



**2022**

**Annual Comprehensive Financial Report**

**City of Deer Park, Texas**

**Fiscal Year Ended**

**September 30, 2022**

*ANNUAL COMPREHENSIVE  
FINANCIAL REPORT*

of the

**CITY OF DEER PARK, TEXAS**

**For the Year Ended  
September 30, 2022**

**Prepared by  
Finance Department**

**Nicole Ganey  
Director of Finance**

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# CITY OF DEER PARK, TEXAS

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## ***INTRODUCTORY SECTION***

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710 E. San Augustine • P. O. Box 700 • Deer Park, Texas 77536 • (281) 478-7225 • Fax: (281) 478-4029  
E-Mail: [nganey@deerparktx.org](mailto:nganey@deerparktx.org)

**NICOLE GANEY**  
DIRECTOR OF FINANCE

February 20, 2023

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 Annual Comprehensive Financial Report of the City for the fiscal year ended September 30, 2022. 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 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 34,503. 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 26 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 City 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 (the "Port"), 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 first in the United States in foreign waterborne tonnage; first in U.S. imports; first in U.S. export tonnage; and second in the U.S. in total tonnage. Additionally, the Port 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.

Victory Commerce Center, a 350,000 square feet distribution center in Deer Park, is 100 percent leased to a large sugar distributor/exporter.

Underwood Port Logistics Center, a 404,000 square feet development, is 100 percent leased to a third-party logistics company.

Phase 1 of Monument Business Park, another large office/warehouse project, was recently completed and is 100 percent leased. Phase 2 of this project, an adjacent 180,000 square feet warehouse with rail access, was also recently completed and is 100 percent leased.

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, a 300,000 square feet distribution warehouse, was leased to a third-party logistics company for CAP Barbell.

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 main components of the retail development have been hampered by the pandemic, but the developer currently has letters of intent with two restaurants that will be located on outer pad sites. If the project were to be constructed in its entirety, it would provide an additional 300,000 square feet of retail space and generate nearly \$40 million in combined property and sales taxes for the City.

Shell Federal Credit Union is the 18th largest credit union in Texas and is headquartered in the City. They are currently undergoing construction for a 100,000 square feet expansion project, which also includes a recently completed 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 generally accepted accounting principles. 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 and a Capital Equipment Replacement Fund, which is used to replace rolling stock (vehicles and equipment).

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 Belt Harris Pechacek, LLLP is presented as the first component of the financial section of this report.

### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2021. This was the 35th 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 financial report. 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 City's current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and I 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,

*Nicole Ganey*

Nicole Ganey  
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 Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2021

*Christopher P. Morrill*

Executive Director/CEO

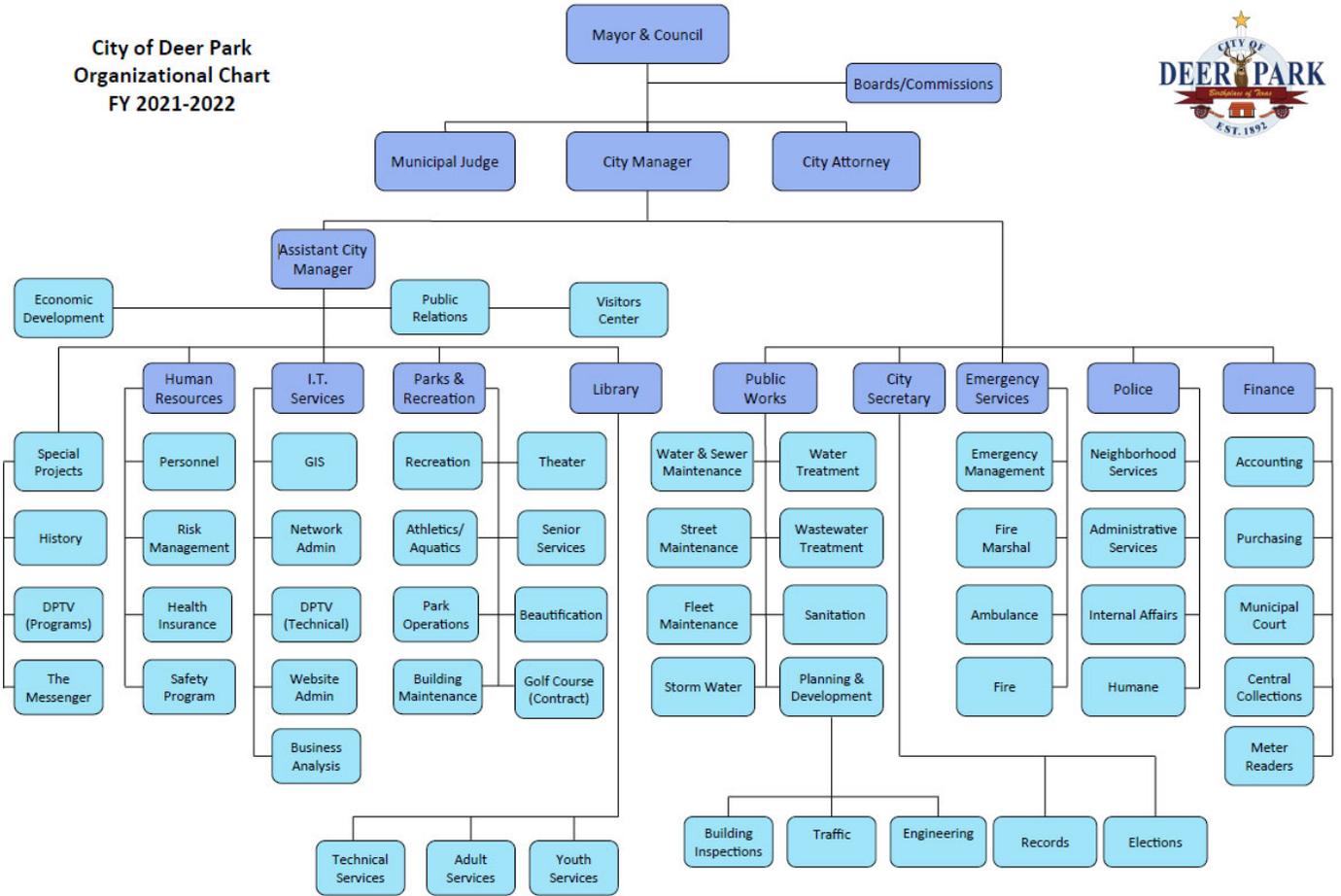
# CITY OF DEER PARK, TEXAS

## ORGANIZATIONAL CHART

September 30, 2022



City of Deer Park  
Organizational Chart  
FY 2021-2022



# CITY OF DEER PARK, TEXAS

## PRINCIPAL OFFICIALS

September 30, 2022

<b>City Officials</b>	<b>Elective Position</b>
Jerry Mouton, Jr.	Mayor
Sherry Garrison	Council Member
TJ Haight	Council Member
Tommy Ginn	Council Member
Bill Patterson	Council Member
Ron Martin	Council Member
Georgette Ford	Council Member

<b>Key Staff</b>	<b>Position</b>
James Stokes	City Manager
Sara Robinson	Assistant City Manager
Angela Smith	City Secretary
Jim Fox	City Attorney
Nicole Ganey	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
Jamie Galloway	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:

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2022, 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.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Change in Accounting Principle**

As described in Note I.F.8. to the financial statements, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*, in fiscal year 2022. Our opinion is not modified with respect to this matter.

### **Responsibility of Management 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 and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **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 schedules of changes in net pension and total other postemployment benefits 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.

## Supplementary 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 combining statements and schedules are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

## Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
February 20, 2023

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***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, 2022**

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 Medical 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 16 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, grants fund, and the capital project certificates of obligations and general obligation bonds, series 2021 funds, 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, 2022**

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 schedules of changes in net pension and total other postemployment benefits (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 \$172,781,231 as of September 30, 2022. This compares with \$156,246,848 from the prior fiscal year. The largest portion of the City's net position, 66.76 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, 2022

**Statement of Net Position**

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 137,751,892	\$ 130,777,001	\$ 25,515,884	\$ 24,275,855	\$ 163,267,776	\$ 155,052,856
Capital assets, net	109,686,820	103,500,107	64,226,437	65,108,926	173,913,257	168,609,033
<b>Total Assets</b>	<b>247,438,712</b>	<b>234,277,108</b>	<b>89,742,321</b>	<b>89,384,781</b>	<b>337,181,033</b>	<b>323,661,889</b>
Deferred outflows - pensions	2,726,487	2,864,869	365,552	385,693	3,092,039	3,250,562
Deferred outflows - OPEB	5,316,160	6,264,040	751,921	900,228	6,068,081	7,164,268
<b>Total Deferred Outflows of Resources</b>	<b>8,042,647</b>	<b>9,128,909</b>	<b>1,117,473</b>	<b>1,285,921</b>	<b>9,160,120</b>	<b>10,414,830</b>
Long-term liabilities	86,997,280	104,903,239	50,971,405	55,999,835	137,968,685	160,903,074
Other liabilities	12,913,235	7,575,299	2,117,527	2,224,224	15,030,762	9,799,523
<b>Total Liabilities</b>	<b>99,910,515</b>	<b>112,478,538</b>	<b>53,088,932</b>	<b>58,224,059</b>	<b>152,999,447</b>	<b>170,702,597</b>
Deferred inflows - leases receivable	650,869	694,215	-	-	650,869	694,215
Deferred inflows - pensions	8,919,746	4,409,316	1,223,023	591,332	10,142,769	5,000,648
Deferred inflows - OPEB	8,411,123	1,255,873	1,355,714	176,538	9,766,837	1,432,411
<b>Total Deferred Inflows of Resources</b>	<b>17,981,738</b>	<b>6,359,404</b>	<b>2,578,737</b>	<b>767,870</b>	<b>20,560,475</b>	<b>7,127,274</b>
<b>Net Position:</b>						
Net investment in capital assets	92,017,954	81,957,058	23,338,072	22,309,361	115,356,026	104,266,419
Restricted	7,733,074	7,496,348	-	-	7,733,074	7,496,348
Unrestricted	37,838,078	35,114,669	11,854,053	9,369,412	49,692,131	44,484,081
<b>Total Net Position</b>	<b>\$ 137,589,106</b>	<b>\$ 124,568,075</b>	<b>\$ 35,192,125</b>	<b>\$ 31,678,773</b>	<b>\$ 172,781,231</b>	<b>\$ 156,246,848</b>

A portion of the City's net position, \$7,733,074 or 4.49 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$49,692,131, may be used to meet the City's ongoing obligations to citizens and creditors.

The City's total net position increased by \$16,534,383 during the current fiscal year, an increase of 10.58 percent in comparison to the prior year. Compared to the prior year, total assets increased \$13,519,144 largely due to the current year operating surplus, an increase in cash from unearned grant revenues related to COVID-19 grant awards, and a prior year net pension liability that became a net pension asset. Deferred outflows of resources resulted in an overall decrease of \$1,254,710 from the prior year, primarily due to a decrease in the difference between expected and actual economic experience and changes in actuarial assumptions for the pension plans and the OPEB healthcare plan. Deferred inflows increased \$13,433,201 from the prior year mainly due to increases in the differences between projected and actual earnings related to the pension plans, the difference between expected and actual economic experience and changes in actuarial assumptions for the OPEB healthcare plan, and leases receivable related to the implementation of GASB 87, *Leases*. Long-term liabilities decreased \$22,934,389 compared to the prior year due primarily to reductions of pension and OPEB liabilities and principal payments on long-term debt.

**CITY OF DEER PARK, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2022

**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	
	2022	2021	2022	2021	2022	2021
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 6,514,529	\$ 5,840,896	\$ 13,598,462	\$ 12,670,276	\$ 20,112,991	\$ 18,511,172
Operating grants and contributions	3,683,465	1,466,547	-	-	3,683,465	1,466,547
Capital grants and contributions	3,295,042	3,376,079	-	-	3,295,042	3,376,079
General revenues:						
Property taxes	23,381,834	21,920,724	-	-	23,381,834	21,920,724
Industrial taxes	11,032,643	12,651,737	-	-	11,032,643	12,651,737
Other taxes and fees	10,699,926	9,375,602	-	-	10,699,926	9,375,602
Investment earnings	390,025	567,435	77,909	8,519	467,934	575,954
Other	614,099	749,251	2,181	-	616,280	749,251
Gain on sale of capital assets	41,221	-	-	-	41,221	-
<b>Total Revenues</b>	<b>59,652,784</b>	<b>55,948,271</b>	<b>13,678,552</b>	<b>12,678,795</b>	<b>73,331,336</b>	<b>68,627,066</b>
<b>Expenses</b>						
General government	8,220,503	9,003,326	-	-	8,220,503	9,003,326
Public safety	13,546,411	12,975,220	-	-	13,546,411	12,975,220
Public works	10,560,616	10,111,635	-	-	10,560,616	10,111,635
Parks and recreation	1,042,740	489,184	-	-	1,042,740	489,184
Community development	9,905,783	9,157,470	-	-	9,905,783	9,157,470
Interest on long-term debt	1,730,555	1,097,603	-	-	1,730,555	1,097,603
Water and sewer	-	-	11,613,629	10,801,007	11,613,629	10,801,007
Storm water utility	-	-	176,716	192,943	176,716	192,943
<b>Total Expenses</b>	<b>45,006,608</b>	<b>42,834,438</b>	<b>11,790,345</b>	<b>10,993,950</b>	<b>56,796,953</b>	<b>53,828,388</b>
<b>Increase in Net Position Before Transfers</b>	<b>14,646,176</b>	<b>13,113,833</b>	<b>1,888,207</b>	<b>1,684,845</b>	<b>16,534,383</b>	<b>14,798,678</b>
Transfers in (out)	(1,625,145)	(1,213,023)	1,625,145	1,213,023	-	-
<b>Change in Net Position</b>	<b>13,021,031</b>	<b>11,900,810</b>	<b>3,513,352</b>	<b>2,897,868</b>	<b>16,534,383</b>	<b>14,798,678</b>
Beginning net position	124,568,075	112,667,265	31,678,773	28,780,905	156,246,848	141,448,170
<b>Ending Net Position</b>	<b>\$ 137,589,106</b>	<b>\$ 124,568,075</b>	<b>\$ 35,192,125</b>	<b>\$ 31,678,773</b>	<b>\$ 172,781,231</b>	<b>\$ 156,246,848</b>

