits

1. Healthcare Plan

Plan Description

The City provides medical benefits to eligible retirees through an unfunded single-employer defined benefit plan (the “Plan”). The City pays a portion of the current monthly contribution rate for individual medical benefits for retirees meeting certain eligibility requirements. All active employees who retire directly from the City and meet the eligibility criteria may participate. Eligibility is based on retirement at, or after, age 55 and 20 years of service (age plus years of service equals 80). If age 56 or older on or before December 31, 2003, an employee may retire with 10 years of service if age plus years of service equals 75. If hired prior to October 1, 2001, an employee may retire with 25 years of service without regard to age. There is no City subsidy for dependent coverage and the cost of elected dependent coverage is paid entirely by the retiree. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No.75, *Accounting and Financial Reporting for Other Postemployment Benefits other than Pensions* (GASB 75).

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Benefits

Medical benefits continue after age 65 with the medical coverage offered as a supplement to Medicare benefits. Dental and life insurance benefits are also made available to retirees, but these benefits are not subsidized by the City and are not included the actuarial valuation. The retiree pays a percentage of the contribution for individual pre-65 medical coverage based on points (retirement age plus years of service). This contribution ranges from 25% for 80 or more points to 92.5% for 71 or less points. The retiree pays 20% of the individual Medicare supplement benefit contribution for any dependent coverage elected. Pre-65 medical benefits are provided through the TML Intergovernmental Employee Benefits Pool and Medicare supplement benefits are provided through United Healthcare.

Participation in Plan as of September 30, 2019 is summarized below:

	<u>Primary Government</u>	<u>Component Units</u>
Inactive employees or beneficiaries currently receiving benefits	60	2
Inactive employees entitled to, but not yet receiving, benefits	-	-
Active employees	288	8
Total	<u>348</u>	<u>10</u>

Total OPEB Liability

The City's total OPEB liability of \$23,488,246 for the primary government and \$672,679 for the component units were determined by an actuarial valuation as of September 30, 2018, rolled forward to measure as of September 30, 2019.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2018 actuarial valuation, rolled forward to measurement date September 30, 2019, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 10.50% including inflation
Discount rate*	2.75%
Health care trend rate	Pre-65: Initial rate of 7.00% declining to an ultimate rate of 4.25% after 13 years; Post-65: Initial rate of 6.30% declining to an ultimate rate of 4.25% after 13 years
Actuarial cost method	Individual entry-age
Demographic assumptions	Based on the experience study covering the four-year period ending December 31, 2014 as conducted for TMRS.
Mortality	For healthy retirees, the gender-distinct RP-2000 Combined Health Mortality Tables with Blue Collar Adjustment are used 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.
Health care trend rate	Pre-65: Initial rate of 7.00% declining to an ultimate rate of 4.25% after 13 years; Post-65: Initial rate of 6.30% declining to an ultimate rate of 4.25% after 13 years
Participation rates	75% for retirees eligible for 75% subsidy; 20% for retirees eligible for 50% subsidy; 0% for retirees not eligible for at least a 50% subsidy, 0% for those retiring before age 50

* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of September 30, 2019.

Changes in the Total OPEB Liability

	Total OPEB Liability	
	Primary Government	Component Units
Changes for the year:		
Service cost	\$ 860,211	\$ 24,094
Interest	673,028	18,851
Changes of assumptions	3,378,862	94,639
Difference between expected and actual experience	2,657,477	74,433
Benefit payments	(427,773)	(11,982)
Net Changes	7,141,805	200,035
Balance at September 30, 2018	16,346,441	472,644
Balance at September 30, 2019	\$ 23,488,246	\$ 672,679

Change of assumptions reflected a change in the discount rate from 4.06 percent as of September 30, 2018, as well as changes to the participant rate and health care trend assumptions.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Costs Trend Rate Assumptions

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
Primary Government's Total			
OPEB Liability	\$ 28,360,674	\$ 23,488,246	\$ 19,704,498
	1% Decrease in Discount Rate (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
Component Units' Total			
OPEB Liability	\$ 812,220	\$ 672,679	\$ 564,316

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using the assumed trend rates if that rate was one percentage point lower or one percentage point higher than the current trend rates:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Primary Government's Total			
OPEB Liability	\$ 19,086,127	\$ 23,488,246	\$ 29,415,686
	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Component Units' Total			
OPEB Liability	\$ 546,607	\$ 672,679	\$ 842,435

OPEB Expense and Deferred Outflows/Inflows of Resources

For the year ended September 30, 2019, the City recognized OPEB expense of \$2,221,801 for the primary government and \$62,230 for the component units.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

At September 30, 2019, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	
	Primary	Component
	Government	Units
Changes in actuarial assumptions	\$ 2,993,438	\$ 83,843
Difference between expected and actual experience	2,354,340	65,943
Total	\$ 5,347,778	\$ 149,786

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

Year Ended	OPEB Expense	
	Primary	Component
	Government	Units
September 30		
2020	\$ 688,561	\$ 19,286
2021	688,561	19,286
2022	688,561	19,286
2023	688,561	19,286
2024	688,561	19,286
Thereafter	1,904,973	53,356
Total	\$ 5,347,778	\$ 149,786

2. TMRS Supplemental Death Benefits

Plan Description

The City participates in an OPEB plan administered by TMRS. TMRS administers the defined benefit group-term life insurance plan known as the SDBF. This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The member city contributes to the SDBF at a contractually required rate (based on the covered payroll of employee members) as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. As such, the SDBF is considered to be a single-employer unfunded OPEB defined benefit plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund (PTF). The TMRS Act requires the PTF to allocate a five percent interest credit from investment income to the SDBF on an annual basis each December 31 based on the mean balance in the SDBF during the year.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Benefits

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated). Participation in the SDBF as of December 31, 2018 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	154
Inactive employees entitled to, but not yet receiving, benefits	36
Active employees	305
Total	495

Total OPEB Liability

The City's total OPEB liability of \$1,073,790 was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 10.50% including inflation
Discount rate	3.71%*
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB 68.
Mortality rates-service retirees	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.
Mortality rates-disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rate are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Changes in the Total OPEB Liability

		<u>Total OPEB Liability</u>
Changes for the year:		
Service cost	\$	32,973
Interest		32,643
Difference between expected and actual experience		108,364
Changes of assumptions		(66,027)
Benefit payments*		<u>(7,758)</u>
	Net Changes	100,195
Balance at December 31, 2017		<u>973,595</u>
	Balance at December 31, 2018	<u><u>\$ 1,073,790</u></u>

* Benefit payments are treated as being equal to the employer's yearly contributions for retirees due to the SDBF being considered an unfunded OPEB plan under GASB 75.

The discount rate increased from 3.31 percent to 3.71 percent as of December 31, 2018. There were no other changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate (2.71%)</u>	<u>Discount Rate (3.71%)</u>	<u>1% Increase in Discount Rate (4.71%)</u>
City's Total OPEB Liability	<u>\$ 1,252,133</u>	<u>\$ 1,073,790</u>	<u>\$ 934,967</u>

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

For the year ended September 30, 2019, the City recognized OPEB expense of \$84,109.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 54,399	\$ 55,916
Difference between expected and actual experience	91,769	-
Contributions subsequent to the measurement date	6,192	-
	\$ 152,360	\$ 55,916

\$6,192 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending September 30, 2020.

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

Year Ended September 30	OPEB Expense Amount
2020	\$ 18,493
2021	18,493
2022	18,493
2023	18,493
2024	12,846
Thereafter	3,434
Total	\$ 90,252

3. Deferred Compensation Plan

The City offers its employees a deferred compensation plan (the “Plan”) created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Plan’s trust arrangements are established to protect deferred compensation amounts of employees under the Plan from any other use than intended under the Plan (eventual payment to employees deferring the compensation) in accordance with federal tax laws. Amounts of compensation deferred by employees under Plan provisions are disbursed monthly by the City to a third-party administrator. The third-party administrator handles all funds in the Plan and makes investment decisions and disburses funds to employees in accordance with Plan provisions.

E. Industrial District Contracts

A significant portion of the City’s revenue is derived from separate contractual agreements (the “Contracts”) with 27 separate industrial companies (the “Companies”) that lie within the City’s extraterritorial jurisdiction (known as the “Industrial District”). In 2007, the City and the Companies located in the Industrial District agreed to new Contracts extending to December 31, 2014. The City completed negotiations on new Contracts with the Companies located in the Industrial District, with a new expiration date of December 31, 2026. These Contracts call for each Company to annually render to the City a written description of its land, improvements, and tangible personal property as

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

of the immediately preceding January 1 (based on the opinion of the legal counsel for the Harris County Appraisal District that the value of land and improvements that were not physically located within the corporate area of the City could not be included in the City's tax roll). The Companies have agreed to pay an amount "in lieu" of taxes in the unannexed area of an amount equal to the sum of 63 percent of the amount of ad valorem taxes that would be payable to the City if all of the Company's land and improvements that existed on each January 1 had been within the corporate limits of the City. Under the new Contract, the Companies have agreed to pay an amount "in lieu" of taxes in the unannexed area of an amount equal to the sum of 63 percent of the amount of ad valorem taxes that would be payable to the City if all of the Company's land and improvements that existed on January 1, 2015, 2016, 2017, and 2018 had been within the corporate limits of the City; 64 percent of the amount of ad valorem taxes that would be payable to the City if all of the Company's land and improvements that existed on January 1, 2019, 2020, 2021, and 2022 had been within the corporate limits of the City; and 65 percent of the amount of ad valorem taxes that would be payable to the City if all of the Company's land and improvements which existed on January 1, 2023, 2024, 2025, and 2026 had been within the corporate limits of the City. Payments in lieu of taxes on new construction will be based on percentages of new value as described in the Contract as ten percent the first year, 20 percent the second year, 30 percent the third year, 40 percent the fourth year, 50 percent the fifth year, and 100 percent after the fifth year of operations. For new construction in excess of \$100,000,000, the new Contracts allow for each Company to negotiate these payment percentages. If those particular negotiations are not completed by January 1, the stated Contract rates will apply to the new construction value. During the fiscal year, the City received revenues of \$11,954,014 related to these Contracts.

F. Operating Leases

Effective May 29, 2013, the City entered into a lease agreement (the "Agreement") with a tenant to operate the City's municipal golf course. The Agreement extends through May 31, 2023. The term of the Agreement may be extended for four, five-year extensions upon the mutual agreement of the City and the tenant. As part of the Agreement, the City receives monthly rent payments based upon an annual minimum rent amount plus a percentage of gross revenues. However, in September 2016, an amendment to the Agreement temporarily reduced the monthly rent payment and temporarily eliminated the percentage rent payment.

G. Transfer Station Closure Cost

The City operates a municipal solid waste transfer station (the "Transfer Station"), which is currently permitted for 200 tons per day of municipal solid waste transfer. Transfer stations are facilities where municipal solid waste is unloaded from collection vehicles and held until the waste is reloaded onto larger transport vehicles for shipment to landfills or other treatment/disposal facilities.

As of September 30, 2019, the total estimated closure costs for the City's Transfer Station are \$53,574. The reported liability represents 100 percent of the closure costs for the Transfer Station. The liability is based on an engineering study performed in March 2002 that estimated the total closure costs. The estimated closure costs are adjusted annually using the Implicit Price Deflator for Gross National Product published by the United States Department of Commerce. The actual cost may differ from the estimate due to inflation, changes in technology, or regulatory changes.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

H. Chapter 380 Economic Development Agreement

Chapter 380, *Miscellaneous Provisions Relating to Municipal Planning and Development*, of the Texas Local Government Code provides the authority to the governing body of a municipality to establish and provide for the administration of one or more programs, including programs to promote state or local economic development and to stimulate business and commercial activity in the municipality. The City has entered into a Chapter 380 Economic Development Agreement (the “Agreement”) with one developer (the “Developer”). The term of this Agreement is for a period of 16 years. This Developer agreed to make real property improvements as part of a retail development (the “Project”) including the construction of water and sanitary sewer facilities and traffic and roadway improvements to support the Project. The Developer also agreed to employ and maintain a minimum number of full-time equivalent employment positions working at the retail development site. Between the years ending 2019 through 2022, the City has agreed to reimburse the Developer \$1,000 for each job created/retained up to a maximum of \$465,000 over the four-year period. The City also agreed to pay the Developer a percentage of sales and use tax collected on the property, which ranges from 100 percent of the collections in calendar year 2017 to 50 percent of the collections in calendar year 2031. Lastly, the City agreed to pay the Developer 100 percent of the property tax increment revenues for tax years 2016 through 2025. The aggregate total of all grant program payments made by the City to the Developer shall not exceed \$4,175,750. During fiscal year 2019, the City recognized expenditures of \$234,806 related to this Agreement.

I. Subsequent Events

In December 2019, the City issued Certificates of Obligation, Series 2019 (the “Certificates”) in the amount of \$4,185,000. Proceeds from the sale of the Certificates will be used for the repair and renovation of, the construction of improvements to, and the equipment of, the water and sewer system. The Certificates will mature on March 15, 2039. The interest rates of the Certificates range from 3.00 to 5.00 percent.

In December 2019, the City also issued Limited Tax Refunding Bonds, Series 2019 (the “Bonds”) in the amount of \$4,240,000. Proceeds from the sale of the Bonds will be used to defease \$4,825,000 of Certificates of Obligation, Series 2010. The Bonds will mature on March 15, 2030. The interest rate of the Bonds is 5.00 percent.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DEER PARK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND (Page 1 of 2)
For the Year Ended September 30, 2019

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 14,505,212	\$ 14,505,212	\$ 14,830,188	\$ 324,976
Industrial district taxes	11,910,000	11,910,000	11,954,014	44,014
Sales taxes	6,500,000	6,500,000	7,243,047	743,047
Franchise fees	1,900,000	1,900,000	2,089,400	189,400
Fees and fines	1,410,000	1,410,000	1,313,432	(96,568)
Licenses and permits	551,650	551,650	709,531	157,881
Intergovernmental	60,000	60,000	625,416	565,416
Charges for services	3,669,750	3,669,750	3,947,920	278,170
Investment earnings	742,000	742,000	1,570,444	828,444
Miscellaneous	34,000	34,000	366,660	332,660
Total Revenues	41,282,612	41,282,612	44,650,052	3,367,440
Expenditures				
Current:				
General Government:				
Mayor and council	63,650	63,650	38,493	25,157
City manager	1,032,725	1,032,725	979,154	53,571
Boards and commissions	15,158	15,158	12,567	2,591
Municipal court	459,440	459,440	442,311	17,129
General government	4,533,107	4,511,107	2,995,965	1,515,142
Legal services	155,000	155,000	137,315	17,685
Human resources	370,835	370,835	363,479	7,356
Information technology services	1,594,668	1,594,668	1,450,907	143,761
Finance	681,488	684,888	684,832	56
City secretary	451,799	454,599	454,577	22
Warehouse	79,120	82,120	82,076	44
Disaster declarations	-	-	6,600	(6,600) *
Total General Government	9,436,990	9,424,190	7,648,276	1,775,914
Community Development:				
Planning and development	1,963,413	1,963,413	1,794,961	168,452
Administration	852,532	852,532	800,241	52,291
Beautification	30,000	30,000	3,421	26,579
Park maintenance	2,095,528	2,095,528	1,967,092	128,436
Recreation	774,215	774,215	680,694	93,521
Athletics and aquatics	811,455	811,455	747,560	63,895
Senior services	707,173	707,173	540,551	166,622
After-school program	380,920	380,920	356,820	24,100
Drama	458,298	458,298	433,707	24,591
Library	1,163,398	1,168,598	1,033,865	134,733
Total Community Development	9,236,932	9,242,132	8,358,912	883,220

CITY OF DEER PARK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND (Page 2 of 2)
For the Year Ended September 30, 2019

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Public Works:				
Building maintenance	\$ 869,948	\$ 869,948	\$ 827,409	\$ 42,539
Sanitation	3,769,860	3,864,464	3,864,412	52
Street maintenance	2,370,280	2,370,280	1,470,402	899,878
Fleet maintenance	669,105	674,105	547,932	126,173
Humane division	279,696	304,196	287,917	16,279
Total Public Works	7,958,889	8,082,993	6,998,072	1,084,921
Public Safety:				
Police	10,308,536	10,308,536	10,065,456	243,080
Emergency management	449,210	452,010	451,981	29
Fire department	675,308	734,929	711,186	23,743
Ambulance	1,406,946	1,442,908	1,442,832	76
Fire marshal	173,239	192,217	192,154	63
Total Public Safety	13,013,239	13,130,600	12,863,609	266,991
Parks and Recreation:				
Golf course lease	50,000	332,000	58,989	273,011
Total Parks and Recreation	50,000	332,000	58,989	273,011
Debt service:				
Principal	394,223	394,223	396,393	(2,170) **
Interest and other charges	18,558	18,558	18,558	-
Total Debt Service	412,781	412,781	414,951	(2,170)
Capital outlay	1,403,200	1,633,235	1,483,612	149,623
Total Expenditures	41,512,031	42,257,931	37,826,421	4,431,510
Excess (Deficiency) of Revenues Over (Under) Expenditures	(229,419)	(975,319)	6,823,631	7,798,950
Other Financing Sources (Uses):				
Transfers in	529,210	529,210	529,116	(94)
Transfers (out)	(828,166)	(3,644,601)	(4,047,068)	(402,467) **
Proceeds from sale of capital assets	10,000	10,000	52,184	42,184
Insurance proceeds	-	-	18,896	18,896
Total Other Financing Sources (Uses)	(288,956)	(3,105,391)	(3,446,872)	(341,481)
Net Change in Fund Balance	\$ (518,375)	\$ (4,080,710)	3,376,759	\$ 7,457,469
Beginning fund balance			38,529,866	
Ending Fund Balance			\$ 41,906,625	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. *Disaster declarations is a sub-fund of the general fund and the City does not adopt a budget for this sub-fund.
3. **Expenditures did not exceed appropriations at the legal level of control as transfers and principal payments are budgeted at the department level but presented separately for reporting purposes.

CITY OF DEER PARK, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
For the Year Ended September 30, 2019

	Measurement Year*			
	2014	2015	2016	2017
Total Pension Liability				
Service cost	\$ 2,681,792	\$ 3,011,767	\$ 3,179,205	\$ 3,285,191
Interest (on the total pension liability)	7,460,704	7,763,831	7,931,982	8,293,823
Difference between expected and actual experience	(718,727)	108,094	(18,490)	(107,539)
Change of assumptions	-	1,074,743	-	-
Benefit payments, including refunds of employee contributions	(5,388,710)	(5,128,029)	(5,758,334)	(5,811,848)
Net Change in Total Pension Liability	<u>4,035,059</u>	<u>6,830,406</u>	<u>5,334,363</u>	<u>5,659,627</u>
 Beginning total pension liability	 <u>107,934,947</u>	 <u>111,970,006</u>	 <u>118,800,412</u>	 <u>124,134,775</u>
Ending Total Pension Liability	<u><u>\$ 111,970,006</u></u>	<u><u>\$ 118,800,412</u></u>	<u><u>\$ 124,134,775</u></u>	<u><u>\$ 129,794,402</u></u>
 Plan Fiduciary Net Position				
Contributions - employer	\$ 2,442,022	\$ 2,545,558	\$ 2,519,299	\$ 2,709,671
Contributions - employee	1,172,340	1,233,609	1,276,057	1,320,869
Net investment income	5,837,195	156,470	7,078,549	15,213,811
Benefit payments, including refunds of employee contributions	(5,388,710)	(5,128,029)	(5,758,334)	(5,811,848)
Administrative expense	(60,949)	(95,310)	(79,953)	(78,855)
Other	(5,011)	(4,708)	(4,308)	(3,995)
Net Change in Plan Fiduciary Net Position	<u>3,996,887</u>	<u>(1,292,410)</u>	<u>5,031,310</u>	<u>13,349,653</u>
 Beginning plan fiduciary net position	 <u>102,048,717</u>	 <u>106,045,604</u>	 <u>104,753,194</u>	 <u>109,784,504</u>
Ending Plan Fiduciary Net Position	<u><u>\$ 106,045,604</u></u>	<u><u>\$ 104,753,194</u></u>	<u><u>\$ 109,784,504</u></u>	<u><u>\$ 123,134,157</u></u>
Net Pension Liability	<u><u>\$ 5,924,402</u></u>	<u><u>\$ 14,047,218</u></u>	<u><u>\$ 14,350,271</u></u>	<u><u>\$ 6,660,245</u></u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	 94.71%	 88.18%	 88.44%	 94.87%
 Covered Payroll	 \$ 16,747,712	 \$ 17,622,979	 \$ 18,229,388	 \$ 18,869,562
 Net Pension Liability as a Percentage of Covered Payroll	 35.37%	 79.71%	 78.72%	 35.30%

* Only five years of information is currently available. The City will continue to build this schedule over the next five-year period.

Measurement

Year*

2018

\$ 3,355,488
8,688,403
(1,674,357)
-

(5,510,116)
4,859,418

129,794,402

\$ 134,653,820

\$ 2,800,763
1,357,712
(3,687,499)

(5,510,116)
(71,286)
(3,724)
(5,114,150)

123,134,157

\$ 118,020,007

\$ 16,633,813

87.65%

\$ 19,395,882

85.76%

CITY OF DEER PARK, TEXAS
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS)
For the Year Ended September 30, 2019

	Measurement Year*			
	2014	2015	2016	2017
City's proportion of the net pension liability	2.12%	1.93%	2.15%	1.85%
City's proportionate share of the net pension liability	\$ 384,385	\$ 514,241	\$ 626,893	\$ 443,551
State's proportionate share of the net pension liability	129,211	178,251	216,723	145,246
Total	\$ 513,596	\$ 692,492	\$ 843,616	\$ 588,797
Number of active members**	80	76	82	62
City's net pension liability per active member	\$ 4,805	\$ 6,766	\$ 7,645	\$ 7,154
Plan fiduciary net position as a percentage of the total pension liability	83.50%	76.90%	76.30%	81.40%

Notes to Required Supplementary Information:

Defined Benefit Pension Plan

Changes in benefit terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes in assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

* Only five year's of information is currently available. The City will continue to build this schedule over the next five-year period.

** There is no compensation for active members. Number of active members is used instead.

Measurement
Year*

2018

2.14%

\$ 463,753

168,353

\$ 632,106

65

\$ 7,152

84.30%

CITY OF DEER PARK, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
For the Year Ended September 30, 2019

	Fiscal Year*			
	2014	2015	2016	2017
Actuarially determined contribution	\$ 2,407,731	\$ 2,527,680	\$ 2,632,998	\$ 2,650,445
Contributions in relation to the actuarially determined contribution	<u>2,407,731</u>	<u>2,527,680</u>	<u>2,632,998</u>	<u>2,650,445</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 16,455,020	\$ 17,449,288	\$ 18,824,716	\$ 18,622,310
Contributions as a percentage of covered payroll	14.63%	14.49%	13.99%	14.23%

*Only six years of information is currently available. The City will continue to build this schedule over the next four-year period.

Notes to Required Supplementary Information:

1. Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	27 years
Asset valuation method	10 year smoothed market; 15% soft corridor
Inflation	2.5%
Salary increases	3.5% to 10.5% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

3. Other Information:

There were no benefit changes during the year.