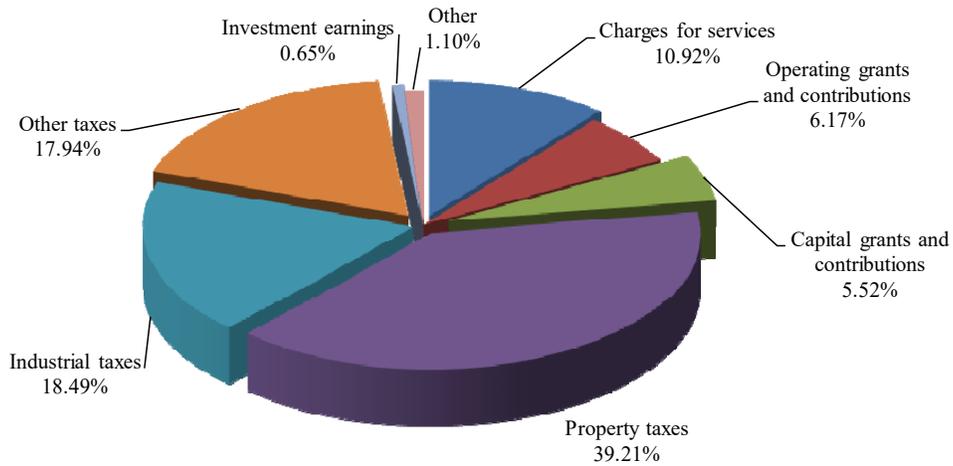
# CITY OF DEER PARK, TEXAS

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

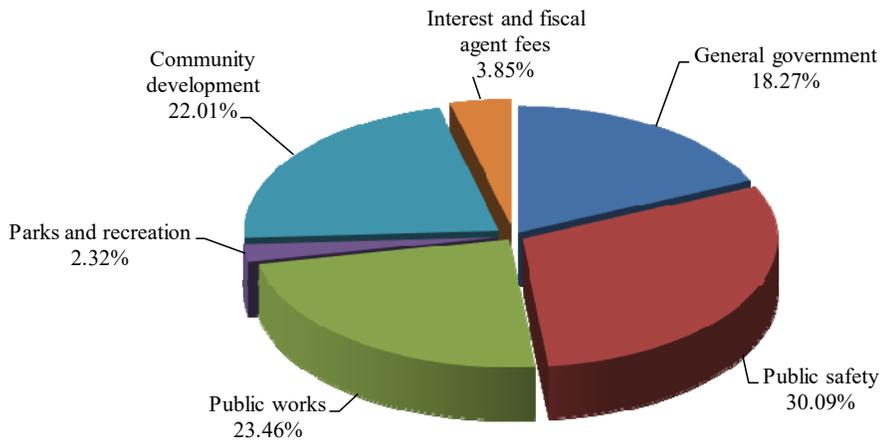
### For the Year Ended September 30, 2022

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

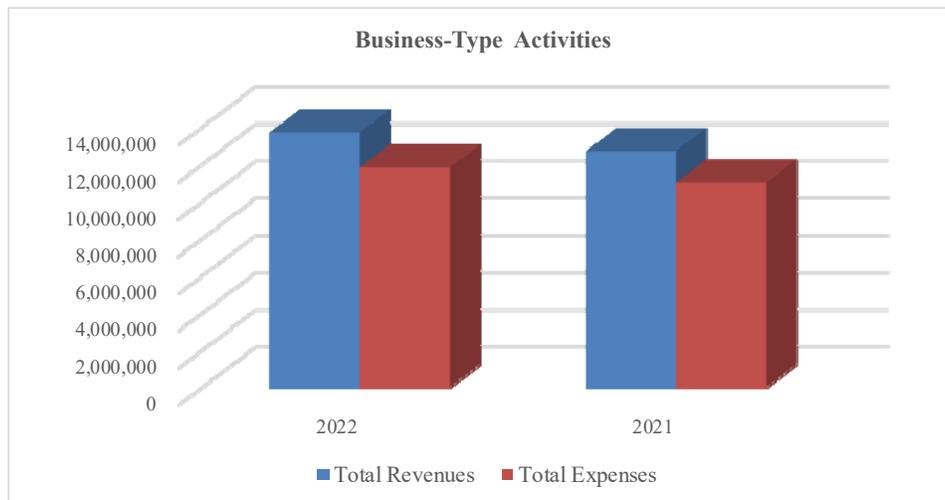
#### Governmental Revenues



#### Governmental Expenses



#### Business-Type Activities



**CITY OF DEER PARK, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2022**

For the year ended September 30, 2022, revenues from governmental activities totaled \$59,652,784, an increase of \$3,704,513 compared to the prior year primarily due to increases in operating grants and contributions, property taxes, and other taxes and fees, net of the decrease in industrial taxes. Operating grants and contributions increased primarily from intergovernmental revenue from the Deer Park Community Development Corporation for debt service payments. The increase in property tax revenue was due to an increase in appraised tax values of property. Other taxes and fees increased due to an increase in sales tax and franchise fees.

For the year ended September 30, 2022, expenses for governmental activities totaled \$45,006,608, an increase of \$2,172,170. This overall increase is mainly due to increases in personnel costs, maintenance and repairs, utilities, contracted services, and interest on long-term debt.

Total revenues for business-type activities increased by a total of \$999,757 compared to the prior year. This was due to an increase in water and sewer rates and an increase in water consumption. Total expenses for business-type activities increased proportionately by \$796,395, which was primarily for increases in depreciation, raw water, chemicals and supplies, and utilities expenses.

### **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 \$119,953,298. Of this, \$144,221 is nonspendable, \$56,498,689 is restricted, \$10,416,258 is assigned, and \$52,894,130 is unassigned.

There was a decrease in the combined fund balance of \$1,200,658 compared to the prior year. The City's decrease in combined fund balance was primarily due to transfers to enterprise funds, net of insurance proceeds.

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 \$52,894,130, while total fund balance reached \$56,435,099. 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 128.05 percent of total general fund expenditures, while total fund balance represents 136.62 percent of the total general fund expenditures. The general fund demonstrated an overall increase in fund balance of \$3,554,674. Revenues increased by \$478,294 which is a less than a one percent increase mainly due to increases in property taxes, sales taxes, and franchise fees as noted previously. Expenditures increased \$3,181,145 compared to the prior year primarily due to increases in personnel costs, contracted services, repairs and maintenance projects, operating supplies, and utilities.

The debt service fund has a total fund balance of \$5,648,708, all of which is restricted for the payment of debt service. Revenues increased by \$2,697,285. The increase was the result of the increase in the debt service tax rate and related intergovernmental revenue. Expenditures increased from the prior year by \$2,818,992 primarily due to an increase in principal and interest on bonds outstanding. The debt service fund transferred \$1,853,616 to the water and sewer fund for debt service payments.

The City's grants fund is restricted for special projects related to information technology services, police, library, parks, park maintenance, and humane divisions. The grants fund reported cash and cash equivalents of \$9,226,636

**CITY OF DEER PARK, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2022**

which included advanced funding for grant awards related to the pandemic of \$8,310,779. The advanced funding of the grant awards was reported as unearned revenue at the end of the fiscal year. The fund balance in the grants fund increased mainly due to a large donation from Shell Oil Company earmarked for the City of Deer Park History Museum.

The City's capital project funds for certificates of obligation and general obligation bond series 2021 are restricted for construction which had a combined fund balance of \$48,238,155. These funds recognized a decrease in fund balance due to various capital projects during the fiscal year.

**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 \$1,821,846 in the general fund. However, the net change in fund balance increased by \$3,554,674, resulting in a positive variance of \$5,376,520.

Actual general fund revenues were greater than the amended budgeted revenues by \$1,423,618 during the fiscal year. The largest positive variance was from sales taxes due to a better economy than expected.

Actual expenditures were less than budgeted amounts in total by \$4,771,538 for the fiscal year. The largest positive variances were in general government, street maintenance, and police.

**CAPITAL ASSETS**

At the end of the fiscal year, the City's governmental and business-type activities had invested \$173,913,257 in a variety of capital assets, infrastructure, and right-to-use assets (net of accumulated depreciation). This represents a net increase of \$5,304,224.

Major capital asset events during the year included the following:

- Emergency management services radios \$586,608
- Light structure systems for softball fields, soccer fields, parking lot, and sports complex \$968,599
- Dow Park walking bridge \$264,295
- Hurricane Harvey drainage improvements \$2,288,177
- Traffic signal preemption project \$237,279
- Waterline – Pasadena Boulevard and Dowling Circle \$1,225,408
- Manhole rehabilitation phase 5 \$249,866
- Park Meadows sanitary sewer rehabilitation \$1,968,096
- Wastewater treatment plant expansion \$22,743,539
- Coy Street elevated storage tank \$523,360

**CITY OF DEER PARK, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2022**

- Construction in progress additions include:
  - Roof and irrigation improvements at golf course \$892,213
  - Hurricane Harvey drainage improvements – Deer Park Manor/Delo-Elaine \$1,567,004
  - College Park drainage project \$3,263,808
  - Hike and bike trail \$964,845
  - Wastewater treatment plant solids handling \$4,675,655
  - Community center and gym \$1,406,327

More detailed information about the City’s capital assets is presented in note III.E. 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 \$101,750,000. Of this amount, \$40,365,000 was general obligation debt and certificates of obligation accounted for \$61,385,000.

During the year, the City had a net decrease in certificates of obligation and general obligation bonds of \$8,770,005 which included principal debt payments and refunding of bonds. The City’s debt issuances include additions from certificates of obligation and limited tax refunding bonds, series 2021.

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 \$335,939,996, 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.F. to the financial statements.

Current underlying ratings on debt issues are as follows:

	<b>Moody's Investors Service</b>	<b>Standard and Poor's</b>
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 \$1,928,187, which is a 9.39 percent increase from last year’s budget. This increase is the result of new properties being added to the tax roll.

For the 2023 fiscal year budget, the City adopted a total tax rate of \$0.72 per \$100 of assessed value which is the same as the prior year rate. Compared to the prior year adopted budget, the City budgeted for an increase in total general fund revenues of \$210,846 and an increase in expenditures of \$2,668,670, respectively.

**CITY OF DEER PARK, TEXAS**  
***MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)***  
**For the Year Ended September 30, 2022**

**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.

***BASIC FINANCIAL STATEMENTS***

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# CITY OF DEER PARK, TEXAS

## STATEMENT OF NET POSITION

September 30, 2022

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 130,667,630	\$ 15,373,113	\$ 146,040,743	\$ 12,206,325
Restricted cash and cash equivalents	-	8,622,358	8,622,358	-
Receivables, net of allowances	3,343,712	1,088,416	4,432,128	1,398,558
Due from component units	3,859	-	3,859	-
Due from primary government	-	-	-	121,807
Inventories	135,125	-	135,125	-
Prepaid items	9,096	-	9,096	-
Leases receivable	660,374	-	660,374	-
Net pension asset - TMRS	2,932,096	431,997	3,364,093	462,360
Capital assets:				
Nondepreciable capital assets	37,541,970	6,643,709	44,185,679	-
Depreciable/amortizable capital assets, net	72,144,850	57,582,728	129,727,578	4,341,839
<b>Total Assets</b>	<b>247,438,712</b>	<b>89,742,321</b>	<b>337,181,033</b>	<b>18,530,889</b>
<b>Deferred Outflows of Resources</b>				
Deferred outflows of resources - pensions (TMRS)	2,604,905	365,552	2,970,457	90,765
Deferred outflows of resources - pensions (TESRS)	121,582	-	121,582	-
Deferred outflows of resources - OPEB (SDBF)	328,354	-	328,354	-
Deferred outflows of resources - OPEB (Health)	4,987,806	751,921	5,739,727	169,627
<b>Total Deferred Outflows of Resources</b>	<b>8,042,647</b>	<b>1,117,473</b>	<b>9,160,120</b>	<b>260,392</b>
<b>Liabilities</b>				
Accounts payable	2,650,113	711,026	3,361,139	111,754
Accrued liabilities	1,086,557	152,721	1,239,278	62,230
Customer deposits	14,890	1,034,941	1,049,831	-
Due to component units	121,807	-	121,807	-
Due to primary government	-	-	-	3,859
Other payables	640,673	218,839	859,512	-
Unearned revenue	8,399,195	-	8,399,195	-
Noncurrent liabilities:				
Due within one year	5,790,810	3,212,207	9,003,017	149,239
Due in more than one year	81,206,470	47,759,198	128,965,668	854,189
<b>Total Liabilities</b>	<b>99,910,515</b>	<b>53,088,932</b>	<b>152,999,447</b>	<b>1,181,271</b>
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources - leases	650,869	-	650,869	-
Deferred inflows of resources - pensions (TMRS)	8,705,816	1,223,023	9,928,839	438,323
Deferred inflows of resources - pensions (TESRS)	213,930	-	213,930	-
Deferred inflows of resources - OPEB (SDBF)	208,267	-	208,267	-
Deferred inflows of resources - OPEB (Health)	8,202,856	1,355,714	9,558,570	443,886
<b>Total Deferred Inflows of Resources</b>	<b>17,981,738</b>	<b>2,578,737</b>	<b>20,560,475</b>	<b>882,209</b>
<b>Net Position</b>				
Net investment in capital assets	92,017,954	23,338,072	115,356,026	3,858,833
Restricted for:				
Debt service	5,648,708	-	5,648,708	-
Enabling legislation - restricted revenues	1,050,753	-	1,050,753	-
Special projects - restricted contributions	934,144	-	934,144	12,868,968
Capital projects	99,469	-	99,469	-
Unrestricted	37,838,078	11,854,053	49,692,131	-
<b>Total Net Position</b>	<b>\$ 137,589,106</b>	<b>\$ 35,192,125</b>	<b>\$ 172,781,231</b>	<b>\$ 16,727,801</b>

See Notes to Financial Statements.