Fiscal Year*

<u>2018</u>	<u>2019</u>
\$ 2,767,719	\$ 2,881,927
<u>2,767,719</u>	<u>2,881,927</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 19,192,732	\$ 20,322,430
14.42%	14.18%

CITY OF DEER PARK, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS)
For the Year Ended September 30, 2019

	Fiscal Year*			
	2014	2015	2016	2017
Contractually required contribution	\$ 96,300	\$ 91,000	\$ 98,600	\$ 89,400
Contributions in relation to the contractually required contribution	<u>96,300</u>	<u>91,000</u>	<u>98,600</u>	<u>89,400</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Number of active members**	80	76	82	75
Contributions per active member	\$ 1,204	\$ 1,197	\$ 1,202	\$ 1,192

*Only six years of information is currently available. The City will continue to build this schedule over the next four-year period.

**There is no compensation for active members. Number of active members is used instead.

Fiscal Year*	
2018	2019
\$ 102,714	\$ 139,438
<u>102,714</u>	<u>139,438</u>
<u>\$ -</u>	<u>\$ -</u>
71	77
\$ 1,447	\$ 1,811

CITY OF DEER PARK, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SUPPLEMENTAL DEATH BENEFITS FUND (TMRS SDBF)
For the Year Ended September 30, 2019

	Measurement Year*	
	2017	2018
Total OPEB Liability		
Service cost	\$ 26,417	\$ 32,973
Interest (on the total pension liability)	32,262	32,643
Difference between expected and actual experience	-	108,364
Changes of assumptions	78,416	(66,027)
Benefit payments	(7,548)	(7,758)
Net Change in Total OPEB Liability	<u>129,547</u>	<u>100,195</u>
Beginning total OPEB liability	<u>844,048</u>	<u>973,595</u>
Ending Total OPEB Liability	<u>\$ 973,595</u>	<u>\$ 1,073,790</u>
Covered Payroll	\$ 18,869,562	\$ 19,395,882
Total OPEB Liability as a Percentage of Covered Payroll	5.16%	5.54%

* Only two years of information is currently available. The City will continue to build this schedule over the next eight-year period.

**Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Notes to Required Supplementary Information:

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Inflation	2.5%
Salary increases	3.5% to 10.5% including inflation
Discount rate	3.71%
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB 68.
Mortality - service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustments with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality - disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

Other Information:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

There were no benefit changes during the year.

The only change of assumptions was the annual change in the municipal bond index rate. The discount rate used in the development of the total OPEB liability was 3.71% as of December 31, 2018 compared to 3.31% as of December 31, 2017.

CITY OF DEER PARK, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
RETIREE HEALTH PLAN
For the Year Ended September 30, 2019

	Measurement Year*	
	2018	2019
Total OPEB Liability		
Service cost	\$ 361,607	\$ 884,305
Interest (on the total OPEB liability)	664,510	691,879
Difference between expected and actual experience	-	2,731,910
Change of assumptions	-	3,473,501
Benefit payments	(425,313)	(439,755)
Net Change in Total OPEB Liability	600,804	7,341,840
Beginning total OPEB liability	16,218,281	16,819,085
Ending Total OPEB Liability	\$ 16,819,085	\$ 24,160,925
Covered Payroll	\$ 16,778,986	\$ 20,234,735
Total OPEB Liability as a Percentage of Covered Payroll	100.24%	119.40%

* Only two years of information is currently available. The City will continue to build this schedule over the next eight-year period.

Notes to Required Supplementary Information:

1. There were no change of benefits during the year.
2. Changes of assumptions reflect a change in discount rate from 4.06% to 2.75% to conform with the discount selection requirements of GASB 75, as well as changes to the participation rate and health care trend assumptions.

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***COMBINING STATEMENTS
AND SCHEDULES***

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CITY OF DEER PARK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND

For the Year Ended September 30, 2019

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 4,785,116	\$ 4,785,116	\$ 4,557,703	\$ (227,413)
Intergovernmental	1,307,126	1,307,126	1,215,475	(91,651)
Investment earnings	15,000	15,000	45,293	30,293
Total Revenues	6,107,242	6,107,242	5,818,471	(288,771)
Expenditures				
Debt service:				
Principal	4,218,639	4,218,639	3,702,962	515,677
Interest and other charges	1,443,107	1,443,107	881,651	561,456
Total Expenditures	5,661,746	5,661,746	4,584,613	1,077,133
Excess of Revenues Over Expenditures	445,496	445,496	1,233,858	788,362
Other Financing Sources (Uses)				
Transfers in	100,000	100,000	138,370	38,370
Transfer out	-	-	(787,068)	(787,068) *
Total Other Financing Sources (Uses)	100,000	100,000	(648,698)	(748,698)
Net Change in Fund Balance	\$ 545,496	\$ 545,496	585,160	\$ 39,664
Beginning fund balance			5,181,426	
Ending Fund Balance			\$ 5,766,586	

Notes to Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. *Expenditures did not exceed appropriations at the legal level of control as transfers are budgeted at the department level but presented separately for reporting purposes.

CITY OF DEER PARK, TEXAS

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2019

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Hotel/Motel Occupancy Tax Fund

This fund is used to account for proceeds from hotel/motel occupancy taxes received during the year. Expenditures from this fund are restricted to tourism activities. An appropriations style budget is adopted for this fund on an annual basis.

Grants Fund

This fund is used to account for the receipt of grant funds from the State or Federal Government. The use of these funds is governed by the terms of the grant.

Police Forfeiture Fund

This fund is used to account for the receipt and expenditure of revenues derived from crime seizures that are to be used for law enforcement purposes.

Municipal Court Fund

This fund is used to account for specific revenues derived from fees generated by Municipal Court.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets.

1997 Streets Fund

This fund is used to account for the receipt of special assessments and the expenditures of such funds to improve Battleground Road.

Streets Fund

This fund is used to account for the receipt of special assessments and the expenditures of such funds to improve East Boulevard and East X Street.

General Obligations Series 2005 Fund

This fund is used to account for the receipt of bond proceeds and the expenditure of such proceeds to construct and/or improve various public buildings, purchase of land for parks and recreation facilities, street improvement projects, and sidewalk construction.

Capital Improvements Bond Fund 2007

This fund is used to account for the receipt of bond proceeds and the expenditure of such proceeds for improvements to City parks, the drainage system, and the expansions of City Hall and the library.

Capital Improvements Bond Fund 2010

This fund is used to account for the receipt of bond proceeds and the expenditure of such proceeds to construct drainage improvements.

CITY OF DEER PARK, TEXAS
NONMAJOR GOVERNMENTAL FUNDS (Continued)
For the Year Ended September 30, 2019

Capital Improvements Bond Fund 2015

This fund is used to account for the receipt of bond proceeds and the expenditure of such proceeds for the acquisition and construction of additions and improvements to the City's streets, sidewalks, and related drainage facilities.

Capital Improvements Bond Fund 2016

This fund is used to account for the receipt of bond proceeds and the expenditure of such proceeds for the acquisition and construction of additions and improvements to the City's streets, sidewalks, and related drainage facilities

CITY OF DEER PARK, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)
September 30, 2019

	Special Revenue Funds			
	Hotel/Motel Occupancy Tax	Grants	Police Forfeiture	Municipal Court
<u>Assets</u>				
Cash and cash equivalents	\$ 578,530	\$ 234,130	\$ 50,715	\$ 126,419
Accounts receivable	149,288	21,287	-	3,209
Total Assets	\$ 727,818	\$ 255,417	\$ 50,715	\$ 129,628
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 141,235	\$ 8,486	\$ -	\$ 1,092
Accrued liabilities	-	-	-	3,821
Total Liabilities	141,235	8,486	-	4,913
Fund balances:				
Restricted				
Enabling legislation	586,583	-	50,715	124,715
Special projects	-	246,931	-	-
Capital projects	-	-	-	-
Total Fund Balances	586,583	246,931	50,715	124,715
Total Liabilities and Fund Balances	\$ 727,818	\$ 255,417	\$ 50,715	\$ 129,628

Capital Projects Funds

1997 Streets	Streets	General Obligation Series 2005	CIBF 2007	CIBF 2010	CIBF 2015
\$ -	\$ 98,161	\$ 269,867	\$ 761,968	\$ -	\$ 1,308,187
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 98,161</u>	<u>\$ 269,867</u>	<u>\$ 761,968</u>	<u>\$ -</u>	<u>\$ 1,308,187</u>
\$ -	\$ -	\$ -	\$ 88,259	\$ -	\$ 333,795
-	-	-	-	-	-
-	-	-	88,259	-	333,795
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>98,161</u>	<u>269,867</u>	<u>673,709</u>	<u>-</u>	<u>974,392</u>
<u>-</u>	<u>98,161</u>	<u>269,867</u>	<u>673,709</u>	<u>-</u>	<u>974,392</u>
<u>\$ -</u>	<u>\$ 98,161</u>	<u>\$ 269,867</u>	<u>\$ 761,968</u>	<u>\$ -</u>	<u>\$ 1,308,187</u>

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CITY OF DEER PARK, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)
September 30, 2019

	Capital Projects Funds	Total Nonmajor Governmental Funds
	CIBF 2016	
<u>Assets</u>		
Cash and cash equivalents	\$ 684,596	\$ 4,112,573
Accounts receivable	-	173,784
Total Assets	\$ 684,596	\$ 4,286,357
<u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts payable	\$ 108,029	\$ 680,896
Accrued liabilities	-	3,821
Total Liabilities	108,029	684,717
Fund balances:		
Restricted		
Enabling legislation	-	762,013
Special projects	-	246,931
Capital projects	576,567	2,592,696
Total Fund Balances	576,567	3,601,640
Total Liabilities and Fund Balances	\$ 684,596	\$ 4,286,357

CITY OF DEER PARK, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)
For the Year Ended September 30, 2019

	<u>Special Revenue Funds</u>			
	<u>Hotel/Motel Occupancy Tax</u>	<u>Grants</u>	<u>Police Forfeiture</u>	<u>Municipal Court</u>
<u>Revenues</u>				
Hotel/motel taxes	\$ 629,796	\$ -	\$ -	\$ -
Fees and fines	-	-	-	191,085
Intergovernmental	-	420,000	-	-
Charges for services	-	-	-	94,809
Investment earnings	-	-	877	-
Miscellaneous	-	99,858	19,567	-
Total Revenues	629,796	519,858	20,444	285,894
<u>Expenditures</u>				
Current:				
General government	-	90,268	-	55,854
Community development	846,953	250,731	-	-
Public works	-	-	-	-
Public safety	-	30,974	11,040	104,724
Capital outlay	50,111	-	-	-
Total Expenditures	897,064	371,973	11,040	160,578
Excess (Deficiency) of Revenues Over (Under) Expenditures	(267,268)	147,885	9,404	125,316
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	-	-	-
Transfers (out)	(216,958)	(299,973)	-	(209,827)
Total Other Financing Sources (Uses)	(216,958)	(299,973)	-	(209,827)
Net Change in Fund Balances	(484,226)	(152,088)	9,404	(84,511)
Beginning fund balances	1,070,809	399,019	41,311	209,226
Ending Fund Balances	\$ 586,583	\$ 246,931	\$ 50,715	\$ 124,715

Capital Projects Funds

1997 Streets	Streets	General Obligation Series 2005	CIBF 2007	CIBF 2010	CIBF 2015
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
535	1,789	7,501	21,573	-	105,328
-	-	-	-	-	-
<u>535</u>	<u>1,789</u>	<u>7,501</u>	<u>21,573</u>	<u>-</u>	<u>105,328</u>
-	-	-	-	-	-
-	-	-	-	-	-
26,976	-	-	-	-	-
-	-	-	-	-	-
-	-	-	665,031	435,384	4,484,982
<u>26,976</u>	<u>-</u>	<u>-</u>	<u>665,031</u>	<u>435,384</u>	<u>4,484,982</u>
<u>(26,441)</u>	<u>1,789</u>	<u>7,501</u>	<u>(643,458)</u>	<u>(435,384)</u>	<u>(4,379,654)</u>
-	-	-	393,642	-	-
(534)	-	(58,259)	(21,573)	-	(105,329)
<u>(534)</u>	<u>-</u>	<u>(58,259)</u>	<u>372,069</u>	<u>-</u>	<u>(105,329)</u>
(26,975)	1,789	(50,758)	(271,389)	(435,384)	(4,484,983)
<u>26,975</u>	<u>96,372</u>	<u>320,625</u>	<u>945,098</u>	<u>435,384</u>	<u>5,459,375</u>
<u>\$ -</u>	<u>\$ 98,161</u>	<u>\$ 269,867</u>	<u>\$ 673,709</u>	<u>\$ -</u>	<u>\$ 974,392</u>