# CITY OF DEER PARK, TEXAS

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 8,220,503	\$ 489,476	\$ -	\$ -
Public safety	13,546,411	2,909,772	7,518	58,615
Public works	10,560,616	2,032,902	-	208,925
Parks and recreation	1,042,740	-	31,982	800,100
Community development	9,905,783	1,082,379	3,643,965	2,227,402
Interest on long-term debt	1,730,555	-	-	-
<b>Total Governmental Activities</b>	45,006,608	6,514,529	3,683,465	3,295,042
<b>Business-Type Activities</b>				
Water and sewer	11,613,629	13,223,467	-	-
Storm water utility	176,716	374,995	-	-
<b>Total Business-Type Activities</b>	11,790,345	13,598,462	-	-
<b>Total Primary Government</b>	\$ 56,796,953	\$ 20,112,991	\$ 3,683,465	\$ 3,295,042
<b>Component Units</b>				
Governmental	\$ 8,732,104	\$ -	\$ -	\$ -
<b>Total Component Units</b>	\$ 8,732,104	\$ -	\$ -	\$ -
<b>General Revenues:</b>				
Property taxes				
Industrial district taxes				
Franchise fees				
Sales and use taxes				
Hotel occupancy taxes				
Investment earnings				
Miscellaneous				
Gain on sale of capital assets				
Transfers				
			<b>Total General Revenues and Transfers</b>	
			<b>Change in Net Position</b>	
Beginning net position				
			<b>Ending Net Position</b>	

See Notes to Financial Statements.

**Net Revenue (Expense) and Changes in Net Position**

**Primary Government**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ (7,731,027)	\$ -	\$ (7,731,027)	\$ -
(10,570,506)	-	(10,570,506)	-
(8,318,789)	-	(8,318,789)	-
(210,658)	-	(210,658)	-
(2,952,037)	-	(2,952,037)	-
(1,730,555)	-	(1,730,555)	-
<u>(31,513,572)</u>	<u>-</u>	<u>(31,513,572)</u>	<u>-</u>
-	1,609,838	1,609,838	-
-	198,279	198,279	-
<u>-</u>	<u>1,808,117</u>	<u>1,808,117</u>	<u>-</u>
<u>(31,513,572)</u>	<u>1,808,117</u>	<u>(29,705,455)</u>	<u>-</u>
-	-	-	(8,732,104)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,732,104)</u>
23,381,834	-	23,381,834	-
11,032,643	-	11,032,643	-
2,013,149	-	2,013,149	-
8,120,944	-	8,120,944	8,046,856
565,833	-	565,833	-
390,025	77,909	467,934	13,507
614,099	2,181	616,280	43,315
41,221	-	41,221	-
(1,625,145)	1,625,145	-	-
<u>44,534,603</u>	<u>1,705,235</u>	<u>46,239,838</u>	<u>8,103,678</u>
13,021,031	3,513,352	16,534,383	(628,426)
<u>124,568,075</u>	<u>31,678,773</u>	<u>156,246,848</u>	<u>17,356,227</u>
<u>\$ 137,589,106</u>	<u>\$ 35,192,125</u>	<u>\$ 172,781,231</u>	<u>\$ 16,727,801</u>

# CITY OF DEER PARK, TEXAS

## BALANCE SHEET

### GOVERNMENTAL FUNDS

September 30, 2022

	General	Debt Service	Grants	CPCO 2021
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 58,437,830	\$ 5,648,738	\$ 9,226,636	\$ 25,672,903
Receivables, net	3,091,546	86,654	18,287	-
Due from component units	3,859	-	-	-
Inventories	135,125	-	-	-
Prepaid items	9,096	-	-	-
Lease receivables	660,374	-	-	-
<b>Total Assets</b>	<b>\$ 62,337,830</b>	<b>\$ 5,735,392</b>	<b>\$ 9,244,923</b>	<b>\$ 25,672,903</b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 2,185,256	\$ -	\$ -	\$ -
Accrued liabilities	1,079,609	-	-	-
Due to component units	121,777	30	-	-
Customer deposits	14,890	-	-	-
Other payables	546,174	-	-	-
Unearned revenue	88,416	-	8,310,779	-
<b>Total Liabilities</b>	<b>4,036,122</b>	<b>30</b>	<b>8,310,779</b>	<b>-</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue - court fines and warrants	324,052	-	-	-
Unavailable revenue - ambulance	622,961	-	-	-
Unavailable revenue - lease receivables	650,869	-	-	-
Unavailable revenue - property taxes	268,727	86,654	-	-
<b>Total Deferred Inflows of Resources</b>	<b>1,866,609</b>	<b>86,654</b>	<b>-</b>	<b>-</b>
<b><u>Fund Balances</u></b>				
Nonspendable:				
Inventories	135,125	-	-	-
Prepaid items	9,096	-	-	-
Restricted for:				
Debt service	-	5,648,708	-	-
Enabling legislation restricted revenues:				
Community development	-	-	-	-
Police department	-	-	-	-
Municipal court	-	-	-	-
Information technology services, police, library, park maintenance, and humane division department special projects contributions	-	-	934,144	-
Capital projects	-	-	-	25,672,903
Assigned:				
Disaster response/repair	816,000	-	-	-
Park maintenance	249,020	-	-	-
General government	465,523	-	-	-
CARES Act	1,866,205	-	-	-
Capital projects	-	-	-	-
Unassigned	52,894,130	-	-	-
<b>Total Fund Balances</b>	<b>56,435,099</b>	<b>5,648,708</b>	<b>934,144</b>	<b>25,672,903</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 62,337,830</b>	<b>\$ 5,735,392</b>	<b>\$ 9,244,923</b>	<b>\$ 25,672,903</b>

See Notes to Financial Statements.

<b>CPGO 2021</b>	<b>Nonmajor Governmental</b>	<b>Total Governmental Funds</b>
\$ 22,699,997	\$ 8,981,526	\$ 130,667,630
-	147,225	3,343,712
-	-	3,859
-	-	135,125
-	-	9,096
-	-	660,374
<u>\$ 22,699,997</u>	<u>\$ 9,128,751</u>	<u>\$ 134,819,796</u>
\$ 134,745	\$ 330,112	\$ 2,650,113
-	6,948	1,086,557
-	-	121,807
-	-	14,890
-	94,499	640,673
-	-	8,399,195
<u>134,745</u>	<u>431,559</u>	<u>12,913,235</u>
-	-	324,052
-	-	622,961
-	-	650,869
-	-	355,381
<u>-</u>	<u>-</u>	<u>1,953,263</u>
-	-	135,125
-	-	9,096
-	-	5,648,708
-	774,935	774,935
-	150,636	150,636
-	125,182	125,182
-	-	934,144
22,565,252	626,929	48,865,084
-	-	816,000
-	-	249,020
-	-	465,523
-	-	1,866,205
-	7,019,510	7,019,510
-	-	52,894,130
<u>22,565,252</u>	<u>8,697,192</u>	<u>119,953,298</u>
<u>\$ 22,699,997</u>	<u>\$ 9,128,751</u>	<u>\$ 134,819,796</u>

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**CITY OF DEER PARK, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**September 30, 2022**

Total fund balances for governmental funds		\$ 119,953,298
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets and right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Right-to-use assets, net of amortization	135,966	
Capital assets, nondepreciable	37,541,970	
Capital assets, net depreciable	72,008,884	109,686,820
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
		1,302,394
Long-term liabilities, assets, and deferred outflows and deferred inflows related to pensions and other postemployment benefits (OPEB) are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension asset - TMRS	2,932,096	
Deferred outflows - pensions (TMRS)	2,604,905	
Deferred outflows - pensions (TESRS)	121,582	
Deferred outflows - OPEB (SDBF)	328,354	
Deferred outflows OPEB (Health)	4,987,806	
Deferred inflows - pensions (TMRS)	(8,705,816)	
Deferred inflows pensions (TESRS)	(213,930)	
Deferred inflows OPEB (SDBF)	(208,267)	
Deferred inflows OPEB (Health)	(8,202,856)	
Noncurrent liabilities due in one year	(5,790,810)	
Noncurrent liabilities due in more than one year	(81,206,470)	(93,353,406)
<b>Net Position of Governmental Activities</b>		<b>\$ 137,589,106</b>

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, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Grants</u>	<u>CPCO 2021</u>
<b><u>Revenues</u></b>				
Property taxes	\$ 18,271,850	\$ 5,179,630	\$ -	\$ -
Industrial district taxes	11,032,643	-	-	-
Sales taxes	8,120,944	-	-	-
Franchise fees	2,013,149	-	-	-
Hotel/motel occupancy taxes	-	-	-	-
Fees and fines	1,093,007	-	-	-
Licenses and permits	653,787	-	-	-
Intergovernmental	192,358	3,272,102	7,136	-
Charges for services	4,472,124	-	-	-
Donations	-	-	832,082	-
Investment earnings	47,912	14,447	-	177,511
Miscellaneous	220,512	80	82,089	-
<b>Total Revenues</b>	<b>46,118,286</b>	<b>8,466,259</b>	<b>921,307</b>	<b>177,511</b>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
General government	8,195,735	-	19,393	-
Community development	8,432,161	-	431,787	-
Public works	8,790,924	-	3,596	-
Parks and recreation	324,371	-	-	-
Public safety	13,776,746	-	28,271	-
<b>Capital outlay</b>	<b>1,375,555</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Debt service:</b>				
Principal	389,037	5,050,212	-	-
Interest and other charges	23,483	2,221,143	-	-
<b>Total Expenditures</b>	<b>41,308,012</b>	<b>7,271,355</b>	<b>483,047</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>4,810,274</b>	<b>1,194,904</b>	<b>438,260</b>	<b>177,511</b>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	726,795	146,435	205,875	-
Transfers (out)	(2,261,632)	(1,853,616)	-	-
Proceeds from sale of capital assets	64,104	-	-	-
Insurance proceeds	215,133	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(1,255,600)</b>	<b>(1,707,181)</b>	<b>205,875</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>3,554,674</b>	<b>(512,277)</b>	<b>644,135</b>	<b>177,511</b>
Beginning fund balances	52,880,425	6,160,985	290,009	25,495,392
<b>Ending Fund Balances</b>	<b>\$ 56,435,099</b>	<b>\$ 5,648,708</b>	<b>\$ 934,144</b>	<b>\$ 25,672,903</b>

See Notes to Financial Statements.

<u>CPGO 2021</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 23,451,480
-	-	11,032,643
-	-	8,120,944
-	-	2,013,149
-	565,833	565,833
-	175,704	1,268,711
-	-	653,787
-	387,112	3,858,708
-	101,398	4,573,522
-	-	832,082
143,312	6,843	390,025
-	96,285	398,966
<u>143,312</u>	<u>1,333,175</u>	<u>57,159,850</u>
-	52,355	8,267,483
-	296,284	9,160,232
-	-	8,794,520
-	-	324,371
-	120,995	13,926,012
2,038,516	5,335,462	8,749,533
-	-	5,439,249
-	-	2,244,626
<u>2,038,516</u>	<u>5,805,096</u>	<u>56,906,026</u>
<u>(1,895,204)</u>	<u>(4,471,921)</u>	<u>253,824</u>
-	2,038,350	3,117,455
(143,313)	(592,613)	(4,851,174)
-	-	64,104
-	-	215,133
<u>(143,313)</u>	<u>1,445,737</u>	<u>(1,454,482)</u>
(2,038,517)	(3,026,184)	(1,200,658)
<u>24,603,769</u>	<u>11,723,376</u>	<u>121,153,956</u>
<u>\$ 22,565,252</u>	<u>\$ 8,697,192</u>	<u>\$ 119,953,298</u>

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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, 2022**

Net changes in fund balances - total governmental funds \$ (1,200,658)

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	11,539,820
Depreciation expense and amortization of right-to-use assets	(5,330,224)
Disposals, net	(22,883)

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	5,439,249
Amortization of premiums on bonds	514,071
Amortization of deferred outflows - pensions (TMRS)	(137,813)
Amortization of deferred outflows - pensions (TESRS)	(569)
Amortization of deferred outflows - OPEB (SDBF)	(48,696)
Amortization of deferred outflows - OPEB (Health)	(899,184)
Amortization of deferred inflows - pensions (TMRS)	(4,322,133)
Amortization of deferred inflows - pensions (TESRS)	(188,297)
Amortization of deferred inflows - OPEB (SDBF)	(5,954)
Amortization of deferred inflows - OPEB (Health)	(7,149,296)
Compensated absences	12,118
Net pension asset - TMRS	7,778,581
Net pension liability - TESRS	301,463
Total OPEB liability - Health	6,825,014
Total OPEB liability - SDBF	(28,490)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (51,137)

**Change in Net Position of Governmental Activities** \$ 13,021,031

See Notes to Financial Statements.

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# CITY OF DEER PARK, TEXAS

## STATEMENT OF NET POSITION

### PROPRIETARY FUNDS

September 30, 2022

	Business-Type Activities		
	Water and Sewer	Storm Water Utility	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 14,411,470	\$ 961,643	\$ 15,373,113
Restricted cash and cash equivalents	8,622,358	-	8,622,358
Accounts receivable, net	1,051,305	37,111	1,088,416
<b>Total Current Assets</b>	<b>24,085,133</b>	<b>998,754</b>	<b>25,083,887</b>
Noncurrent assets:			
Net pension asset - TMRS	390,628	41,369	431,997
Capital assets:			
Land	591,397	-	591,397
Buildings	4,795,184	-	4,795,184
Utility system	93,180,703	-	93,180,703
Machinery and equipment	5,127,653	-	5,127,653
Construction in progress	6,052,312	-	6,052,312
Less: accumulated depreciation	(45,520,812)	-	(45,520,812)
<b>Total Noncurrent Assets</b>	<b>64,617,065</b>	<b>41,369</b>	<b>64,658,434</b>
<b>Total Assets</b>	<b>88,702,198</b>	<b>1,040,123</b>	<b>89,742,321</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources - pensions (TMRS)	353,157	12,395	365,552
Deferred outflows of resources - OPEB	723,695	28,226	751,921
<b>Total Deferred Outflows of Resources</b>	<b>1,076,852</b>	<b>40,621</b>	<b>1,117,473</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	708,541	2,485	711,026
Accrued liabilities	147,674	5,047	152,721
Customer deposits	1,034,941	-	1,034,941
Other payables	218,839	-	218,839
Compensated absences	157,808	866	158,674
Bonds payable - current	3,053,533	-	3,053,533
<b>Total Current Liabilities</b>	<b>5,321,336</b>	<b>8,398</b>	<b>5,329,734</b>
Noncurrent liabilities:			
Total OPEB liability	2,513,066	45,458	2,558,524
Compensated absences	16,370	1,261	17,631
Bonds payable, net of deferred charges	45,183,043	-	45,183,043
<b>Total Noncurrent Liabilities</b>	<b>47,712,479</b>	<b>46,719</b>	<b>47,759,198</b>
<b>Total Liabilities</b>	<b>53,033,815</b>	<b>55,117</b>	<b>53,088,932</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources - pensions	1,175,076	47,947	1,223,023
Deferred inflows of resources - OPEB	1,319,908	35,806	1,355,714
<b>Total Deferred Inflows of Resources</b>	<b>2,494,984</b>	<b>83,753</b>	<b>2,578,737</b>
<b>Net Position</b>			
Net investment in capital assets	23,338,072	-	23,338,072
Unrestricted	10,912,179	941,874	11,854,053
<b>Total Net Position</b>	<b>\$ 34,250,251</b>	<b>\$ 941,874</b>	<b>\$ 35,192,125</b>

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, 2022

	Business-Type Activities		
	Water and Sewer	Storm Water Utility	Total
<b><u>Operating Revenues</u></b>			
Charges for services	\$ 13,223,467	\$ 374,995	\$ 13,598,462
Miscellaneous	-	2,181	2,181
<b>Total Operating Revenues</b>	13,223,467	377,176	13,600,643
<b><u>Operating Expenses</u></b>			
Personnel services	3,306,187	122,515	3,428,702
Contractual services	1,122,416	3,952	1,126,368
Repairs and maintenance	713,325	45,705	759,030
Other supplies and expenses	2,390,931	4,544	2,395,475
Depreciation	2,629,657	-	2,629,657
<b>Total Operating Expenses</b>	10,162,516	176,716	10,339,232
<b>Operating Income</b>	3,060,951	200,460	3,261,411
<b><u>Nonoperating Revenues (Expenses)</u></b>			
Investment earnings	77,909	-	77,909
Interest and fiscal agent fees	(1,451,113)	-	(1,451,113)
Loss on disposal of asset	-	(108,574)	(108,574)
<b>Total Nonoperating (Expenses)</b>	(1,373,204)	(108,574)	(1,481,778)
<b>Income Before Transfers</b>	1,687,747	91,886	1,779,633
<b><u>Transfers</u></b>			
Transfers in	1,853,616	34,814	1,888,430
Transfers (out)	(154,711)	-	(154,711)
<b>Total Transfers</b>	1,698,905	34,814	1,733,719
<b>Change in Net Position</b>	3,386,652	126,700	3,513,352
Beginning net position	30,863,599	815,174	31,678,773
<b>Ending Net Position</b>	\$ 34,250,251	\$ 941,874	\$ 35,192,125

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, 2022

	Business-Type Activities		
	Water and Sewer	Storm Water Utility	Total
<b><u>Cash Flows from Operating Activities</u></b>			
Receipts from customers and users	\$ 13,322,887	\$ 370,234	\$ 13,693,121
Payments to suppliers for goods and services	(4,436,260)	(54,817)	(4,491,077)
Payments to employees for services	(3,581,053)	(138,580)	(3,719,633)
<b>Net Cash Provided by Operating Activities</b>	<b>5,305,574</b>	<b>176,837</b>	<b>5,482,411</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>			
Transfer from other funds	1,853,616	34,814	1,888,430
Transfer to other funds	(154,711)	-	(154,711)
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>1,698,905</b>	<b>34,814</b>	<b>1,733,719</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>			
Acquisition and construction of capital assets	(1,747,168)	(108,574)	(1,855,742)
Principal paid on capital debt	(3,024,793)	-	(3,024,793)
Interest and fiscal agent fees paid	(1,616,501)	-	(1,616,501)
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<b>(6,388,462)</b>	<b>(108,574)</b>	<b>(6,497,036)</b>
<b><u>Cash Flows from Investing Activities</u></b>			
Earnings on investments	77,909	-	77,909
<b>Net Cash Provided by Investing Activities</b>	<b>77,909</b>	<b>-</b>	<b>77,909</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>693,926</b>	<b>103,077</b>	<b>797,003</b>
Beginning cash and cash equivalents	22,339,902	858,566	23,198,468
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 23,033,828</b>	<b>\$ 961,643</b>	<b>\$ 23,995,471</b>
<b>Ending Cash and Cash Equivalents</b>			
Unrestricted cash and cash equivalents	\$ 14,411,470	\$ 961,643	\$ 15,373,113
Restricted cash and cash equivalents	8,622,358	-	8,622,358
	<b>\$ 23,033,828</b>	<b>\$ 961,643</b>	<b>\$ 23,995,471</b>

# CITY OF DEER PARK, TEXAS

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2022

	Business-Type Activities		
	Water and Sewer	Storm Water Utility	Total
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Operating income	\$ 3,060,951	\$ 200,460	\$ 3,261,411
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	2,629,657	-	2,629,657
<b>Changes in Operating Assets and Liabilities:</b>			
<b>(Increase) Decrease in Assets:</b>			
Accounts receivable	(4,087)	(6,942)	(11,029)
Deferred outflows of resources - pensions and OPEB	163,955	4,493	168,448
<b>Increase (Decrease) in Liabilities:</b>			
Accounts payable	(99,394)	(591)	(99,985)
Accrued liabilities	16,783	(25)	16,758
Other payables	(126,977)	-	(126,977)
Compensated absences	(8,859)	1,164	(7,695)
Net pension liability	(1,085,075)	(51,786)	(1,136,861)
Deferred inflows of resources - pensions and OPEB	1,753,657	57,210	1,810,867
Total OPEB liability	(1,098,544)	(27,146)	(1,125,690)
Customer deposits	103,507	-	103,507
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 5,305,574</b>	<b>\$ 176,837</b>	<b>\$ 5,482,411</b>
 <b><u>Schedule of Non-cash Capital and Related Financing Activities</u></b>			
Proceeds from refunding bond	\$ 5,937,387	\$ -	\$ 5,937,387
Payment to refunding bond escrow agent	\$ (5,845,525)	\$ -	\$ (5,845,525)
Refunding bond issuance costs	\$ (91,862)	\$ -	\$ (91,862)

See Notes to Financial Statements.

# CITY OF DEER PARK, TEXAS

## STATEMENT OF NET POSITION

### FIDUCIARY FUND

September 30, 2022

	<u>Senior Citizens Trust</u>
<b><u>Assets</u></b>	
Cash and cash equivalents	\$ 119,172
<b>Total Assets</b>	<u>\$ 119,172</u>
<b><u>Net Position</u></b>	
Restricted	\$ 119,172
<b>Total Net Position</b>	<u>\$ 119,172</u>

See Notes to Financial Statements.

**CITY OF DEER PARK, TEXAS**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUND**  
For the Year Ended September 30, 2022

	<u>Senior Citizens Trust</u>
<b><u>Additions</u></b>	
Investment earnings	\$ 830
<b>Total Additions</b>	<u>830</u>
<b><u>Deductions</u></b>	
Administrative expenses	<u>170</u>
<b>Total Deductions</b>	<u>170</u>
<b>Change in Net Position</b>	<u>660</u>
Beginning net position	<u>118,512</u>
<b>Ending Net Position</b>	<u><u>\$ 119,172</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, 2022

**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 (the “State”) 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 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, 2022**

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, 2022**

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, proprietary, 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 fund. 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, 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 grants fund is used to account for the receipt of grant funds from the State or Federal Government, as governed by the terms of the grant, is considered a major fund for reporting purposes. The remaining 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 project funds for certificate of obligation and general obligation bonds, series 2021

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2022**

are considered major funds for reporting purposes. The remaining capital project funds are considered nonmajor funds for reporting purposes.

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

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2022**

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. 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 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 is 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, 2022**

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
- 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, business-type activities, or component units 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 at least \$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, 2022**

**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 assets that applies to future periods. 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 assets that applies to future periods.

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.
- Leases receivable and payable are amortized over the terms of the leases.

At the fund level, the City recognized deferred inflows only under a modified accrual basis of accounting, that qualify 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, and industrial district and property taxes. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

The City also recognizes a deferred inflow of unavailable resources that are related to leases receivable at the fund level under modified accrual basis of accounting and on the Statement of Net Position under the full accrual basis of accounting. The revenue is recognized at the fund level and on the Statement of Activities as the deferred inflow from leases receivable is amortized.

**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.

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2022**

**8. Leases**

**Lessee**

The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible, right-to-use lease asset (the “lease asset”) in the government-wide financial statements. The City recognizes lease liabilities and lease asset with an initial, individual value of at least \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the term of the lease.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

**Lessor**

The City is a lessor for noncancellable leases. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2022**

- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

## **9. 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.

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 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, 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.

## **10. 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.

## **11. 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

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2022**

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.

**12. 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).

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.

**13. 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

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2022**

the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**14. 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.

**15. 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 total 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.

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2022

**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.

**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, 2022.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

As of September 30, 2022, the City had the following investments:

<u>Investment Type</u>	<u>Market Value</u>	<u>Weighted Average Maturity (Years)</u>
TexSTAR	\$ 3,420,163	0.09
TexPool	48,481,040	0.07
Texas CLASS	25,038,602	0.22
Certificates of deposit	30,687,999	0.48
Federal Farm Credit Bank	3,881,447	1.44
Federal Home Loan Bank	8,879,675	0.89
Treasury notes	16,476,055	1.18
<b>Total Market Value</b>	<b><u>\$ 136,864,981</u></b>	
Portfolio weighted average maturity		0.42

**Fair Value Measurements**

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

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2022**

- Level 2 inputs are inputs other than quoted prices within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

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

Fair value is measured in a manner consistent with one of the three approaches: market approach, cost approach, and the income approach. The valuation methodology used is based upon whichever technique is the most appropriate and provides the best representation of fair value for that particular asset or liability. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or groups of assets and liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts, such as cash flows, to a single current (discounted) amount.

As of September 30, 2022, the City had the following recurring fair value measurements:

	September 30, 2022	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<b>Investments by Fair Value Level</b>				
<u>U.S. Government Agency Bonds/Notes</u>				
Federal Home Loan Bank	\$ 8,879,675	\$ 8,879,675	\$ -	\$ -
Federal Farm Credit Bank	3,881,447	3,881,447	-	-
Treasury Notes	16,476,055	16,476,055	-	-
<b>Total</b>	<u>\$ 29,237,177</u>	<u>\$ 29,237,177</u>	<u>\$ -</u>	<u>\$ -</u>

*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, 2022, the City's investments in investment pools 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, 2022, the combined balances of FDIC insurance, collateral pledged, and letters of credit exceeded the City's

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2022**

bank balances. As of September 30, 2022, 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.

**TexPool**

TexPool was established as a trust company with the Treasurer of the State 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.

**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. JPMorgan Fleming Asset Management (USA), Inc. and First Southwest Asset Management, 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

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2022**

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.

**Texas CLASS**

The Texas Cooperative Liquid Assets Securities System Trust – Texas (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. 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](http://www.texasclass.com).

**B. Receivables**

Amounts recorded as receivable as of September 30, 2022 for the City’s individual major and aggregate nonmajor funds as well as the component units, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Grants</u>	<u>Nonmajor Governmental</u>	<u>Water and Sewer</u>	<u>Storm Water Utility</u>	<u>Component Units</u>
Taxes	\$ 1,074,912	\$ 346,617	\$ -	\$ -	\$ -	\$ -	\$ 1,398,558
Accounts	2,998,689	-	18,287	147,225	1,583,837	53,290	-
Ambulance	985,389	-	-	-	-	-	-
Less allowance	<u>(1,967,444)</u>	<u>(259,963)</u>	<u>-</u>	<u>-</u>	<u>(532,532)</u>	<u>(16,179)</u>	<u>-</u>
<b>Total</b>	<u>\$ 3,091,546</u>	<u>\$ 86,654</u>	<u>\$ 18,287</u>	<u>\$ 147,225</u>	<u>\$ 1,051,305</u>	<u>\$ 37,111</u>	<u>\$ 1,398,558</u>

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2022

**C. Leases Receivable**

The City has entered into several lease agreements (the “Agreements”) as a lessor for the use of their towers located throughout the City with the lessee mounting communication signals on the towers. The Agreements range from 111 to 252 months after extension options in which it is reasonably certain that these options will be exercised. An initial leases receivable and deferred inflow of resources from leases was recorded in the amount of \$694,215 at the beginning of the fiscal year. As of September 30, 2022, the value of the lease receivables is \$660,374. The interest rate on the leases receivable is based on the City’s incremental borrowing rates for the terms of the Agreements and range from 0.60% to 1.59%. The lease revenue that was recorded with charges for services for fiscal year 2022 was \$50,172 which consists of the interest payments on the leases receivable of \$6,826 and the amortization of the deferred inflow of resources from leases of \$43,346. The remaining principal and interest payments along with the amortization of the deferred inflow of resources from the Agreements are as follows:

Fiscal Year Ending Sep 30	Lease Receipts			Amortization of Deferred Inflows
	Principal	Interest	Total	
2023	\$ 32,069	\$ 9,463	\$ 41,532	\$ 43,346
2024	33,398	9,034	42,432	43,346
2025	34,783	8,585	43,368	43,346
2026	37,662	8,117	45,779	43,346
2027	39,180	7,611	46,791	43,346
2028-2032	189,146	29,844	218,990	192,170
2033-2037	186,838	16,835	203,673	146,560
2038-2042	102,711	3,245	105,956	90,530
2043-2044	4,587	73	4,660	4,879
<b>Total</b>	<b>\$ 660,374</b>	<b>\$ 92,807</b>	<b>\$ 753,181</b>	<b>\$ 650,869</b>

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2022

**D. Restricted Assets**

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

	<b>Water and Sewer</b>
Restricted for:	
Customer deposits	\$ 1,034,941
Bond funded capital projects	7,587,417
<b>Total Restricted Assets</b>	<b>\$ 8,622,358</b>