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CITY OF DEER PARK, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)
For the Year Ended September 30, 2019

	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>CIBF 2016</u>	
<u>Revenues</u>		
Hotel/motel taxes	\$ -	\$ 629,796
Fees and fines	-	191,085
Intergovernmental	-	420,000
Charges for services	-	94,809
Investment earnings	49,379	186,982
Miscellaneous	-	119,425
	<hr/>	<hr/>
Total Revenues	49,379	1,642,097
<u>Expenditures</u>		
Current:		
General government	-	146,122
Community development	-	1,097,684
Public works	-	26,976
Public safety	-	146,738
Capital outlay	820,468	6,455,976
	<hr/>	<hr/>
Total Expenditures	820,468	7,873,496
Excess (Deficiency) of Revenues Over (Under) Expenditures	(771,089)	(6,231,399)
<u>Other Financing Sources (Uses)</u>		
Transfers in	314,622	708,264
Transfers (out)	-	(912,453)
	<hr/>	<hr/>
Total Other Financing Sources (Uses)	314,622	(204,189)
Net Change in Fund Balances	(456,467)	(6,435,588)
Beginning fund balances	1,033,034	10,037,228
	<hr/>	<hr/>
Ending Fund Balances	\$ 576,567	\$ 3,601,640
	<hr/> <hr/>	<hr/> <hr/>

CITY OF DEER PARK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2019

Hotel/Motel Occupancy Tax				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Hotel/motel occupancy taxes	\$ 678,100	\$ 678,100	\$ 629,796	\$ (48,304)
Total Revenues	678,100	1,584,669	629,796	(954,873)
Expenditures				
Current:				
Community development	777,994	847,994	846,953	1,041
Capital outlay	578,950	508,950	50,111	458,839
Total Expenditures	1,356,944	1,356,944	897,064	459,880
Excess (Deficiency) of Revenues Over (Under) Expenditures	(678,844)	227,725	(267,268)	(494,993)
Other Financing Sources (Uses)				
Transfers (out)	(227,725)	(227,725)	(216,958)	10,767
Total Other Financing (Uses)	(227,725)	(227,725)	(216,958)	10,767
Net Change in Fund Balance	\$ (906,569)	\$ -	(484,226)	\$ (484,226)
Beginning fund balance			1,070,809	
Ending Fund Balance			\$ 586,583	

Grants				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 310,415	\$ 310,415	\$ 420,000	\$ 109,585
Miscellaneous	-	-	99,858	99,858
Total Revenues	310,415	310,415	519,858	209,443
Expenditures				
Current:				
General government	90,268	90,268	90,268	-
Community development	189,173	151,300	250,731	(99,431) *
Public works	30,974	30,974	30,974	-
Total Expenditures	310,415	272,542	371,973	(99,431)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	37,873	147,885	110,012
Other Financing Sources (Uses)				
Transfers (out)	-	(299,973)	(299,973)	-
Total Other Financing (Uses)	-	(299,973)	(299,973)	-
Net Change in Fund Balance	\$ -	\$ (262,100)	(152,088)	\$ 110,012
Beginning fund balance			399,019	
Ending Fund Balance			\$ 246,931	

Notes to Supplementary Information:

- Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- *Expenditures did not exceed appropriations at the legal level of control as the Grants Fund includes two sub-funds. Only one of the sub-funds has an adopted budget. The variance noted above are expenditures from the fund without an adopted budget.

CITY OF DEER PARK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
For the Year Ended September 30, 2019

Police Forfeiture				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Investment earnings	\$ -	\$ -	\$ 877	\$ 877
Miscellaneous	1,000	1,000	19,567	18,567
Total Revenues	1,000	1,000	20,444	19,444
Expenditures				
Current:				
Public safety	12,447	12,447	11,040	1,407
Total Expenditures	12,447	12,447	11,040	1,407
Net Change in Fund Balance	\$ (11,447)	\$ (11,447)	9,404	\$ 20,851
Beginning fund balance			41,311	
Ending Fund Balance			\$ 50,715	

Municipal Court				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Fees and fines	\$ 215,400	\$ 215,400	\$ 191,085	\$ (24,315)
Charges for services	100,000	100,000	94,809	(5,191)
Total Revenues	315,400	315,400	285,894	(29,506)
Expenditures				
Current:				
General government	73,373	73,373	55,854	17,519
Public safety	121,914	121,914	104,724	17,190
Total Expenditures	195,287	195,287	160,578	34,709
Excess of Revenues Over Expenditures	120,113	120,113	125,316	5,203
Other Financing (Uses)				
Transfers (out)	(209,827)	(209,827)	(209,827)	-
Total Other Financing (Uses)	(209,827)	(209,827)	(209,827)	-
Net Change in Fund Balance	\$ (89,714)	\$ (89,714)	(84,511)	\$ 5,203
Beginning fund balance			209,226	
Ending Fund Balance			\$ 124,715	

Notes to Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

CITY OF DEER PARK, TEXAS
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS

September 30, 2019

	Governmental Activities			Total
	Crime Control & Prevention District	Fire Control Prevention, & EMS District	Deer Park Community Development Corporation	
Assets				
Current assets:				
Cash and cash equivalents	\$ 2,362,839	\$ 118,238	\$ 5,588,826	\$ 8,069,903
Accounts receivable, net	303,353	301,095	594,942	1,199,390
Due from primary government	8	1,114	-	1,122
Prepays	6,854	7,010	-	13,864
Noncurrent assets:				
Building	1,986,280	87,641	-	2,073,921
Improvements	726,000	115,182	-	841,182
Machinery and equipment	2,162,812	3,020,289	-	5,183,101
Less: accumulated depreciation	(1,643,217)	(1,269,589)	-	(2,912,806)
Total Assets	5,904,929	2,380,980	6,183,768	14,469,677
Deferred Outflows of Resources				
Deferred outflows of resources - pensions	101,751	115,330	-	217,081
Deferred outflows of resources - OPEB (Health)	62,892	86,894	-	149,786
Total Deferred Outflows of Resources	164,643	202,224	-	366,867
Liabilities				
Current liabilities:				
Accounts payable	30,725	148,418	-	179,143
Due to primary government	1,901	1,359	-	3,260
Accrued liabilities	21,489	21,590	-	43,079
Capital leases payable	-	140,555	-	140,555
Noncurrent liabilities:				
Capital leases payable	-	772,685	-	772,685
Net pension liability	194,592	205,021	-	399,613
Total OPEB liability	218,004	454,675	-	672,679
Total Liabilities	466,711	1,744,303	-	2,211,014
Deferred Inflows of Resources				
Deferred inflows of resources - pensions	15,735	21,795	-	37,530
Total Deferred Inflows of Resources	15,735	21,795	-	37,530
Net Position				
Net investment in capital assets	3,231,875	1,040,283	-	4,272,158
Restricted for:				
Special projects - restricted contributions	2,355,251	(223,177)	6,183,768	8,315,842
Total Net Position	\$ 5,587,126	\$ 817,106	\$ 6,183,768	\$ 12,588,000

CITY OF DEER PARK, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION DISCRETELY PRESENTED COMPONENT UNITS

For the Year Ended September 30, 2019

	Governmental Activities			Total
	Crime Control & Prevention District	Fire Control Prevention, & EMS District	Deer Park Community Development Corporation	
<u>Operating Revenues</u>				
Sales taxes	\$ 1,809,948	\$ 1,894,061	\$ 3,616,248	\$ 7,320,257
Total Operating Revenues	1,809,948	1,894,061	3,616,248	7,320,257
<u>Operating Expenses</u>				
Personnel services	596,101	802,887	-	1,398,988
Contractual services	17,920	109,024	2,000	128,944
Repairs and maintenance	214,570	2,771,073	-	2,985,643
Other supplies and expenses	126,806	133,152	1,215,475	1,475,433
Depreciation	402,547	228,615	-	631,162
Total Operating Expenses	1,357,944	4,044,751	1,217,475	6,620,170
Operating Income (Loss)	452,004	(2,150,690)	2,398,773	700,087
<u>Nonoperating Revenues (Expenses)</u>				
Investment earnings	3,956	2,731	5,423	12,110
Miscellaneous	31,829	-	-	31,829
Interest and fiscal agent fees	-	(19,762)	-	(19,762)
Total Nonoperating Revenues (Expenses)	35,785	(17,031)	5,423	24,177
Change in Net Position	487,789	(2,167,721)	2,404,196	724,264
Beginning net position	5,099,337	2,984,827	3,779,572	11,863,736
Ending Net Position	\$ 5,587,126	\$ 817,106	\$ 6,183,768	\$ 12,588,000

See Notes to Financial Statements.

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STATISTICAL SECTION

This part of the City’s 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	Page
Financial Trends	128
<i>These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.</i>	
Revenue Capacity	138
<i>These schedules contain information to help the reader assess the City’s most significant local revenue source, property tax.</i>	
Debt Capacity	148
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City’s ability to issue additional debt in the future.</i>	
Demographic and Economic Information	158
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.</i>	
Operating Information	161
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.</i>	

CITY OF DEER PARK, TEXAS

NET POSITION BY COMPONENT

Last Ten Years

(accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013*
Governmental Activities				
Net investment in capital assets	\$ 29,888,865	\$ 30,587,182	\$ 29,597,630	\$ 35,765,964
Restricted	4,491,224	4,102,964	4,574,770	7,982,104
Unrestricted	12,191,299	11,159,636	13,180,581	17,087,208
Total Governmental Activities Net Position	\$ 46,571,388	\$ 45,849,782	\$ 47,352,981	\$ 60,835,276
Business-Type Activities				
Net investment in capital assets	\$ 12,218,032	\$ 15,512,082	\$ 20,056,649	\$ 16,499,908
Restricted	-	-	-	984,962
Unrestricted	5,684,466	5,293,599	5,869,151	5,186,325
Total Business-Type Activities Net Position	\$ 17,902,498	\$ 20,805,681	\$ 25,925,800	\$ 22,671,195
Primary Government				
Net investment in capital assets	\$ 42,106,897	\$ 46,099,264	\$ 49,654,279	\$ 52,265,872
Restricted	4,491,224	4,102,964	4,574,770	8,967,066
Unrestricted	17,875,765	16,453,235	19,049,732	22,273,533
Total Primary Government Net Position	\$ 64,473,886	\$ 66,655,463	\$ 73,278,781	\$ 83,506,471

Notes:

* During the year ended September 30, 2013, the City restated the financial statements to recognize a fund as part of an enterprise fund (previously recognized as a capital projects fund). The City also restated the financial statements to recognize certain capital assets and bonds within an enterprise fund (previously recognized under governmental activities).