**E. Capital Assets**

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

	<b>Primary Government</b>			
	<b>Beginning Balance</b>	<b>Increases</b>	<b>(Decreases)/ Reclassifications</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 26,900,489	\$ -	\$ -	\$ 26,900,489
Construction in progress	4,946,275	9,009,023	(3,313,817)	10,641,481
<b>Total capital assets not being depreciated</b>	<b>31,846,764</b>	<b>9,009,023</b>	<b>(3,313,817)</b>	<b>37,541,970</b>
Other capital assets:				
Buildings	47,709,703	261,169	-	47,970,872
Improvements	83,711,692	4,250,750	-	87,962,442
Machinery and equipment	23,044,750	1,332,695	(237,162)	24,140,283
Right-to-use assets	211,970	-	-	211,970
<b>Total other capital assets</b>	<b>154,678,115</b>	<b>5,844,614</b>	<b>(237,162)</b>	<b>160,285,567</b>
Less accumulated depreciation/amortization for:				
Buildings	(16,105,477)	(1,321,792)	-	(17,427,269)
Improvements	(49,107,408)	(2,449,222)	-	(51,556,630)
Machinery and equipment	(17,811,887)	(1,483,206)	214,279	(19,080,814)
Right-to-use assets	-	(76,004)	-	(76,004)
<b>Total accumulated depreciation/amortization</b>	<b>(83,024,772)</b>	<b>(5,330,224)</b>	<b>214,279</b>	<b>(88,140,717)</b>
<b>Other capital assets, net Governmental Activities</b>	<b>71,653,343</b>	<b>514,390</b>	<b>(22,883)</b>	<b>72,144,850</b>
<b>Capital Assets, Net</b>	<b>\$ 103,500,107</b>	<b>\$ 9,523,413</b>	<b>\$ (3,336,700)</b>	<b>109,686,820</b>
			Less associated debt	(66,434,481)
			Plus unspent bond proceeds	48,765,615
			<b>Net Investment in Capital Assets</b>	<b>\$ 92,017,954</b>

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2022

Depreciation/amortization was charged to governmental functions as follows:

General government	\$	589,196
Public safety		793,555
Public works		2,083,497
Parks and recreation		642,365
Community development		1,145,607
Right-to-use assets		76,004
<b>Total Governmental Activities Depreciation and Amortization</b>	<b>\$</b>	<b><u>5,330,224</u></b>

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

<b>Project Description</b>	<b>Authorized Contract</b>	<b>Contract Expenditures</b>	<b>Remaining Contract</b>
Outfall - Hurricane Harvey	\$ 90,161	\$ 88,395	\$ 1,766
Traffic Pod - Pasadena Boulevard at Center Street	13,521	9,377	4,144
New Fire Station No. 2	425,000	105,073	319,927
Chiller A/C - Community Center	130,995	13,963	117,032
College Park Drainage Project	3,642,841	3,261,053	381,788
Jimmy Burke Activity Center	74,725	39,862	34,863
Drainage Improvements - Deer Park Manor/Delo-Elaine	1,908,974	1,856,439	52,535
Norwood Street Drainage Project	436,022	420,838	15,184
Harris County Flood Control District B112 Ditch	76,163	20,025	56,138
Community Center and Gym	3,741,668	1,406,327	2,335,341
Hike and Bike Trails - Type B	893,287	494,385	398,902
Spencerview Pedestrian Bridge Crossing	48,300	46,970	1,330
Deer Park Terrace Street Project	518,028	253,922	264,106
Fire Station No. 1	494,300	267,765	226,535
Drill Field Training Center	180,000	43,997	136,003
Detention Pond - Luella at 8th	240,375	15,731	224,644
<b>Total</b>	<b><u>\$ 12,914,360</u></b>	<b><u>\$ 8,344,122</u></b>	<b><u>\$ 4,570,238</u></b>

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2022

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	
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 591,397	\$ -	\$ -	\$ 591,397
Construction in progress	31,041,737	1,554,282	(26,543,707)	6,052,312
<b>Total capital assets not being depreciated</b>	<u>31,633,134</u>	<u>1,554,282</u>	<u>(26,543,707)</u>	<u>6,643,709</u>
Other capital assets:				
Buildings	4,795,184	-	-	4,795,184
Improvements	66,475,696	26,705,007	-	93,180,703
Machinery and equipment	5,101,362	31,586	(5,295)	5,127,653
<b>Total other capital assets</b>	<u>76,372,242</u>	<u>26,736,593</u>	<u>(5,295)</u>	<u>103,103,540</u>
Less accumulated depreciation for:				
Buildings	(1,670,592)	(119,429)	-	(1,790,021)
Improvements	(37,156,850)	(2,243,358)	-	(39,400,208)
Machinery and equipment	(4,069,008)	(266,870)	5,295	(4,330,583)
<b>Total accumulated depreciation</b>	<u>(42,896,450)</u>	<u>(2,629,657)</u>	<u>5,295</u>	<u>(45,520,812)</u>
<b>Other capital assets, net</b>	<u>33,475,792</u>	<u>24,106,936</u>	<u>-</u>	<u>57,582,728</u>
<b>Business-Type Activities Capital Assets, Net</b>	<u>\$ 65,108,926</u>	<u>\$ 25,661,218</u>	<u>\$ (26,543,707)</u>	<u>64,226,437</u>
			Less associated debt	(48,236,576)
			Plus unspent bond proceeds	7,348,211
			<b>Net Investment in Capital Assets</b>	<u>\$ 23,338,072</u>

Depreciation was charged to business-type functions as follows:

Water and sewer	<u>\$ 2,629,657</u>
<b>Total Business-Type Activities Depreciation Expense</b>	<u>\$ 2,629,657</u>

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

Project Description	Authorized Contract	Contract Expenditures	Remaining Contract
Waste Water Treatment Plant - Lagoon Project	\$ 486,000	\$ 750	\$ 485,250
SCADA - SWTP	35,800	30,695	5,105
Water Treatment Plant - Solids Handling	4,949,033	4,675,655	273,378
Clearwell Transfer Pump	6,908,799	788,470	6,120,329
Sanitary Sewer Rehab - Deer Meadows	565,676	498,288	67,388
<b>Total</b>	<u>\$ 12,945,308</u>	<u>\$ 5,993,858</u>	<u>\$ 6,951,450</u>

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2022

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

	Component Units			Ending Balance
	Beginning Balance	Increases	(Decreases)/ Reclassifications	
<b>Discretely presented component units:</b>				
Capital assets not being depreciated:				
Construction in progress	\$ 28,000	\$ 56,860	\$ (84,860)	\$ -
<b>Total capital assets not being depreciated</b>	<u>28,000</u>	<u>56,860</u>	<u>(84,860)</u>	<u>-</u>
Capital assets:				
Building	2,073,921	-	-	2,073,921
Improvements	923,857	-	-	923,857
Machinery and equipment	5,685,151	84,860	(86,012)	5,683,999
<b>Total capital assets</b>	<u>8,682,929</u>	<u>84,860</u>	<u>(86,012)</u>	<u>8,681,777</u>
Less accumulated depreciation for:				
Building	(166,789)	(52,675)	-	(219,464)
Improvements	(224,250)	(60,188)	-	(284,438)
Machinery and equipment	(3,471,542)	(450,506)	86,012	(3,836,036)
<b>Total accumulated depreciation</b>	<u>(3,862,581)</u>	<u>(563,369)</u>	<u>86,012</u>	<u>(4,339,938)</u>
<b>Capital assets, being depreciated, net</b>	<u>4,820,348</u>	<u>(478,509)</u>	<u>-</u>	<u>4,341,839</u>
<b>Discretely Presented Component Units Capital Assets, Net</b>	<u>\$ 4,848,348</u>	<u>\$ (421,649)</u>	<u>\$ (84,860)</u>	<u>4,341,839</u>
			Less associated debt	<u>(483,006)</u>
			<b>Net Investment in Capital Assets</b>	<u>\$ 3,858,833</u>

Depreciation was charged to component units as follows:

Crime control and prevention district	\$ 363,907
Fire control, prevention, and emergency medical services district	199,462
<b>Total Component Units Depreciation Expense</b>	<u>\$ 563,369</u>

Construction in progress and remaining commitments under related construction contracts for projects funded by component units, but recognized as governmental activities assets at year end are as follows:

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Contract</u>
Emergency Operation Center Project	<u>\$ 419,485</u>	<u>\$ 338,268</u>	<u>\$ 81,217</u>

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2022

**F. 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>
<b>Governmental Activities:</b>					
General obligation bonds	\$ 31,834,962	\$ -	\$ (1,910,212)	\$ 29,924,750 *	\$ 1,991,462
Certificates of obligation	25,105,000	-	(1,080,000)	24,025,000 *	1,510,000
Certificates of obligation from direct borrowings/placements	4,975,000	-	(2,060,000)	2,915,000 *	710,000
Notes payable	1,366,508	-	(312,140)	1,054,368 *	297,421
Premium on bond issuance	8,894,361	-	(514,071)	8,380,290 *	-
Leases payable	211,970	-	(76,897)	135,073 *	77,098
Compensated absences	1,350,817	1,520,906	(1,533,024)	1,338,699	1,204,829
Net pension liability					
TMRS	4,846,485	-	(4,846,485)	-	-
TESRS	520,353	-	(301,463)	218,890	-
Total OPEB liability					
SDBF	1,314,693	28,490	-	1,343,183	-
Health	24,426,650	-	(6,825,014)	17,601,636	-
Closure costs	56,440	3,951	-	60,391	-
<b>Total Governmental Activities</b>	<u>\$ 104,903,239</u>	<u>\$ 1,553,347</u>	<u>\$ (19,459,306)</u>	<u>\$ 86,997,280</u>	<u>\$ 5,790,810</u>
				<u>Long-term debt due in more than one year</u>	<u>\$ 81,206,470</u>
				<u>*Debt associated with governmental activities capital assets</u>	<u>\$ 66,434,481</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 OPEB liability are fully liquidated by the general fund.

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2022

The following is a summary of changes in the City's total business-type activities 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>
<b>Business-Type Activities:</b>					
General obligation bonds	\$ 6,645,059	\$ 5,055,000	\$ (1,259,793)	\$ 10,440,266 **	\$ 1,563,533
Certificates of obligation	41,960,000	-	(7,515,000)	34,445,000 **	1,490,000
Premium on bond issuance	2,821,698	882,387	(352,775)	3,351,310 **	-
Net pension liability - TMRS	704,864	-	(704,864)	-	-
Total OPEB liability - Health	3,684,214	-	(1,125,690)	2,558,524	-
Compensated absences	184,000	179,686	(187,381)	176,305	158,674
<b>Total Business-Type Activities</b>	<u>\$ 55,999,835</u>	<u>\$ 6,117,073</u>	<u>\$ (11,145,503)</u>	<u>\$ 50,971,405</u>	<u>\$ 3,212,207</u>
			<b>Long-term debt due in more than one year</b>	<u>\$ 47,759,198</u>	
			<b>**Debt associated with business-type activities capital assets</b>	<u>\$ 48,236,576</u>	

The following is a summary of changes in the City's total discretely presented component units 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>
<b>Discretely Presented Component Units:</b>					
Notes payable	\$ 629,293	\$ -	\$ (146,287)	\$ 483,006 ***	\$ 149,239
Net pension liability - TMRS	78,408	-	(78,408)	-	-
Total OPEB liability - Health	887,066	-	(366,644)	520,422	-
<b>Total Discretely Presented Component Units</b>	<u>\$ 1,594,767</u>	<u>\$ -</u>	<u>\$ (591,339)</u>	<u>\$ 1,003,428</u>	<u>\$ 149,239</u>
			<b>Long-term debt due in more than one year</b>	<u>\$ 854,189</u>	
			<b>***Debt associated with discretely presented component units capital assets</b>	<u>\$ 483,006</u>	

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2022

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

Description	Interest Rates	Balance
<b>Governmental Activities</b>		
<b>General Obligation Bonds</b>		
2014 General Obligation Bonds	3.00-4.00%	\$ 675,000
2014 General Obligation Refunding Bonds	3.00-4.00%	375,062
2016 Limited Tax Refunding Bonds	2.25-4.00%	4,135,000
2019 Limited Tax Refunding Bonds	4.00-5.00%	3,460,000
2020 Limited Tax Refunding Bonds	2.00-4.00%	1,039,688
2021 General Obligation Bonds	3.00-5.00%	20,240,000
<b>Total General Obligation Bonds</b>		<b>29,924,750</b>
<b>Certificates of Obligation</b>		
2015 Certificates of Obligation	2.00-4.00%	2,420,000
2016 Certificates of Obligation	1.59%	2,915,000
2021 Certificates of Obligation	3.00-5.00%	21,605,000
<b>Total Certificates of Obligation</b>		<b>26,940,000</b>
<b>Notes Payable</b>		
2021 Pierce Velocity Pumper Truck	1.41%	869,149
2021 Ford F550 Bucket Truck	1.39%	28,754
2021 Freightliner M2 Garbage Truck	1.63%	48,833
2021 Battleground Golf Carts	5.13%	107,632
<b>Total Notes Payable</b>		<b>1,054,368</b>
<b>Leases Payable</b>		
Golf Equipment	2.342%	135,073
<b>Total Leases Payable</b>		<b>135,073</b>
<b>Total Governmental Activities Long-Term Debt</b>		<b>\$ 58,054,191</b>

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2022

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>
<b><u>Business-Type Activities</u></b>		
<b>General Obligation Bonds</b>		
2011 General Obligation Refunding Bonds	2.50-3.00%	\$ 275,000
2014 General Obligation Refunding Bonds	3.00-4.00%	604,958
2020 Limited Tax Refunding Bonds	2.00-4.00%	4,505,308
2021 Limited Tax Refunding Bonds	2.00-4.00%	5,055,000
<b>Total General Obligation Bonds</b>		<b>10,440,266</b>
<b>Certificates of Obligation</b>		
2014 Certificates of Obligation	3.00-4.00%	4,705,000
2015-A Certificates of Obligation	2.00-3.50%	5,630,000
2016-A Certificates of Obligation	2.00-4.00%	5,790,000
2017-A Certificates of Obligation	2.00-3.00%	4,310,000
2018 Certificates of Obligation	3.25-5.00%	5,585,000
2019 Certificates of Obligation	3.00-5.00%	3,765,000
2020 Certificates of Obligation	3.00-4.00%	4,660,000
<b>Total Certificates of Obligation</b>		<b>34,445,000</b>
<b>Total Business-Type Activities Long-Term Debt</b>		<b>\$ 44,885,266</b>

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 note payable:

<u>Description</u>	<u>Interest Rates</u>	<u>Balance</u>
<b><u>Component Unit</u></b>		
<b>Notes Payable</b>		
2018 Pierce Velocity	2.00%	\$ 483,006
<b>Total Component Unit Notes Payable</b>		<b>\$ 483,006</b>

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2022

Annual debt service requirements for governmental activities are as follows:

Fiscal Year Ending Sep 30	Governmental Activities				
	General Obligation Bonds		Certificates of Obligation		Total
	Principal	Interest	Principal	Interest	
2023	\$ 1,991,462	\$ 1,150,153	\$ 1,510,000	\$ 851,100	\$ 5,502,715
2024	2,097,661	1,069,618	945,000	805,625	4,917,904
2025	1,973,438	994,013	1,125,000	770,225	4,862,676
2026	2,306,250	912,269	310,000	742,650	4,271,169
2027	2,405,938	813,044	660,000	718,400	4,597,382
2028-2032	7,265,001	2,884,094	3,850,000	3,051,475	17,050,570
2033-2037	6,330,000	1,485,625	4,775,000	2,132,100	14,722,725
2038-2042	5,555,000	390,275	5,645,000	1,255,850	12,846,125
2042-2046	-	-	5,205,000	318,075	5,523,075
<b>Total</b>	<b>\$ 29,924,750</b>	<b>\$ 9,699,091</b>	<b>\$ 24,025,000</b>	<b>\$ 10,645,500</b>	<b>\$ 74,294,341</b>

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

Fiscal Year Ending Sep 30	Governmental Activities		
	General Obligation Bonds		
	Principal	Interest	Total
2023	\$ 710,000	\$ 40,704	\$ 750,704
2024	725,000	29,296	754,296
2025	735,000	17,689	752,689
2026	745,000	5,923	750,923
<b>Total</b>	<b>\$ 2,915,000</b>	<b>\$ 93,612</b>	<b>\$ 3,008,612</b>

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

Fiscal Year Ending Sep 30	Business-Type Activities				
	General Obligation Bonds		Certificates of Obligation		Total
	Principal	Interest	Principal	Interest	
2023	\$ 1,563,533	\$ 357,272	\$ 1,490,000	\$ 1,153,980	\$ 4,564,785
2024	1,167,359	315,869	1,945,000	1,100,286	4,528,514
2025	741,562	280,006	2,000,000	1,035,593	4,057,161
2026	778,750	249,600	2,065,000	965,693	4,059,043
2027	819,062	217,644	2,135,000	891,418	4,063,124
2028-2032	4,755,000	578,806	11,775,000	3,209,987	20,318,793
2033-2037	615,000	12,300	10,970,000	1,137,265	12,734,565
2038-2040	-	-	2,065,000	76,315	2,141,315
<b>Total</b>	<b>\$ 10,440,266</b>	<b>\$ 2,011,497</b>	<b>\$ 34,445,000</b>	<b>\$ 9,570,537</b>	<b>\$ 56,467,300</b>

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 \$335,939,996. The net indebtedness subject to the debt limit is \$34,206,762 resulting in a legal debt margin of \$301,733,234.

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2022**

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.

During the fiscal year, the City issued \$5,055,000 of general obligation Limited Tax Refunding Bonds, Series 2021 (the “Bonds”) to provide resources for all future debt service payments of \$5,750,000 of Certificates of Obligation Bonds, Series 2013 (the “Refunded Bonds”). As a result, the Refunded Bonds are considered to be defeased and the liability has been removed from the Statement of Net Position. The net carrying amount of the old debt was consistent with the reacquisition price. This current refunding was undertaken to reduce total debt service payments over the next 11 years by \$641,772 and resulted in an economic gain of \$598,550.

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.

In September, 2022, the City redeemed \$915,000 of its outstanding Certificate of Obligation, Series 2017 Bonds.

Deer Park Community Development Corporation

On May 9, 2015, voters approved a dedication of 0.50% of sales tax for various projects in an amount not to exceed \$20,000,000. The Deer Park Community Development Corporation (DPCDC) was created. The City issued Certificates of Obligation, Series 2016 in the amount of \$9,450,000 and Certificates of Obligation, Series 2017 in the amount of \$2,700,000 to finance various voter approved projects in which the DPCDC has pledged sales tax revenues to reimburse the City for the related debt service payments.

Notes Payable

The City has entered into financing agreements for the acquisition of vehicles and equipment. The notes payable bear interest rates ranging from 1.39 percent to 5.13 percent and have remaining maturity dates ranging from 2023 to 2028.

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2022

Annual requirements to satisfy these obligations are as follows:

Fiscal Year Ending Sep 30	Governmental Activities		
	Notes Payable		
	Principal	Interest	Total
2023	\$ 297,421	\$ 15,528	\$ 312,949
2024	169,389	9,666	179,055
2025	143,799	7,358	151,157
2026	145,840	5,317	151,157
2027	147,910	3,247	151,157
2028	150,009	1,148	151,157
<b>Total</b>	<b>\$ 1,054,368</b>	<b>\$ 42,264</b>	<b>\$ 1,096,632</b>

Fiscal Year Ending Sep 30	Component Units		
	Notes Payable		
	Principal	Interest	Total
2023	\$ 149,239	\$ 8,297	\$ 157,536
2024	152,252	5,285	157,537
2025	155,325	2,211	157,536
2026	26,190	66	26,256
<b>Total</b>	<b>\$ 483,006</b>	<b>\$ 15,859</b>	<b>\$ 498,865</b>

Leases Payable

The City has entered into lease agreements as lessee for the acquisition and use of golf carts. An initial lease liability and right-to-use asset were recorded in the amount of \$211,970 at the beginning the fiscal year. As of September 30, 2022, the value of the lease liability was \$135,073. The City is required to make monthly principal and interest payments of \$6,450. The lease interest rate is based on an incremental borrowing rate of 2.342%. In addition, the City's right-to-use lease asset will be amortized using a straight-line basis over the remaining term of the lease. The value of the right-to-use lease assets, as of the end of the current fiscal year was \$211,970 and had accumulated amortization of \$76,005. The future principal and interest lease payments as of September 30, 2022 were as follows:

Fiscal Year Ending Sep 30	Governmental Activities		
	Lease Payable		
	Principal	Interest	Total
2023	\$ 77,098	\$ 297	\$ 77,395
2024	57,975	72	58,047
<b>Total</b>	<b>\$ 135,073</b>	<b>\$ 369</b>	<b>\$ 135,442</b>

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

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2022

could result. The City periodically engages an arbitrage consultant to perform the calculations in accordance with the rules and regulations of the IRS.

**G. Interfund Receivables, Payables, and Transfers**

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

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amounts</u>
Water and sewer	Debt service	\$ 1,853,616
Debt service	CPGO 21	143,313
Debt service	Nonmajor governmental	3,122
General	Nonmajor governmental	589,491
General	Water and sewer	137,304
Grants	General	205,875
Storm water utility	General	17,407
Nonmajor governmental	General	2,038,350
Storm water utility	Water and sewer	17,407
		<u>\$ 5,005,885</u>

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 \$1,038,350 to the capital replacement nonmajor fund and \$1,000,000 to the capital improvement nonmajor fund to fund current and future capital outlay.
- Transfers to the general fund were made by the water and sewer fund and the nonmajor governmental funds, which included the hotel/motel occupancy tax fund, the capital improvements fund, and the municipal court fund, as contributions to the general fund for various governmental expenditures.
- Transfers to the water and sewer fund were made by the debt service fund for current year debt service payments.
- Transfers to the storm water utility fund were made by the general fund and the water and sewer fund as additional funding for various projects.
- Transfers to the grants fund were made by the general fund for additional funding for various projects.

**H. Fund Equity**

As of September 30, 2022, \$1,050,753 of the City's total fund balance is restricted by enabling legislation.

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2022

**I. Restatement**

The City has restated beginning assets, liabilities, and deferred inflows of resources for governmental activities for the implementation of GASB 87. *Leases*. This restatement had no effect on beginning fund balance/net position.

	<b>General Fund</b>	<b>Governmental Activities</b>
<b>Beginning fund balance/net position as reported</b>	\$ 52,880,425	\$ 124,568,075
Assets - leases receivable	694,215	694,215
Deferred inflows of resources - leases	(694,215)	(694,215)
Leases payable	-	(211,970)
Right-to-use-assets	-	211,970
<b>Ending fund balance/net position as reported</b>	<u>\$ 52,880,425</u>	<u>\$ 124,568,075</u>

**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.

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2022

**C. Pension Plans**

The City provides for two pension plans; one is a defined benefit cash-balance plan administered through Texas Municipal Retirement System (TMRS) and one has a special funding situation administered by Texas Emergency Services Retirement System (TESRS). Both plans are described in detail below. Aggregate amounts for both pension plans are as follows:

	<u>TMRS</u>	<u>TESRS</u>	<u>Total</u>
Pension liability/(asset)	\$ (3,826,453)	\$ 218,890	\$ (3,607,563)
Deferred outflows of resources	3,061,222	121,582	3,182,804
Deferred inflows of resources	10,367,162	213,930	10,581,092
Pension expense/(income)	(860,911)	255	(860,656)

**1. Texas Municipal Retirement System**

Plan Description

The City participates as one of 901 plans in the defined benefit cash-balance plan administered by TMRS. TMRS is a statewide public retirement plan created by the State and administered in accordance with the Texas Government Code, Title 8, Subtitle G (the “TMRS Act”) as an agent multiple-employer retirement system for municipal employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees (the “Board”); however, TMRS does not receive any funding from the State. TMRS issues a publicly available annual comprehensive financial report that can be obtained at [tmrs.com](http://tmrs.com).

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

Benefits Provided

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

At retirement, the member’s benefit is calculated based on the sum of the member’s contributions, with interest, and the City-financed monetary credits, with interest, and their age at retirement and other actuarial factors. The retiring member may select one of seven monthly payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member contributions and interest.

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2022**

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>2022</u>	<u>2021</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, 2021 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	199	12
Inactive employees entitled to, but not yet receiving, benefits	154	9
Active employees	298	18
<b>Total</b>	<u>651</u>	<u>39</u>

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, and the City-matching ratios are either 1:1 (1 to 1), 1.5:1 (1½ to 1), or 2:1 (2 to 1), 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 actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

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 13.70 percent and 13.58 percent in calendar years 2022 and 2021, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2022 were \$3,173,464 which were more than the required contributions.

Net Pension Liability/(Asset)

The City's Net Pension Liability/(Asset) (NPL(A)) was measured as of December 31, 2021 and the Total Pension Liability (TPL) used to calculate the NPL/(A) was determined by an actuarial valuation as of that date.

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2022

Actuarial Assumptions

The TPL in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-Distinct 2019 Municipal Retirees of Texas mortality tables. The rates for active members, healthy retirees, and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied for males and females, respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for the annuity purchase rates is based on the mortality experience investigation study covering 2009 through 2011 and dated December 31, 2013. 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. 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>
Global Equity	35%	7.55%
Core Fixed Income	6%	2.00%
Non-Core Fixed Income	20%	5.68%
Other public and private markets	12%	7.22%
Real Estate	12%	6.85%
Hedge funds	5%	5.35%
Private Equity	10%	10.00%
<b>Total</b>	<u>100%</u>	

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2022

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 member and employer contributions will be made at the rates specified in statute. Based on that assumption, TMRS's fiduciary net position was projected 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.

Changes in the NPL/(A)

	<b>Primary Government</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability/(Asset) (A) - (B)</b>
Changes for the year:			
Service cost	\$ 3,561,982	\$ -	\$ 3,561,982
Interest	9,404,519	-	9,404,519
Difference between expected and actual experience	(57,723)	-	(57,723)
Changes of assumptions	-	-	-
Contributions - employer	-	2,877,860	(2,877,860)
Contributions - employee	-	1,428,875	(1,428,875)
Net investment income	-	17,598,388	(17,598,388)
Benefit payments, including refunds of employee contributions	(5,628,599)	(5,628,599)	-
Administrative expense	-	(81,461)	81,461
Other changes	-	558	(558)
<b>Net Changes</b>	<b>7,280,179</b>	<b>16,195,621</b>	<b>(8,915,442)</b>
Balance at December 31, 2020	145,696,857	140,145,508	5,551,349
<b>Balance at December 31, 2021</b>	<b>\$ 152,977,036</b>	<b>\$ 156,341,129</b>	<b>\$ (3,364,093)</b>

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2022

	<u>Component Units</u>		
	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (A)</u>	<u>Plan Fiduciary Net Position (B)</u>	<u>Net Pension Liability/(Asset) (A) - (B)</u>
Changes for the year:			
Service cost	\$ 216,053	\$ -	\$ 216,053
Interest	570,433	-	570,433
Difference between expected and actual experience	(3,501)	-	(3,501)
Changes of assumptions	-	-	-
Contributions - employer	-	174,557	(174,557)
Contributions - employee	-	86,669	(86,669)
Net investment income	-	1,067,435	(1,067,435)
Benefit payments, including refunds of employee contributions	(341,404)	(341,404)	-
Administrative expense	-	(4,941)	4,941
Other changes	-	33	(33)
<b>Net Changes</b>	<u>441,581</u>	<u>982,349</u>	<u>(540,768)</u>
Balance at December 31, 2020	3,176,192	3,097,784	78,408
<b>Balance at December 31, 2021</b>	<u>\$ 3,617,773</u>	<u>\$ 4,080,133</u>	<u>\$ (462,360)</u>

\*For TMRS, the “changes in current period benefits” includes substantively automatic benefit status changes, if applicable.

Sensitivity of the NPL/(A) to Changes in the Discount Rate

The following presents the NPL/(A) of the City, calculated using the discount rate of 6.75 percent, as well as what the City’s NPL/(A) 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:

	<u>1% Decrease in Discount Rate (5.75%)</u>	<u>Discount Rate (6.75%)</u>	<u>1% Increase in Discount Rate (7.75%)</u>
Primary Government's Net Pension Liability/(Asset)	<u>\$ 17,519,980</u>	<u>\$ (3,364,093)</u>	<u>\$ (20,583,783)</u>
Component Units' Net Pension Liability/(Asset)	<u>\$ 124,285</u>	<u>\$ (462,360)</u>	<u>\$ (941,198)</u>

Pension Plan Fiduciary Net Position

Detailed information about TMRS’s fiduciary net position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at [tmrs.com](http://tmrs.com).