Fiscal Year

2014	2015	2016	2017	2018	2019
\$ 41,639,757	\$ 44,597,669	\$ 47,111,755	\$ 56,664,574	\$ 65,700,068	\$ 75,517,066
5,508,456	5,487,510	6,544,124	6,658,676	6,998,162	6,873,691
19,126,447	23,162,700	25,809,239	23,326,217	23,207,630	23,616,264
<u>\$ 66,274,660</u>	<u>\$ 73,247,879</u>	<u>\$ 79,465,118</u>	<u>\$ 86,649,467</u>	<u>\$ 95,905,860</u>	<u>\$ 106,007,021</u>

\$ 16,377,808	\$ 15,978,461	\$ 15,837,484	\$ 16,822,172	\$ 18,011,665	\$ 19,598,349
152,344	147,896	147,229	146,542	-	-
6,877,343	7,828,651	8,636,643	6,675,062	8,400,675	8,276,132
<u>\$ 23,407,495</u>	<u>\$ 23,955,008</u>	<u>\$ 24,621,356</u>	<u>\$ 23,643,776</u>	<u>\$ 26,412,340</u>	<u>\$ 27,874,481</u>

\$ 58,017,565	\$ 60,576,130	\$ 62,949,239	\$ 73,486,746	\$ 83,711,733	\$ 95,115,415
5,660,800	5,635,406	6,691,353	6,805,218	6,998,162	6,873,691
26,003,790	30,991,351	34,445,882	30,001,279	31,608,305	31,892,396
<u>\$ 89,682,155</u>	<u>\$ 97,202,887</u>	<u>\$ 104,086,474</u>	<u>\$ 110,293,243</u>	<u>\$ 122,318,200</u>	<u>\$ 133,881,502</u>

CITY OF DEER PARK, TEXAS

CHANGES IN NET POSITION

Last Ten Years

(accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013*
Expenses				
Governmental activities				
General government	\$ 14,132,823	\$ 13,666,778	\$ 11,708,476	\$ 11,004,030
Public safety	9,585,147	8,927,783	9,077,372	8,749,188
Public works	6,030,222	5,592,366	6,053,467	5,763,687
Parks and recreation	2,158,444	2,154,431	2,436,909	2,289,706
Community development	6,578,378	6,443,264	6,483,611	6,348,454
Interest on long-term debt	1,437,830	1,606,938	1,642,422	1,120,112
Total Governmental Activities Expenses	<u>39,922,844</u>	<u>38,391,560</u>	<u>37,402,257</u>	<u>35,275,177</u>
Business-type activities				
Water and sewer	7,690,164	7,822,999	7,490,715	7,879,276
Storm water utility	-	-	-	105,578
Total Business-Type Activities Expenses	<u>7,690,164</u>	<u>7,822,999</u>	<u>7,490,715</u>	<u>7,984,854</u>
Total Expenses	<u>\$ 47,613,008</u>	<u>\$ 46,214,559</u>	<u>\$ 44,892,972</u>	<u>\$ 43,260,031</u>
Program Revenues				
Governmental activities				
Charges for services:				
General government	\$ 40,164	\$ 50,603	\$ 82,593	\$ 473,000
Public safety	1,738,943	1,967,043	2,535,052	2,777,714
Public works	401,748	502,163	535,228	585,090
Parks and recreation	1,487,907	1,601,366	1,645,362	1,821,617
Community development	1,202,284	1,498,581	1,567,354	391,143
Operating grants and contributions	161,293	398,737	279,697	160,389
Capital grants and contributions	-	56,237	1,460,218	3,053,828
Total Governmental Activities Program Revenues	<u>5,032,339</u>	<u>6,074,730</u>	<u>8,105,504</u>	<u>9,262,781</u>
Business-type activities				
Charges for services:				
Water and sewer	8,041,795	10,942,116	9,873,528	9,538,392
Storm water utility	-	-	-	278,577
Total Business-Type Activities Program Revenues	<u>8,041,795</u>	<u>10,942,116</u>	<u>9,873,528</u>	<u>9,816,969</u>
Total Program Revenues	<u>\$ 13,074,134</u>	<u>\$ 17,016,846</u>	<u>\$ 17,979,032</u>	<u>\$ 19,079,750</u>
Net (Expense)/Revenue				
Governmental activities	\$ (34,890,505)	\$ (32,316,830)	\$ (29,296,753)	\$ (26,012,396)
Business-type activities	351,631	3,119,117	2,382,813	1,832,115
Total Net Expense	<u>\$ (34,538,874)</u>	<u>\$ (29,197,713)</u>	<u>\$ (26,913,940)</u>	<u>\$ (24,180,281)</u>

Fiscal Year

2014	2015	2016	2017	2018	2019
\$ 6,875,093	\$ 7,431,081	\$ 7,716,429	\$ 8,221,386	\$ 8,991,472	\$ 9,268,068
11,085,867	11,607,606	12,732,761	13,054,883	12,987,761	14,430,250
7,167,383	7,826,672	8,328,808	8,112,235	7,683,728	9,036,546
879,371	712,949	371,619	351,435	398,187	440,036
8,093,613	8,799,109	9,942,091	9,973,129	9,649,900	10,322,377
1,042,305	1,143,350	1,183,483	1,020,878	908,599	772,988
<u>35,143,632</u>	<u>37,520,767</u>	<u>40,275,191</u>	<u>40,733,946</u>	<u>40,619,647</u>	<u>44,270,265</u>
8,403,676	8,787,474	9,240,162	10,006,970	9,894,062	10,653,981
72,824	488,127	647,044	112,159	36,726	167,096
<u>8,476,500</u>	<u>9,275,601</u>	<u>9,887,206</u>	<u>10,119,129</u>	<u>9,930,788</u>	<u>10,821,077</u>
<u>\$ 43,620,132</u>	<u>\$ 46,796,368</u>	<u>\$ 50,162,397</u>	<u>\$ 50,853,075</u>	<u>\$ 50,550,435</u>	<u>\$ 55,091,342</u>
\$ 369,003	\$ 416,554	\$ 372,307	\$ 290,859	\$ 386,289	\$ 557,271
2,595,857	2,546,299	3,061,713	3,304,936	3,030,763	3,075,509
1,086,752	1,283,358	1,305,293	1,329,797	1,376,163	1,533,406
787,249	922,879	112,973	71,678	73,761	59,984
473,884	483,288	1,418,284	1,485,021	1,401,979	1,265,244
62,772	68,991	144,965	2,349,238	2,347,843	1,881,692
874,867	447,810	658,600	986,324	1,464,298	3,102,292
<u>6,250,384</u>	<u>6,169,179</u>	<u>7,074,135</u>	<u>9,817,853</u>	<u>10,081,096</u>	<u>11,475,398</u>
9,341,087	9,628,146	10,300,618	10,810,651	11,037,737	10,739,546
275,336	275,453	278,250	301,983	337,663	346,021
<u>9,616,423</u>	<u>9,903,599</u>	<u>10,578,868</u>	<u>11,112,634</u>	<u>11,375,400</u>	<u>11,085,567</u>
<u>\$ 15,866,807</u>	<u>\$ 16,072,778</u>	<u>\$ 17,653,003</u>	<u>\$ 20,930,487</u>	<u>\$ 21,456,496</u>	<u>\$ 22,560,965</u>
\$ (28,893,248)	\$ (31,351,588)	\$ (33,201,056)	\$ (30,916,093)	\$ (30,538,551)	\$ (32,794,867)
1,139,923	627,998	691,662	993,505	1,444,612	264,490
<u>\$ (27,753,325)</u>	<u>\$ (30,723,590)</u>	<u>\$ (32,509,394)</u>	<u>\$ (29,922,588)</u>	<u>\$ (29,093,939)</u>	<u>\$ (32,530,377)</u>

CITY OF DEER PARK, TEXAS

CHANGES IN NET POSITION (Continued)

Last Ten Years

(accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013*
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes and fees:				
Property	\$ 12,000,370	\$ 12,234,105	\$ 13,099,300	\$ 13,002,159
Industrial district	12,986,530	12,346,943	12,894,626	14,106,107
Franchise	2,063,774	1,932,237	2,209,371	2,315,334
Sales and use	4,069,523	4,221,452	4,746,096	5,037,072
Hotel occupancy	403,983	455,166	526,387	607,709
Investment earnings	65,499	41,978	47,460	40,416
Miscellaneous	222,660	83,875	11,714	210,969
Gain on sales of assets	66,794	60,948	-	-
Transfers	(2,550,000)	218,520	(2,735,002)	96,988
Total Governmental Activities	<u>29,329,133</u>	<u>31,595,224</u>	<u>30,799,952</u>	<u>35,416,754</u>
Business-type activities				
Investment earnings	4,301	2,586	2,304	12,647
Transfers in (out)	2,550,000	(218,520)	2,735,002	(96,988)
Total Business-Type Activities	<u>2,554,301</u>	<u>(215,934)</u>	<u>2,737,306</u>	<u>(84,341)</u>
Total Primary Government	<u>\$ 31,883,434</u>	<u>\$ 31,379,290</u>	<u>\$ 33,537,258</u>	<u>\$ 35,332,413</u>
Change in Net Position				
Governmental activities	\$ (5,561,372)	\$ (721,606)	\$ 1,503,199	\$ 9,404,358
Business-type activities	2,905,932	2,903,183	5,120,119	1,747,774
Total Change in Net Position	<u>\$ (2,655,440)</u>	<u>\$ 2,181,577</u>	<u>\$ 6,623,318</u>	<u>\$ 11,152,132</u>

Notes:

* During the year ended September 30, 2013, the City restated the financial statements to recognize a fund as part of an enterprise fund (previously recognized as a capital projects fund). The City also restated the financial statements to recognize certain capital assets and bonds within an enterprise fund (previously recognized under governmental activities).

Fiscal Year

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 14,219,581	\$ 15,143,994	\$ 16,338,414	\$ 17,845,389	\$ 18,423,349	\$ 19,370,741
14,250,173	13,649,200	13,058,596	11,255,235	11,316,198	11,954,014
2,338,146	2,321,036	2,129,053	2,095,518	2,093,316	2,089,400
5,201,364	6,246,868	6,553,553	6,425,345	6,639,058	7,243,047
679,646	711,406	663,147	622,146	661,435	629,796
23,014	30,502	202,351	601,325	1,210,930	1,805,996
53,644	86,050	276,011	306,592	260,331	504,981
214,571	44,411	102,690	42,405	-	-
84,509	91,340	94,480	98,200	(992,107)	(701,947)
<u>37,064,648</u>	<u>38,324,807</u>	<u>39,418,295</u>	<u>39,292,155</u>	<u>39,612,510</u>	<u>42,896,028</u>
4,702	10,855	69,166	150,971	331,845	495,704
<u>(84,509)</u>	<u>(91,340)</u>	<u>(94,480)</u>	<u>(98,200)</u>	<u>992,107</u>	<u>701,947</u>
<u>(79,807)</u>	<u>(80,485)</u>	<u>(25,314)</u>	<u>52,771</u>	<u>1,323,952</u>	<u>1,197,651</u>
<u>\$ 36,984,841</u>	<u>\$ 38,244,322</u>	<u>\$ 39,392,981</u>	<u>\$ 39,344,926</u>	<u>\$ 40,936,462</u>	<u>\$ 44,093,679</u>
\$ 8,171,400	\$ 6,973,219	\$ 6,217,239	\$ 8,376,062	\$ 9,073,959	\$ 10,101,161
1,060,116	547,513	666,348	1,046,276	2,768,564	1,462,141
<u>\$ 9,231,516</u>	<u>\$ 7,520,732</u>	<u>\$ 6,883,587</u>	<u>\$ 9,422,338</u>	<u>\$ 11,842,523</u>	<u>\$ 11,563,302</u>

CITY OF DEER PARK, TEXAS

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years

	Fiscal Year			
	2010	2011*	2012	2013**
General Fund				
Reserved	\$ 207,006	\$ -	\$ -	\$ -
Unreserved	15,247,265	-	-	-
Nonspendable	-	196,355	197,244	151,122
Assigned	-	3,526,731	257,974	320,216
Committed	-	-	-	-
Unassigned	-	10,825,327	17,011,377	24,158,718
Total General Fund	\$ 15,454,271	\$ 14,548,413	\$ 17,466,595	\$ 24,630,056
All Other Governmental Funds				
Unreserved, reported in:				
Special revenue funds	\$ 2,402,716	\$ -	\$ -	\$ -
Capital projects funds	14,657,635	-	-	-
Debt service funds	2,088,508	-	-	-
Nonspendable	-	-	2,914	-
Restricted	-	17,947,247	19,349,008	16,118,927
Assigned	-	2,118,012	2,995,806	1,818,845
Total All Other Governmental Funds	\$ 19,148,859	\$ 20,065,259	\$ 22,347,728	\$ 17,937,772

Notes:

* The City implemented GASB Statement No. 54 in 2011, which changed the fund balance classifications reported in governmental funds. Descriptive information on the new fund balance classifications is included in the notes to the financial statements.