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2022

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

For the fiscal year ended September 30, 2022, the City recognized pension income of \$811,667 for the primary government and \$49,244 for the component units.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Primary Government</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ 564,405	\$ 753,076
Changes in actuarial assumptions	173,397	-
Difference between projected and actual investment earnings	-	9,175,763
Contributions subsequent to the measurement date	2,232,655	-
<b>Total</b>	<b>\$ 2,970,457</b>	<b>\$ 9,928,839</b>

	<b>Component Units</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ 17,246	\$ 33,246
Changes in actuarial assumptions	5,298	-
Difference between projected and actual investment earnings	-	405,077
Contributions subsequent to the measurement date	68,221	-
<b>Total</b>	<b>\$ 90,765</b>	<b>\$ 438,323</b>

\$2,232,655 for the primary government and \$68,221 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Fiscal Year Ended September 30</b>	<b>Pension Expense</b>	
	<b>Primary Government</b>	<b>Component Units</b>
2023	\$ (1,853,023)	\$ (83,826)
2024	(3,841,046)	(173,759)
2025	(1,763,847)	(79,792)
2026	(1,733,121)	(78,402)
<b>Total</b>	<b>\$ (9,191,037)</b>	<b>\$ (415,779)</b>

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2022**

**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 Texas Emergency Services Retirement System (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, 2021, there were 235 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, 2021, the pension system membership consisted of:

Retirees and beneficiaries currently receiving benefits	3,843
Terminated members entitled to, but not yet receiving, benefits	1,706
Active participants	3,571

Pension Plan Fiduciary Net Position

Detailed information about the TESRS’s fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report 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, which can be obtained at [www.tesrs.org](http://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

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.

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

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**For the Year Ended September 30, 2022**

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, 2020, the Part Two contributions were established by the Board to be two percent, if the Part One contributions beginning September 1, 2017.

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, 2021**, total contributions (dues, prior service, and interest on prior service financing) of \$98,076 were paid by the City. The State appropriated \$1,329,224 for the fiscal year ending September 30, 2021 to the plan as a whole.

**CITY OF DEER PARK, TEXAS**  
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For the Year Ended September 30, 2022

Actuarial Assumptions

The total pension liability in the August 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	August 31, 2021
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*	7.50%
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 4.97%) and by adding expected inflation (3.00%). In addition, the final 7.50 percent assumption was selected by rounding down. 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	20%	5.83%
Small/mid cap domestic	10%	5.94%
Developed international	15%	6.15%
Emerging markets	5%	7.25%
Global infrastructure	5%	6.41%
Real estate	10%	4.48%
Multi asset income	5%	3.84%
Fixed income	30%	1.99%
Cash	0%	0.00%
<b>Total</b>	<u>100%</u>	
Weighted average		4.60%

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2022**

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. No projection of cash flows was used to determine the discount rate because the August 31, 2021 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 amortization period with the conservative amortization method and with a lower value of assets, the pension plan'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 total pension liability.

Discount Rate Sensitivity Analysis

The following presents the net pension liability of the City, calculated using the discount rate of 7.50 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	<b>1% Decrease in Discount Rate (6.50%)</b>	<b>Discount Rate (7.50%)</b>	<b>1% Increase in Discount Rate (8.50%)</b>
City's proportionate share of the net pension liability/(asset)	\$ 715,414	\$ 218,890	\$ (112,571)

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

At September 30, 2022, the City reported a liability of \$218,890 for its proportionate share of the plan's net pension liability. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows

City's proportionate share of the collective NPL	\$ 218,890
*State's proportionate share that is associated with the City	60,600
<b>Total</b>	<b>\$ 279,490</b>

*\*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, 2021. GASB Statement No. 68 requires the net pension liability 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 a NPL was measured as of August 31, 2021. The City used the assumption that any differences in the NPL measured as of August 31, 2021 versus September 30, 2022 would be immaterial. The employer's proportion of the NPL was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2020 thru September 30, 2021.

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**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2022**

At September 30, 2022, the employer's proportion of the collective NPL was 2.043 percent, which was a decrease of 0.021 percent from its proportion measured as of September 30, 2021.

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

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

For the measurement year ended August 31, 2021, the City recognized pension expense of \$255. The City recognized on-behalf revenues of \$7,518 calculated by taking the State's total contributions to TESRS multiplied by the City's proportionate share.

At September 30, 2022, 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual investment earnings	\$ -	\$ 204,972
Changes in assumptions	-	299
Differences between expected and actual experience	-	8,659
Contributions paid to TESRS subsequent to the measurement date	121,582	-
<b>Total</b>	<b>\$ 121,582</b>	<b>\$ 213,930</b>

The contributions paid to TESRS subsequent to the measurement date of the net pension liability but before the end of the City's reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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:

<b>Fiscal Year Ended September 30</b>	<b>Pension Expense</b>
2023	\$ (57,818)
2024	(35,607)
2025	(67,188)
2026	(53,317)
<b>Total</b>	<b>\$ (213,930)</b>

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2022

**D. Other Postemployment Benefits**

The City provides for two other postemployment benefit (OPEB) plans; one provides for postemployment health insurance benefits through a single employer defined benefit medical plan and the other is the TMRS supplemental death benefits (SDBF) plan. Both plans are described in detail below. Aggregate amounts for the two OPEB plans are as follows:

	Retiree Healthcare Plan	TMRS SDBF	Total
OPEB liability	\$ 20,680,582	\$ 1,343,183	\$ 22,023,765
Deferred outflows of resources	5,909,354	328,354	6,237,708
Deferred inflows of resources	10,002,456	208,267	10,210,723
OPEB expense	1,791,983	108,517	1,900,500

**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 which is discussed under benefits. 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).

Benefits

Employees hired after December 31, 2019, and employees who do not satisfy any of the conditions below may continue their healthcare coverage but will be required to pay 100% of the age-adjusted retiree premiums.

Grandfathered employees include:

- Employees hired before January 1, 2020 in a TMRS retirement-eligible position with 20 years of City of Deer Park service and an attained age of 55, and whose age when added to years of service equals or exceeds the sum of 80, can participate in the City’s retiree medical insurance coverage with a contribution by the City, which equates to 75% of the existing retiree rate.
- Employees hired before January 1, 2020 in a TMRS-eligible position with 25 years of City of Deer Park service and are TMRS retirement-eligible can participate in the City’s retiree medical insurance coverage with a contribution by the City, which equates to 75% of the existing retiree rate.
- Employees hired in a TMRS-eligible position with the City of Deer Park prior to January 1, 2020, and having at least 10 but less than 15 years of service with the City, an attained age of 60, and are TMRS retirement-eligible can participate in the City’s retiree medical insurance coverage with a contribution by the City which equates to 25% of the existing retiree rate. TMRS-eligible employees hired prior to January 1, 2020, and having 15 to 19 years of service

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2022**

with the City, an attained age of 60, and are TMRS retirement-eligible can participate in the City's retiree medical insurance coverage with a contribution by the City which equates to 50% of the existing retiree rate.

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, 2022 is summarized below:

	<b>Primary Government</b>	<b>Component Units</b>
Inactive employees or beneficiaries currently receiving benefits	54	2
Inactive employees entitled to, but not yet receiving, benefits	-	-
Active employees	276	13
<b>Total</b>	<b>330</b>	<b>15</b>

**Total OPEB Liability**

The City's total OPEB liability of \$20,160,160 for the primary government and \$520,422 for the component units were determined by an actuarial valuation as of December 31, 2020.

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2022**

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2020 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 11.50% including inflation
Discount rate*	4.40% as of September 30, 2022
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 normal
Demographic assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the TMRS.
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables published through 2019 to account for future mortality improvements.
Participation rates	75% for retirees eligible for 75% subsidy; 15% 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 changed from 2.19% as of September 30, 2021 to 4.40% as of September 30, 2022.

Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>	
	<b>Primary Government</b>	<b>Component Units</b>
Changes for the year:		
Service cost	\$ 1,256,038	\$ 57,922
Interest	617,664	28,483
Changes of assumptions	(9,362,845)	(431,765)
Difference between expected and actual experience	(173,830)	(8,016)
Benefit payments	(287,731)	(13,268)
<b>Net Changes</b>	<b>(7,950,704)</b>	<b>(366,644)</b>
Balance at September 30, 2021	28,110,864	887,066
<b>Balance at September 30, 2022</b>	<b>\$ 20,160,160</b>	<b>\$ 520,422</b>

Change of assumptions reflected a change in the discount rate from 2.19% as of September 30, 2021 to 4.40% percent as of September 30, 2022.

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, 2022

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:

	<b>1% Decrease in Discount Rate (3.40%)</b>	<b>Discount Rate (4.40%)</b>	<b>1% Increase in Discount Rate (5.40%)</b>
Primary Government's Total OPEB Liability	\$ 23,865,004	\$ 20,160,160	\$ 17,220,508
	<b>1% Decrease in Discount Rate (3.40%)</b>	<b>Discount Rate (4.40%)</b>	<b>1% Increase in Discount Rate (5.40%)</b>
Component Units' Total OPEB Liability	\$ 606,975	\$ 520,422	\$ 450,399

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 healthcare costs trend rates if that rate was one percentage point lower or one percentage point higher than the current trend rates:

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate Assumption</b>	<b>1% Increase</b>
Primary Government's Total OPEB Liability	\$ 16,567,755	\$ 20,160,160	\$ 24,901,920
	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate Assumption</b>	<b>1% Increase</b>
Component Units' Total OPEB Liability	\$ 431,882	\$ 520,422	\$ 635,217

OPEB Expense and Deferred Outflows/Inflows of Resources

For the year ended September 30, 2022, the City recognized OPEB expense of \$1,712,989 for the primary government and \$78,994 for the component units.

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2022

At September 30, 2022, the City reported deferred outflows of resources related to OPEB from the following sources:

	<b>Primary Government</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in actuarial assumptions	\$ 4,296,963	\$ 8,325,757
Difference between expected and actual experience	1,442,764	1,232,813
<b>Total</b>	<b>\$ 5,739,727</b>	<b>\$ 9,558,570</b>
	<b>Component Units</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in actuarial assumptions	\$ 126,989	\$ 386,636
Difference between expected and actual experience	42,638	57,250
<b>Total</b>	<b>\$ 169,627</b>	<b>\$ 443,886</b>

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

<b>Fiscal Year Ended</b>	<b>OPEB Expense</b>	
<b>Year Ended September 30</b>	<b>Primary Government</b>	<b>Component Units</b>
2023	\$ (156,859)	\$ (11,265)
2024	(156,859)	(11,265)
2025	(156,859)	(11,265)
2026	(156,859)	(11,265)
2027	(311,001)	(22,335)
Thereafter	(2,880,406)	(206,864)
<b>Total</b>	<b>\$ (3,818,843)</b>	<b>\$ (274,259)</b>

**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

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2022**

assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (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 SDBF’s funding policy assures that adequate resources are available to meet all death benefit payments for the upcoming year. The SDBF is a pay-as-you-go fund, and any excess contributions are available for future SDBF benefits.

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, 2021 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	156	
Inactive employees entitled to, but not yet receiving, benefits	33	
Active employees	316	
<b>Total</b>	505	

Total OPEB Liability

The City’s total OPEB liability of \$1,343,183 was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2022**

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2021 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 11.50% including inflation
Discount rate	1.84%*
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	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates-disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

\* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018. Due to the higher mortality rates associated with the global pandemic, the TMRS Board adopted changes to the assumptions and methodology used for calculating 2023 rates as determined in the December 31, 2021 actuarial valuation.

Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
Changes for the year:	
Service cost	\$ 49,796
Interest	26,532
Difference between expected and actual experience	(61,479)
Changes of assumptions	39,622
Benefit payments*	(25,981)
	<b>Net Changes</b>
	28,490
Balance at December 31, 2020	1,314,693
	<b>Balance at December 31, 2021</b>
	<b>\$ 1,343,183</b>

\* 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 decreased from 2.00% as of December 31, 2020 to 1.84% as of December 31, 2021. There were no other changes of assumptions or other inputs 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, 2022**

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:

	<b>1% Decrease in Discount Rate (0.84%)</b>	<b>Discount Rate (1.84%)</b>	<b>1% Increase in Discount Rate (2.84%)</b>
Total OPEB Liability	\$ 1,631,926	\$ 1,343,183	\$ 1,117,537

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

For the year ended September 30, 2022, the City recognized OPEB expense of \$108,517. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in actuarial assumptions	\$ 268,419	\$ 25,582
Difference between expected and actual experience	41,985	182,685
Contributions subsequent to the measurement date	17,950	-
	\$ 328,354	\$ 208,267

\$17,950 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, 2023.

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

<b>Fiscal Year Ended September 30</b>	<b>OPEB Expense</b>
2023	\$ 32,189
2024	26,542
2025	17,129
2026	16,849
2027	11,620
Thereafter	(2,192)
<b>Total</b>	<b>\$ 102,137</b>

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2022**

**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 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 Companies’ 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 Companies’ 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 Companies’ 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 Companies’ 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 Contracts 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 \$11,032,643 related to these Contracts.

**F. 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

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2022**

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, 2022, the total estimated closure costs for the City's Transfer Station are \$60,391. 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.

**G. 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 project (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 Project. 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 Project, 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 payments related to the Agreement made by the City to the Developer shall not exceed \$4,175,750. During fiscal year 2022, the City recognized expenditures of \$102,000 related to this Agreement.

**H. Subsequent Events**

In November 2022, the City issued General Obligation Bonds, Series 2022 (the "Bonds") in the amount of \$14,860,000 and Certificates of Obligation Bonds, Series 2022 (the "Certificates") in the amount of \$14,710,000. Proceeds from the sale of the Bonds will be used for (i) the design, construction, acquisition and equipment of drainage improvements, and the acquisition of land, easements, and rights-of-way in connection therewith; (ii) the design, construction, acquisition, and equipment of streets and sidewalks, including related storm drainage and paving improvements, and the acquisition of easements and rights-of-way in connection therewith; (iii) the design, construction, acquisition, and equipment of a new Jimmy Burke Activity Center, which will include a visitor center and museum; and (iv) the costs of issuing the Bonds. The Bonds will mature on March 15, 2042 and interest rates range from 4 percent to 5 percent. Proceeds from the sale of the Certificates will be used for (i) the design, construction, improvement and equipment of parks and recreational facilities, including a community and recreation center and associated pool house; and (ii) the costs of professional services related thereto. The Certificates will mature on March 15, 2036 and carry an interest rate of 5 percent.