** During the year ended September 30, 2013, the City restated the financial statements to recognize a fund as part of an enterprise fund (previously recognized as a capital projects fund). The City also restated the financial statements to recognize certain capital assets and bonds within an enterprise fund (previously recognized under governmental activities).

Fiscal Year

2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
144,805	119,159	121,649	111,479	119,183	437,936
1,304,600	5,491,532	5,491,532	2,341,465	969,365	969,365
2,500,000	2,500,000	3,000,000	3,000,000	-	-
26,052,496	26,433,452	29,891,673	31,067,855	37,258,884	40,499,324
<u>\$ 30,001,901</u>	<u>\$ 34,544,143</u>	<u>\$ 38,504,854</u>	<u>\$ 36,520,799</u>	<u>\$ 38,347,432</u>	<u>\$ 41,906,625</u>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
14,754,786	20,899,783	29,066,724	26,850,130	15,218,654	9,368,226
2,877,003	3,307,213	4,728,864	8,114,128	6,675,667	6,754,218
<u>\$ 17,631,789</u>	<u>\$ 24,206,996</u>	<u>\$ 33,795,588</u>	<u>\$ 34,964,258</u>	<u>\$ 21,894,321</u>	<u>\$ 16,122,444</u>

CITY OF DEER PARK, TEXAS
CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS
 Last Ten Years

	Fiscal Year			
	2010	2011	2012	2013*
Revenues				
Taxes and fees	\$ 31,905,813	\$ 31,189,903	\$ 33,551,435	\$ 35,060,741
Licenses and permits	314,313	436,015	510,790	565,191
Fines and fees	877,761	1,092,230	1,481,641	1,694,146
Charges for services	3,379,201	3,709,536	4,087,613	3,695,964
Intergovernmental	148,847	389,558	1,681,588	3,184,982
Donations	-	-	100,000	150,202
Investment earnings	65,499	41,978	47,460	40,416
Other revenues	525,932	401,843	330,965	82,107
Total Revenues	<u>37,217,366</u>	<u>37,261,063</u>	<u>41,791,492</u>	<u>44,473,749</u>
Expenditures				
General government	11,430,086	11,016,985	10,935,746	10,576,393
Community development	6,183,270	6,038,050	5,940,733	5,826,669
Public works	4,534,506	4,172,122	4,298,938	3,951,743
Parks and recreation	1,846,217	1,940,202	1,965,054	1,528,443
Public safety	8,845,527	8,216,278	7,965,646	7,999,354
Debt service:				
Principal	2,366,966	2,894,789	6,727,393	3,014,913
Payments to escrow account	-	-	-	-
Interest	1,527,530	1,694,234	1,862,015	1,294,928
Capital outlay	6,126,024	1,807,005	4,968,526	5,477,993
Total Expenditures	<u>42,860,126</u>	<u>37,779,665</u>	<u>44,664,051</u>	<u>39,670,436</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,642,760)	(518,602)	(2,872,559)	4,803,313
Other Financing Sources (Uses)				
Proceeds from issuance of debt	7,805,000	-	3,390,000	-
Proceeds from capital leases	1,005,441	249,676	-	213,295
Proceeds from sale of capital assets	84,469	60,948	91,082	126,362
Refunding bonds issued	6,295,000	-	3,490,000	4,510,000
Premium on issuance of bonds	650,160	-	353,878	316,894
Payments to escrow account	(4,007,637)	-	-	(4,715,674)
Proceeds from insurance recovery	3,812	-	23,252	2,500
Transfers in	2,092,866	3,822,395	3,326,889	344,856
Transfers out	(4,642,866)	(3,603,875)	(2,601,891)	(129,851)
Total Other Financing Sources (Uses)	<u>9,286,245</u>	<u>529,144</u>	<u>8,073,210</u>	<u>668,382</u>
Net Change in Fund Balances	<u>\$ 3,643,485</u>	<u>\$ 10,542</u>	<u>\$ 5,200,651</u>	<u>\$ 5,471,695</u>
Debt service as a percentage of noncapital expenditures	10.60%	12.76%	21.64%	12.58%

Notes:

* During the year ended September 30, 2013, the City restated the financial statements to recognize a fund as part of an enterprise fund (previously recognized as a capital projects fund). The City also restated the financial statements to recognize certain capital assets and bonds within an enterprise fund (previously recognized under governmental activities).

Fiscal Year

	2014	2015	2016	2017	2018	2019
\$	36,666,969	\$ 38,051,387	\$ 38,637,863	\$ 38,321,196	\$ 39,094,063	\$ 41,304,148
	513,697	531,262	569,766	451,948	530,559	709,531
	1,540,650	1,416,195	1,869,286	1,900,229	1,626,796	1,504,517
	3,212,842	3,643,881	3,864,460	4,110,702	4,052,062	4,042,729
	937,639	106,319	243,093	3,301,475	3,121,812	2,260,891
	-	-	-	-	-	-
	23,013	30,502	202,351	601,325	1,210,930	1,805,996
	54,333	86,050	195,711	271,353	260,331	486,085
	<u>42,949,143</u>	<u>43,865,596</u>	<u>45,582,530</u>	<u>48,958,228</u>	<u>49,896,553</u>	<u>52,113,897</u>
	6,253,704	6,940,527	7,179,021	7,787,658	7,878,655	7,794,398
	7,500,975	8,226,493	8,463,417	8,511,067	8,523,341	9,456,596
	5,648,506	6,083,080	6,039,369	6,336,588	6,318,066	7,025,048
	87,990	98,108	386,318	55,861	63,211	58,989
	10,275,560	10,626,031	10,972,864	11,273,797	12,088,868	13,010,347
	3,006,105	3,160,253	3,327,539	5,552,620	4,689,692	4,099,355
	-	781,027	-	-	-	-
	1,077,422	1,208,254	1,270,664	1,110,542	1,008,736	900,209
	4,448,943	5,430,507	4,390,702	12,492,735	20,101,738	11,533,206
	<u>38,299,205</u>	<u>42,554,280</u>	<u>42,029,894</u>	<u>53,120,868</u>	<u>60,672,307</u>	<u>53,878,148</u>
	4,649,938	1,311,316	3,552,636	(4,162,640)	(10,775,754)	(1,764,251)
	-	8,315,000	9,450,000	2,700,000	-	-
	-	103,455	178,500	471,411	418,825	-
	331,415	93,629	102,690	42,405	105,732	52,184
	-	732,901	6,260,000	-	-	-
	-	469,809	540,737	-	-	-
	-	-	(6,710,040)	-	-	-
	-	-	80,300	35,239	-	18,896
	1,443,425	2,333,636	4,424,273	9,141,408	5,048,822	5,402,175
	(1,358,916)	(2,242,296)	(4,329,793)	(9,043,208)	(6,040,929)	(6,104,122)
	<u>415,924</u>	<u>9,806,134</u>	<u>9,996,667</u>	<u>3,347,255</u>	<u>(467,550)</u>	<u>(630,867)</u>
\$	<u>5,065,862</u>	<u>\$ 11,117,450</u>	<u>\$ 13,549,303</u>	<u>\$ (815,385)</u>	<u>\$ (11,243,304)</u>	<u>\$ (2,395,118)</u>
	12.29%	11.81%	12.53%	16.60%	13.88%	12.27%

CITY OF DEER PARK, TEXAS
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Years

	Fiscal Year			
	2010	2011	2012	2013
Residential Property	\$ 1,315,124,845	\$ 1,306,933,609	\$ 1,318,375,083	\$ 1,313,329,562
Commercial Property	858,463,574	857,667,514	905,226,326	934,825,965
Industrial Property	156,543,513	152,160,115	189,306,565	192,957,836
Less: Tax Exempt Property	<u>(581,449,244)</u>	<u>(585,462,472)</u>	<u>(605,716,400)</u>	<u>(626,932,382)</u>
Total Taxable Assessed Value	<u>\$ 1,748,682,688</u>	<u>\$ 1,731,298,766</u>	<u>\$ 1,807,191,574</u>	<u>\$ 1,814,180,981</u>
Total Direct Tax Rate	\$ 0.705000	\$ 0.705000	\$ 0.720000	\$ 0.720000

Source: Harris County Appraisal District and City of Deer Park Tax Office

Fiscal Year

2014	2015	2016	2017	2018	2019
\$ 1,340,643,775	\$ 1,433,044,472	\$ 1,565,085,837	\$ 1,700,369,650	\$ 1,837,484,616	\$ 1,901,082,802
1,000,810,663	1,089,149,570	1,180,302,082	1,255,053,340	1,295,797,510	1,399,737,286
249,479,757	234,654,586	246,351,857	254,575,118	235,922,222	242,617,495
<u>(630,145,444)</u>	<u>(653,703,145)</u>	<u>(683,610,501)</u>	<u>(716,019,833)</u>	<u>(743,456,319)</u>	<u>(789,815,256)</u>
<u>\$ 1,960,788,751</u>	<u>\$ 2,103,145,483</u>	<u>\$ 2,308,129,275</u>	<u>\$ 2,493,978,275</u>	<u>\$ 2,625,748,029</u>	<u>\$ 2,753,622,327</u>
\$ 0.720000	\$ 0.720000	\$ 0.714352	\$ 0.720000	\$ 0.720000	\$ 0.720000

CITY OF DEER PARK, TEXAS
INDUSTRIAL DISTRICT VALUATION, BILLING, COLLECTIONS,
AND PERCENTAGE COLLECTED
Last Ten Years

	Fiscal Year			
	2010	2011	2012	2013
Approximate Taxable Value*	\$ 2,923,906,219	\$ 2,779,913,092	\$ 2,842,731,040	\$ 3,109,962,743
Industrial District % Taxable Per Contract	63%	63%	63%	63%
Approximate Adjusted Taxable Value *	\$ 1,842,060,918	\$ 1,751,345,248	\$ 1,790,920,555	\$ 1,959,276,528
Tax Rate	\$ 0.705000	\$ 0.705000	\$ 0.720000	\$ 0.720000
Amount Billed	\$ 12,986,529	\$ 12,346,984	\$ 12,894,628	\$ 14,106,791
Amount Collected	\$ 12,986,529	\$ 12,346,943	\$ 12,894,625	\$ 14,106,107
% Collected	100.000%	100.000%	100.000%	99.995%

* The “Approximate Taxable Value” and “Approximate Adjusted Taxable Value” are based on an average rate that does not take into account new construction in the Industrial District.

Fiscal Year

2014	2015	2016	2017	2018	2019
\$ 3,141,572,531	\$ 3,009,235,229	\$ 3,033,027,646	\$ 2,486,112,079	\$ 2,494,752,646	\$ 2,635,364,638
63%	63%	63%	63%	63%	63%
\$ 1,979,190,695	\$ 1,895,818,194	\$ 1,910,807,417	\$ 1,566,250,610	\$ 1,571,694,167	\$ 1,660,279,722
\$ 0.720000	\$ 0.720000	\$ 0.714532	\$ 0.720000	\$ 0.720000	\$ 0.720000
\$ 14,250,173	\$ 13,649,891	\$ 13,058,614	\$ 11,277,005	\$ 11,316,198	\$ 11,954,014
\$ 14,250,173	\$ 13,628,122	\$ 13,058,596	\$ 11,276,238	\$ 11,316,198	\$ 11,954,014
100.000%	99.841%	100.000%	99.993%	100.000%	100.000%

CITY OF DEER PARK, TEXAS
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
 Last Ten Years

	Fiscal Year			
	2010	2011	2012	2013
City of Deer Park by fund:				
General	\$ 0.511000	\$ 0.498100	\$ 0.498100	\$ 0.498100
Debt service	0.194000	0.206900	0.221900	0.221900
Total Direct Rates	\$ 0.705000	\$ 0.705000	\$ 0.720000	\$ 0.720000
Deer Park Independent School District	\$ 1.366700	\$ 1.396700	\$ 1.396700	\$ 1.526700
Harris County	0.392240	0.388050	0.391170	0.400210
Harris County Department of Education	0.006050	0.006581	0.006581	0.006617
Harris County Flood Control District	0.029220	0.029230	0.028090	0.028090
Harris County Hospital District	0.192160	0.192160	0.192160	0.182160
Harris County Port of Houston Authority	0.016360	0.020540	0.018560	0.019520
San Jacinto Community College District	0.170800	0.176277	0.185602	0.185602
Total Direct and Overlapping Rates	\$ 2.878530	\$ 2.914538	\$ 2.938863	\$ 3.068899

Source: Harris County Appraisal District

Note:

Tax rates are per \$100 of assessed valuation.

Fiscal Year

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 0.498100	\$ 0.518000	\$ 0.515711	\$ 0.519943	\$ 0.533514	\$ 0.549389
0.221900	0.202000	0.198641	0.200057	0.186486	0.170611
<u>\$ 0.720000</u>	<u>\$ 0.720000</u>	<u>\$ 0.714352</u>	<u>\$ 0.720000</u>	<u>\$ 0.720000</u>	<u>\$ 0.720000</u>
\$ 1.556700	\$ 1.556700	\$ 1.556700	\$ 1.556700	\$ 1.556700	\$ 1.538700
0.414550	0.417310	0.419230	0.416560	0.418010	0.418580
0.006358	0.005999	0.005422	0.005200	0.005195	0.005190
0.028270	0.027360	0.027330	0.028290	0.028310	0.028770
0.170000	0.170000	0.170000	0.171790	0.171100	0.171080
0.017160	0.015310	0.013420	0.013340	0.012560	0.011550
0.185602	0.185602	0.175783	0.182379	0.183335	0.179329
<u>\$ 3.098640</u>	<u>\$ 3.098281</u>	<u>\$ 3.082237</u>	<u>\$ 3.094259</u>	<u>\$ 3.095210</u>	<u>\$ 3.073199</u>

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CITY OF DEER PARK, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Quarter Turn Resources, Inc.	\$ 33,938,021	1	1.23%	\$ 18,929,448	2	1.08%
Hydrochem	33,790,889	2	1.23%	-	N/A	0.00%
Victory Park Industrial LLC	29,285,392	3	1.06%	-	N/A	0.00%
GSL Constructors, Ltd.	28,597,957	4	1.04%	-	N/A	0.00%
BFT Parktown LLC Et Al	25,125,173	5	0.91%	-	N/A	0.00%
CenterPoint Energy, Inc.	24,479,366	6	0.89%	10,832,240	7	0.62%
Deer Park Apts. LLC	22,710,680	7	0.82%	-	N/A	0.00%
Dresser Inc.	21,019,760	8	0.76%	-	N/A	0.00%
Wal-Mart	20,678,706	9	0.75%	18,288,848	3	1.05%
Partnership Underwood LP	16,464,317	10	0.60%	10,030,357	9	0.57%
Hertz Equipment Rental	-	N/A	-	25,102,552	1	1.44%
SSE Manufacturing/Schwann Global	-	N/A	-	16,757,150	4	0.96%
Laufen International, Inc.	-	N/A	-	15,787,172	5	0.90%
ITCR Deer Park Ltd Partnership	-	N/A	-	15,512,148	6	0.89%
ESS Kay Properties, LLC, Etal.	-	N/A	-	10,118,767	8	0.58%
Zeon Chemical, LP	-	N/A	-	9,620,250	10	0.55%
Subtotal	<u>256,090,261</u>		<u>9.29%</u>	<u>150,978,932</u>		<u>8.64%</u>
Other Taxpayers	<u>2,497,532,066</u>		<u>90.71%</u>	<u>1,597,703,756</u>		<u>91.36%</u>
Total	<u><u>\$ 2,753,622,327</u></u>		<u><u>100.00%</u></u>	<u><u>\$ 1,748,682,688</u></u>		<u><u>100.00%</u></u>

Source: Harris County Appraisal District and City of Deer Park Tax Office

CITY OF DEER PARK, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Years

	Fiscal Year			
	2010	2011	2012	2013
Tax levy	\$ 12,366,491	\$ 12,228,677	\$ 13,043,054	\$ 13,019,648
Current tax collected	\$ 12,159,307	\$ 12,036,460	\$ 12,841,027	\$ 12,836,742
Percentage of current tax collections	98.32%	98.43%	98.45%	98.60%
Delinquent tax collections	<u>177,486</u>	<u>162,552</u>	<u>173,724</u>	<u>152,759</u>
Total tax collections	<u>\$ 12,336,793</u>	<u>\$ 12,199,012</u>	<u>\$ 13,014,751</u>	<u>\$ 12,989,501</u>
Total collections as a percentage of current levy	99.76%	99.76%	99.78%	99.77%

Source: Harris County Appraisal District and City of Deer Park Tax Office

Fiscal Year

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 14,063,714	\$ 14,991,306	\$ 16,363,090	\$ 17,598,722	\$ 18,401,462	\$ 19,298,489
\$ 13,863,961	\$ 14,858,925	\$ 16,035,281	\$ 17,443,588	\$ 18,119,939	\$ 19,070,066
98.58%	99.12%	98.00%	99.12%	98.47%	98.82%
<u>151,180</u>	<u>72,490</u>	<u>252,556</u>	<u>76,322</u>	<u>100,665</u>	<u>-</u>
<u><u>\$ 14,015,141</u></u>	<u><u>\$ 14,931,415</u></u>	<u><u>\$ 16,287,837</u></u>	<u><u>\$ 17,519,910</u></u>	<u><u>\$ 18,220,604</u></u>	<u><u>\$ 19,070,066</u></u>
99.65%	99.60%	99.54%	99.55%	99.02%	98.82%

CITY OF DEER PARK, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	Fiscal Year			
	2010	2011	2012	2013*
Governmental Activities:				
General obligation bonds	\$ 29,200,000	\$ 26,785,000	\$ 27,750,000	\$ 20,334,132
Certificates of obligation	9,965,000	9,890,000	12,960,000	9,683,246
Capital leases	1,834,124	1,679,561	1,257,169	1,082,960
Business-Type Activities:				
General obligation bonds	-	-	-	5,207,260
Certificates of obligation	-	-	-	8,408,633
Water revenue bonds	8,645,000	7,745,000	3,395,000	2,820,000
Capital leases	-	216,834	168,743	119,506
Total Primary Government	\$ 49,644,124	\$ 46,316,395	\$ 45,530,912	\$ 47,655,737
Debt as a Percentage of Personal Income	N/A	N/A	N/A	N/A
Debt Per Capita	\$ 1,551	\$ 1,447	\$ 1,408	\$ 1,436

N/A -This information is currently not available.

Notes:

Additional information about the City's outstanding debt is included in the notes to the financial statements.

* During the year ended September 30, 2013, the City restated the financial statements to recognize a fund as part of an enterprise fund (previously recognized as a capital projects fund). The City also restated the financial statements to recognize certain capital assets and bonds within an enterprise fund (previously recognized under governmental activities).

Beginning in fiscal year 2013, this schedule presents debt net of related premiums, discounts, and adjustments.

Fiscal Year

	2014	2015	2016	2017	2018	2019
\$	17,979,969	\$ 16,587,180	\$ 16,239,210	\$ 14,053,513	\$ 12,676,107	\$ 11,063,762
	9,283,100	16,483,264	23,243,219	22,769,126	19,690,033	17,452,935
	741,227	489,772	743,670	868,776	900,933	504,540
	4,557,742	5,194,671	4,560,455	3,938,036	3,382,329	2,681,585
	15,297,035	21,912,475	28,464,920	34,891,757	38,917,927	43,835,960
	2,250,000	750,000	500,000	250,000	-	-
	69,093	266,014	534,382	361,489	200,722	112,518
\$	50,178,166	\$ 61,683,376	\$ 74,285,856	\$ 77,132,697	\$ 75,768,051	\$ 75,651,300
	N/A	N/A	N/A	N/A	N/A	N/A
\$	1,493	\$ 1,801	\$ 2,147	\$ 2,214	\$ 2,148	\$ 2,143

CITY OF DEER PARK, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Years

	Fiscal Year			
	2010	2011	2012	2013*
General Obligation Bonds (1)	\$ 29,200,000	\$ 26,785,000	\$ 27,750,000	\$ 25,541,392
Less: Amounts Restricted to Repaying Principal	<u>(2,088,508)</u>	<u>(1,734,892)</u>	<u>(1,988,204)</u>	<u>(2,321,730)</u>
Total	<u>\$ 27,111,492</u>	<u>\$ 25,050,108</u>	<u>\$ 25,761,796</u>	<u>\$ 23,219,662</u>
Percentage of Actual Taxable Value of Property	1.55%	1.45%	1.43%	1.28%
Net Bonded Debt Per Capita	<u>\$ 847</u>	<u>\$ 783</u>	<u>\$ 797</u>	<u>\$ 699</u>

Notes:

Additional information about the City's outstanding debt is included in the notes to the financial statements.

(1) These are the amounts of general obligation bonds of both governmental and business-type activities.

* During the year ended September 30, 2013, the City restated the financial statements to recognize a fund as part of an enterprise fund (previously recognized as a capital projects fund). The City also restated the financial statements to recognize certain capital assets and bonds within an enterprise fund (previously recognized under governmental activities).

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 22,537,711	\$ 21,781,851	\$ 20,799,665	\$ 17,991,549	\$ 16,058,436	\$ 13,745,347
<u>(2,932,183)</u>	<u>(3,351,483)</u>	<u>(3,736,160)</u>	<u>(4,634,050)</u>	<u>(5,181,426)</u>	<u>(5,766,586)</u>
<u>\$ 19,605,528</u>	<u>\$ 18,430,368</u>	<u>\$ 17,063,505</u>	<u>\$ 13,357,499</u>	<u>\$ 10,877,010</u>	<u>\$ 7,978,761</u>
1.00%	0.88%	0.74%	0.54%	0.41%	0.29%
<u>\$ 583</u>	<u>\$ 538</u>	<u>\$ 493</u>	<u>\$ 383</u>	<u>\$ 308</u>	<u>\$ 226</u>

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CITY OF DEER PARK, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2019

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Deer Park Independent School District	\$ 240,070,000	18.62%	\$ 44,701,034
Harris County	2,678,076,350	0.59%	15,800,650
Harris County Department of Education	7,210,000	0.59%	42,539
Harris County Flood Control District	87,400,000	0.59%	515,660
La Porte Independent School District	346,380,000	11.58%	40,110,804
Port of Houston Authority of Harris County	690,219,397	0.59%	4,072,294
San Jacinto Community College District	<u>278,419,848</u>	4.69%	<u>13,057,891</u>
Subtotal, overlapping debt	4,327,775,595		118,300,872
City Direct Debt	\$ 29,021,237	100.00%	<u>29,021,237</u>
	Total Direct and Overlapping Debt		<u>\$ 147,322,109</u>

Source: Texas Municipal Reports and Governmental Units

Notes:

Overlapping rates are those of local and county governments that apply within the City of Deer Park. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of Deer Park. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt, of each overlapping government.

City direct debt is comprised of debt obligations supported by a pledge of ad valorem taxes.

Excludes general obligation bonds pledged by utility revenues.

CITY OF DEER PARK, TEXAS

LEGAL DEBT MARGIN INFORMATION

Last Ten Years

	Fiscal Year			
	2010	2011	2012	2013
Debt limit	\$ 174,868,269	\$ 173,129,877	\$ 180,719,157	\$ 181,418,098
Total net debt applicable to limit	27,111,492	25,050,108	25,761,796	23,219,662
Legal debt margin	\$ 147,756,777	\$ 148,079,769	\$ 154,957,361	\$ 158,198,436
Total net debt applicable to the limit as a percentage of debt limit	15.50%	14.47%	14.26%	12.80%

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed value	\$ 2,753,622,327
Debt limit (10% of assessed value)	275,362,233
Debt applicable to limit:	
General obligation bonds	13,745,347
Less: amount set aside for repayment of general obligation debt	(5,766,586)
Total net debt applicable to limit	7,978,761
Legal debt margin	\$ 267,383,472

Fiscal Year

2014	2015	2016	2017	2018	2019
\$ 196,078,875	\$ 210,314,548	\$ 230,812,928	\$ 249,397,828	\$ 262,574,803	\$ 275,362,233
<u>19,605,528</u>	<u>18,430,368</u>	<u>17,063,505</u>	<u>13,357,499</u>	<u>10,877,010</u>	<u>7,978,761</u>
<u>\$ 176,473,347</u>	<u>\$ 191,884,180</u>	<u>\$ 213,749,423</u>	<u>\$ 236,040,329</u>	<u>\$ 251,697,793</u>	<u>\$ 267,383,472</u>
10.00%	8.76%	7.39%	5.36%	4.14%	2.90%

CITY OF DEER PARK, TEXAS

PLEDGED REVENUE COVERAGE

Last Ten Years

	Fiscal Year			
	2010	2011	2012	2013
Utility Service Charges	\$ 8,041,795	\$ 10,942,116	\$ 9,873,258	\$ 9,529,392
Less: Operating Expenses (1)	5,951,271	6,119,717	5,890,927	5,758,791
Net Available Revenue	\$ 2,090,524	\$ 4,822,399	\$ 3,982,331	\$ 3,770,601
Debt Service Requirements (2)				
Principal	\$ 1,205,000	\$ 900,000	\$ 890,000	\$ 575,000
Interest	426,798	327,057	296,649	106,449
Total	\$ 1,631,798	\$ 1,227,057	\$ 1,186,649	\$ 681,449
 Coverage	 1.28	 3.93	 3.36	 5.53

Notes:

Additional information about the City's outstanding debt is included in the notes to the financial statements.

(1) Operating expenses do not include interest, depreciation, or amortization.

(2) Includes revenue bonds only.

Fiscal Year

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 9,341,087	\$ 9,628,146	\$ 10,300,618	\$ 10,810,651	\$ 11,369,582	\$ 10,739,546
<u>6,030,193</u>	<u>6,162,029</u>	<u>6,421,511</u>	<u>6,931,288</u>	<u>6,676,372</u>	<u>7,245,690</u>
<u>\$ 3,310,894</u>	<u>\$ 3,466,117</u>	<u>\$ 3,879,107</u>	<u>\$ 3,879,363</u>	<u>\$ 4,693,210</u>	<u>\$ 3,493,856</u>
\$ 570,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ -	\$ -
<u>87,653</u>	<u>28,563</u>	<u>20,750</u>	<u>12,625</u>	<u>-</u>	<u>-</u>
<u>\$ 657,653</u>	<u>\$ 278,563</u>	<u>\$ 270,750</u>	<u>\$ 262,625</u>	<u>\$ -</u>	<u>\$ -</u>
5.03	12.44	14.33	14.77	-	-

CITY OF DEER PARK, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Years

Calendar Year	Population	Per Capita Income	Personal Income	Unemployment Rate	School Enrollment
2010*	32,010	N/A	N/A	8.5%	12,500
2011	32,010	N/A	N/A	8.5%	12,593
2012	32,332	N/A	N/A	6.4%	12,841
2013	33,196	N/A	N/A	5.7%	12,826
2014	33,600	N/A	N/A	4.5%	13,015
2015	34,249	N/A	N/A	5.2%	13,140
2016	34,604	N/A	N/A	5.0%	13,278
2017	34,845	N/A	N/A	4.8%	13,190
2018	35,270	N/A	N/A	3.8%	13,050
2019	35,297	N/A	N/A	3.4%	12,975

Sources: City of Deer Park Economic Development Administrator and Deer Park Independent School District

N/A - This information is currently not available.

*2010 is the census population; all other years represent estimates.

CITY OF DEER PARK, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

<u>Employer</u>	<u>2019</u>		<u>2010</u>	
	<u>Employees</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Shell Deer Park	3,200	14.68%	2,000	14.28%
Deer Park ISD	2,660	12.20%	1,826	13.03%
Universal Plant Services	1,360	6.24%	-	-
Lubrizol Specialty Chemicals	1,300	5.96%	800	5.71%
Dow Chemical Co.	1,330	6.10%	-	-
Mistras Group	780	3.58%	-	-
Clean Harbors	650	4.64%	270	1.93%
Wal-Mart	400	1.83%	425	3.03%
City of Deer Park	423	1.94%	438	3.13%
Minh Foods, Inc.	400	1.83%	400	2.86%
Rohm and Hass	-	-	900	6.42%
Oxy Vinyl	-	-	250	1.78%
Intercontinental Terminals	-	-	250	1.78%
Total	<u>12,503</u>	<u>59.00%</u>	<u>7,559</u>	<u>53.95%</u>
Estimated total jobs in the City	<u>21,799</u>		<u>14,009</u>	

Source: City of Deer Park Economic Development Administrator

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CITY OF DEER PARK, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 Last Ten Years

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Management services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Finance	8.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Planning	14.0	14.0	13.0	14.0	14.0	14.0	13.0	12.0	12.0	12.0
Other	33.5	30.5	30.5	30.5	32.0	35.5	35.5	35.0	35.5	33.0
Police										
Officers	61.0	59.0	60.0	60.0	60.0	61.0	61.0	61.0	61.0	64.0
Civilians	25.0	24.0	25.0	25.0	25.0	26.0	26.0	26.0	26.0	26.5
Fire										
Firefighters and officers	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Civilians	13.5	13.5	13.0	13.0	15.5	14.5	13.0	15.0	18.0	18.0
Sanitation	23.0	23.0	23.0	23.0	22.0	22.0	22.0	22.0	22.0	22.0
Other public works										
Engineering	5.0	5.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Other	27.0	27.0	27.0	27.0	28.0	28.0	29.0	29.0	29.0	30.0
Golf operations	26.0	25.0	26.0	24.0	-	-	-	-	-	-
Parks and recreation	73.5	73.5	74.0	69.5	70.5	73.0	77.0	77.0	82.5	86.5
Library	12.5	13.0	13.0	13.5	14.0	14.0	14.0	14.0	14.0	14.0
Water	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
Wastewater	12.0	12.0	12.0	12.0	13.0	12.0	12.0	12.0	12.0	12.0
Total	353.0	344.5	345.5	341.5	324.0	330.0	332.5	333.0	342.0	348.0

Source: Adopted City Budget

CITY OF DEER PARK, TEXAS

OPERATING INDICATORS BY FUNCTION

Last Ten Years

	Fiscal Year			
	2010	2011	2012	2013
Function/Program				
General government				
Annual permits	1,290	1,583	1,616	1,777
Annual inspections	4,410	3,324	3,671	1,017
Police				
Physical arrests	1,975	2,690	2,843	3,296
Parking violations	6	192	143	114
Traffic violations	9,122	15,505	13,338	14,601
Fire				
Emergency responses	1,950	1,887	2,032	2,100
Fires extinguished	387	580	588	648
Inspections	N/A	N/A	1,353	1,392
Sanitation				
Refuse collected (tons per day)*	818	75	71	81
Recyclables collected (tons per day)	1	1	2	3
Streets				
Street resurfacing (miles)**	-	1	-	2
Potholes repaired	150	49	62	50
Parks and recreation				
Community center admissions	520	521	N/A	N/A
Program enrollments	10,722	17,877	18,081	17,527
Library				
Volumes in collection	82,200	80,593	79,897	83,346
Total volumes borrowed	174,100	173,409	165,620	164,962
Water				
New connections	31	27	34	78
Water main breaks	60	261	73	76
Sewer main breaks	N/A	N/A	N/A	N/A
Average daily consumption (thousands of gallons)	4,199,000	4,646,400	4,501,100	4,661,000
Peak daily consumption (thousands of gallons)	6,566,000	7,722,000	6,350,000	6,438,000
Wastewater				
Average daily sewage treatment (thousands of gallons)	3,058	2,572	3,129	2,960

Source: Various City departments

N/A - This information is currently not available.

* 2010 is atypical due to collections associated with Hurricane Ike.

** Majority of streets are concrete.

Fiscal Year

2014	2015	2016	2017	2018	2019
2,414	2,610	2,644	2,420	2,187	2,224
1,204	1,494	4,932	3,855	3,219	3,200
3,258	3,068	3,445	4,050	3,309	3,323
81	101	92	71	58	36
13,205	14,049	14,322	16,826	12,354	11,107
2,193	2,401	2,467	2,761	2,211	3,126
655	862	775	790	687	591
1,288	1,523	1,676	1,862	1,650	1,574
83	81	82	83	84	84
4	4	4	4	4	4
-	-	-	1	-	-
50	55	65	60	62	65
N/A	N/A	N/A	N/A	4,611	9,173
15,300	16,309	21,034	21,262	17,077	18,293
84,296	87,171	90,408	101,960	104,738	94,253
168,852	167,012	157,955	157,902	146,943	149,921
39	77	137	100	31	42
62	46	32	39	18	85
N/A	N/A	N/A	N/A	29	37
4,507,000	4,286,000	3,893,750	3,995,225	3,985,508	3,873,700
5,826,000	6,700,000	5,281,000	5,541,000	5,931,000	5,162,000
2,595	4,299	4,575	3,082	3,201	3,358

CITY OF DEER PARK, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Years

	Fiscal Year			
	2010	2011	2012	2013
Function/Program				
Police				
Stations	1	1	1	1
Patrol units	40	40	41	41
Fire				
Stations	3	3	3	3
Sanitation				
Collection trucks	6	6	5	5
Streets				
Streets (miles)	105	106	106	107
Streetlights	2,557	2,583	2,583	2,622
Traffic signals	43	43	43	43
Parks and recreation				
Acreage	270	270	270	270
Parks with play structures	17	17	19	19
Baseball / softball diamonds	16	16	24	24
Soccer/football fields	9	9	6	6
Golf course	1	1	1	1
Community centers	7	7	7	7
Water				
Water lines (miles)	132	133	133	134
Fire hydrants	890	895	895	906
Storage capacity (millions of gallons)				
three ground wells @ 3,560 gpm total	3.0	3.0	3.0	3.0
three elevated tanks @ .5 M gallons each	1.5	1.5	1.5	1.5
two ground storage tanks @ 1 M gallons each	2.0	2.0	2.0	2.0
Wastewater				
Sanitary sewers (miles)	123	124	124	125
Storm sewers (miles)	66	67	67	68
Treatment capacity (millions of gallons)	6	6	6	6

Source: Various City departments

Fiscal Year					
2014	2015	2016	2017	2018	2019
1	1	1	1	1	1
42	41	44	44	47	51
3	3	3	3	3	3
6	6	6	6	6	6
107	109	111	111	111	111
2,623	2,661	2,694	2,709	2,709	2,710
43	44	44	44	45	45
270	270	270	279	355	355
19	19	19	20	20	20
19	19	20	21	23	23
7	7	7	7	9	9
1	1	1	1	1	1
7	7	7	7	7	7
135	137	138	139	140	141
914	934	950	958	976	984
3.0	3.0	3.0	3.0	3.0	3.0
1.5	1.5	1.5	1.5	1.5	1.5
2.0	2.0	2.0	2.0	2.0	2.0
125	127	130	130	131	131
68	69	70	70	70	70
6	6	6	6	6	6



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