***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, 2022**

	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Property taxes	\$ 18,047,793	\$ 18,047,793	\$ 18,271,850	\$ 224,057
Industrial district taxes	11,300,000	11,300,000	11,032,643	(267,357)
Sales taxes	6,200,000	6,200,000	8,120,944	1,920,944
Franchise fees	1,600,000	1,600,000	2,013,149	413,149
Fees and fines	1,073,850	1,073,850	1,093,007	19,157
Licenses and permits	496,600	496,600	653,787	157,187
Intergovernmental	982,235	982,235	192,358	(789,877)
Charges for services	4,382,690	4,382,690	4,472,124	89,434
Investment earnings	560,000	560,000	47,912	(512,088)
Miscellaneous	51,500	51,500	220,512	169,012
<b>Total Revenues</b>	<b>44,694,668</b>	<b>44,694,668</b>	<b>46,118,286</b>	<b>1,423,618</b>
<b>Expenditures</b>				
Current:				
General Government:				
Mayor and council	58,400	58,400	34,185	24,215
City manager	1,101,003	1,131,044	1,062,640	68,404
Boards and commissions	15,408	15,408	9,697	5,711
Municipal court	509,606	521,282	502,241	19,041
General government	4,034,363	3,901,863	2,942,941	958,922
Legal services	135,000	285,000	255,129	29,871
Human resources	419,749	430,135	424,033	6,102
Information technology services	1,719,536	1,745,201	1,647,882	97,319
Finance	749,694	767,730	767,309	421
City secretary	484,913	490,383	462,012	28,371
Warehouse	87,141	89,456	87,666	1,790
<b>Total General Government</b>	<b>9,314,813</b>	<b>9,435,902</b>	<b>8,195,735</b>	<b>1,240,167</b>
Community Development:				
Planning and development	1,467,849	1,496,488	1,314,199	182,289
Administration	891,671	907,851	845,245	62,606
Beautification	30,000	30,000	-	30,000
Park maintenance	2,362,782	2,396,008	2,342,713	53,295
Recreation	791,077	798,977	627,239	171,738
Athletics and aquatics	897,651	924,174	884,400	39,774
Senior services	604,707	609,269	470,467	138,802
After-school program	417,468	417,468	352,105	65,363
Drama	476,753	484,462	438,781	45,681
Library	1,293,173	1,339,611	1,157,012	182,599
<b>Total Community Development</b>	<b>9,233,131</b>	<b>9,404,308</b>	<b>8,432,161</b>	<b>972,147</b>

**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, 2022**

	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Public Works:</b>				
Building maintenance	\$ 1,024,442	\$ 1,039,342	\$ 889,781	\$ 149,561
Sanitation	4,464,932	4,555,179	4,549,748	5,431
Street maintenance	2,315,796	2,679,279	1,881,485	797,794
Fleet maintenance	698,464	708,575	618,954	89,621
Traffic	575,794	587,621	515,979	71,642
Humane division	434,447	439,955	334,977	104,978
<b>Total Public Works</b>	<u>9,513,875</u>	<u>10,009,951</u>	<u>8,790,924</u>	<u>1,219,027</u>
<b>Public Safety:</b>				
Police	11,116,240	11,357,138	10,928,276	428,862
Emergency management	476,971	486,733	404,881	81,852
Fire department	745,608	745,608	608,055	137,553
Emergency medical services	1,737,082	1,764,187	1,665,041	99,146
Fire marshal	188,832	192,905	170,493	22,412
<b>Total Public Safety</b>	<u>14,264,733</u>	<u>14,546,571</u>	<u>13,776,746</u>	<u>769,825</u>
<b>Parks and Recreation:</b>				
Golf course lease	260,265	313,765	324,371	(10,606) *
<b>Total Parks and Recreation</b>	<u>260,265</u>	<u>313,765</u>	<u>324,371</u>	<u>(10,606)</u>
<b>Debt service:</b>				
Principal	312,140	312,140	389,037	(76,897) *
Interest and other charges	23,885	23,885	23,483	402
<b>Total Debt Service</b>	<u>336,025</u>	<u>336,025</u>	<u>412,520</u>	<u>(76,495)</u>
Capital outlay	1,949,028	2,033,028	1,375,555	657,473
<b>Total Expenditures</b>	<u>44,871,870</u>	<u>46,079,550</u>	<u>41,308,012</u>	<u>4,771,538</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(177,202)</u>	<u>(1,384,882)</u>	<u>4,810,274</u>	<u>6,195,156</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,476,757	1,860,257	726,795	(1,133,462)
Transfers (out)	(1,017,846)	(2,307,221)	(2,261,632)	45,589
Proceeds from sale of capital assets	10,000	10,000	64,104	54,104
Insurance proceeds	-	-	215,133	215,133
<b>Total Other Financing Sources (Uses)</b>	<u>468,911</u>	<u>(436,964)</u>	<u>(1,255,600)</u>	<u>(818,636)</u>
<b>Net Change in Fund Balance</b>	<u>\$ 291,709</u>	<u>\$ (1,821,846)</u>	<u>3,554,674</u>	<u>\$ 5,376,520</u>
Beginning fund balance			52,880,425	
<b>Ending Fund Balance</b>			<u>\$ 56,435,099</u>	

**Notes to Required 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 principal and golf course lease expenditures were budgeted at the department level but presented with capital outlay.

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

For the Year Ended September 30, 2022

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Intergovernmental	\$ 4,147,194	\$ 4,147,194	\$ 7,136	\$ (4,140,058)
Donations	-	-	832,082	832,082
Miscellaneous	-	-	82,089	82,089
<b>Total Revenues</b>	<u>4,147,194</u>	<u>4,147,194</u>	<u>921,307</u>	<u>(3,225,887)</u>
<b>Expenditures</b>				
Current:				
General Government:				
Information technology services	-	-	19,393	(19,393) *
<b>Total General Government</b>	<u>-</u>	<u>-</u>	<u>19,393</u>	<u>(19,393)</u>
Community Development:				
Golf course lease	-	-	431,787	(431,787) *
<b>Total Community Development</b>	<u>-</u>	<u>-</u>	<u>431,787</u>	<u>(431,787)</u>
Public Works:				
Humane division	-	-	3,596	(3,596) *
<b>Total Public Works</b>	<u>-</u>	<u>-</u>	<u>3,596</u>	<u>(3,596)</u>
Public Safety:				
Police	-	-	28,271	(28,271) *
<b>Total Public Safety</b>	<u>-</u>	<u>-</u>	<u>28,271</u>	<u>(28,271)</u>
Capital outlay	3,400,000	3,400,000	-	3,400,000
<b>Total Capital Outlay</b>	<u>3,400,000</u>	<u>3,400,000</u>	<u>-</u>	<u>3,400,000</u>
<b>Total Expenditures</b>	<u>3,400,000</u>	<u>3,400,000</u>	<u>483,047</u>	<u>2,916,953</u>
<b>Excess of Revenues Over Expenditures</b>	<u>747,194</u>	<u>747,194</u>	<u>438,260</u>	<u>(308,934)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	205,875	205,875
<b>Total Other Financing Sources</b>	<u>-</u>	<u>-</u>	<u>205,875</u>	<u>205,875</u>
<b>Net Change in Fund Balance</b>	<u>\$ 747,194</u>	<u>\$ 747,194</u>	<u>644,135</u>	<u>\$ (103,059)</u>
Beginning fund balance			<u>290,009</u>	
<b>Ending Fund Balance</b>			<u>\$ 934,144</u>	

**Notes to Required 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 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 special projects fund from restricted contributions and does not have a adopted budget.

**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, 2022**

	Measurement Year*			
	2014	2015	2016	2017
<b>Total Pension Liability</b>				
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)
<b>Net Change in Total Pension Liability</b>	<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>
<b>Ending Total Pension Liability</b>	<u>\$ 111,970,006</u>	<u>\$ 118,800,412</u>	<u>\$ 124,134,775</u>	<u>\$ 129,794,402</u>
 <b>Plan Fiduciary Net Position</b>				
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)
<b>Net Change in Plan Fiduciary Net Position</b>	<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>
<b>Ending Plan Fiduciary Net Position</b>	<u>\$ 106,045,604</u>	<u>\$ 104,753,194</u>	<u>\$ 109,784,504</u>	<u>\$ 123,134,157</u>
 <b>Net Pension Liability/(Asset)</b>	<u>\$ 5,924,402</u>	<u>\$ 14,047,218</u>	<u>\$ 14,350,271</u>	<u>\$ 6,660,245</u>
 <b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability/(Asset)</b>	94.71%	88.18%	88.44%	94.87%
 <b>Covered Payroll</b>	\$ 16,747,712	\$ 17,622,979	\$ 18,229,388	\$ 18,869,562
 <b>Net Pension Liability/(Asset) as a Percentage of Covered Payroll</b>	35.37%	79.71%	78.72%	35.30%

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

Measurement Year*			
2018	2019	2020	2021
\$ 3,355,488	\$ 3,559,467	\$ 3,922,261	\$ 3,778,035
8,688,403	8,997,803	9,413,404	9,974,952
(1,674,357)	(979,655)	970,715	(61,224)
-	460,845	-	-
(5,510,116)	(6,265,529)	(5,860,082)	(5,970,003)
4,859,418	5,772,931	8,446,298	7,721,760
129,794,402	134,653,820	140,426,751	148,873,049
<u>\$ 134,653,820</u>	<u>\$ 140,426,751</u>	<u>\$ 148,873,049</u>	<u>\$ 156,594,809</u>
\$ 2,800,763	\$ 2,901,070	\$ 3,180,213	\$ 3,052,417
1,357,712	1,440,247	1,578,828	1,515,544
(3,687,499)	18,239,872	10,183,361	18,665,823
(5,510,116)	(6,265,529)	(5,860,082)	(5,970,003)
(71,286)	(103,096)	(65,929)	(86,403)
(3,724)	(3,097)	(2,572)	591
(5,114,150)	16,209,467	9,013,819	17,177,969
123,134,157	118,020,007	134,229,474	143,243,293
<u>\$ 118,020,007</u>	<u>\$ 134,229,474</u>	<u>\$ 143,243,293</u>	<u>\$ 160,421,262</u>
<u>\$ 16,633,813</u>	<u>\$ 6,197,277</u>	<u>\$ 5,629,756</u>	<u>\$ (3,826,453)</u>
87.65%	95.59%	96.22%	102.44%
\$ 19,395,882	\$ 20,574,955	\$ 22,554,692	\$ 21,650,633
85.76%	30.12%	24.96%	-17.67%

**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, 2022**

	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
<b>Total</b>	<b>\$ 513,596</b>	<b>\$ 692,492</b>	<b>\$ 843,616</b>	<b>\$ 588,797</b>
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%

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

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

**Notes to Required Supplementary Information:**

1. Changes in benefit terms

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

2. Changes in assumptions

Changes in assumptions reflect a change in investment rate of return on pension plan investments and discount rate used to measure the TPL from 7.75% to 7.50% based on August 31, 2021 actuarial valuation.

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

<b>Measurement Year*</b>			
<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
2.14%	2.76%	2.06%	2.04%
\$ 463,753	\$ 781,487	\$ 520,353	\$ 218,890
<u>168,353</u>	<u>231,810</u>	<u>148,337</u>	<u>60,600</u>
<u>\$ 632,106</u>	<u>\$ 1,013,297</u>	<u>\$ 668,690</u>	<u>\$ 279,490</u>
65	77	64	64
\$ 7,152	\$ 10,149	\$ 8,131	\$ 3,420
84.30%	80.20%	83.20%	93.10%

**CITY OF DEER PARK, TEXAS**  
**SCHEDULE OF CONTRIBUTIONS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)**  
**For the Year Ended September 30, 2022**

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

\*\*The City elected to make fiscal year 2020, 2021, and 2022 contributions at a higher rate instead of the actuarially determined contribution rate.

**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	24 years
Asset valuation method	10 year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% 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 2019 valuation pursuant to an experience study of the period December 31, 2014 to December 31, 2018.
Mortality	Post retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

3. Other Information:

There were no benefit changes during the year.

<b>Fiscal Year*</b>				
<b>2018</b>	<b>2019</b>	<b>2020**</b>	<b>2021**</b>	<b>2022**</b>
\$ 2,767,719	\$ 2,881,927	\$ 2,998,530	\$ 2,943,160	\$ 3,076,013
<u>2,767,719</u>	<u>2,881,927</u>	<u>3,051,477</u>	<u>3,027,005</u>	<u>3,173,464</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (52,947)</u>	<u>\$ (83,845)</u>	<u>\$ (97,451)</u>
\$ 19,192,732	\$ 20,322,430	\$ 21,641,689	\$ 21,470,405	\$ 22,506,858
14.42%	14.18%	14.10%	14.10%	14.10%

**CITY OF DEER PARK, TEXAS**  
**SCHEDULE OF CONTRIBUTIONS**  
**TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS)**  
**For the Year Ended September 30, 2022**

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

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

**Fiscal Year\***

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 102,714	\$ 139,438	\$ 114,679	\$ 119,328	\$ 121,582
<u>102,714</u>	<u>139,438</u>	<u>114,679</u>	<u>119,328</u>	<u>121,582</u>
<u>\$ -</u>				
71	77	64	66	68
\$ 1,447	\$ 1,811	\$ 1,792	\$ 1,808	\$ 1,788

**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, 2022**

	Measurement Year*			
	2017	2018	2019	2020
<b>Total OPEB Liability</b>				
Service cost	\$ 26,417	\$ 32,973	\$ 30,862	\$ 42,854
Interest (on the total pension liability)	32,262	32,643	40,257	30,597
Difference between expected and actual experience	-	108,364	(213,987)	(21,751)
Changes of assumptions	78,416	(66,027)	173,019	176,304
Benefit payments	(7,548)	(7,758)	(8,230)	(9,022)
<b>Net Change in Total OPEB Liability</b>	<u>129,547</u>	<u>100,195</u>	<u>21,921</u>	<u>218,982</u>
Beginning total OPEB liability	844,048	973,595	1,073,790	1,095,711
<b>Ending Total OPEB Liability</b>	<u>\$ 973,595</u>	<u>\$ 1,073,790</u>	<u>\$ 1,095,711</u>	<u>\$ 1,314,693</u>
<b>Covered Employee Payroll</b>	\$ 18,869,562	\$ 19,395,882	\$ 20,574,955	\$ 22,554,692
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	5.16%	5.54%	5.33%	5.83%

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

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
Inflation	2.0%
Salary increases	3.50% to 11.50% including inflation
Discount rate	1.84%
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB 68.
Mortality - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

3. Other Information:

No assets are accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension/OPEB plan.

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018. Due to high mortality rates associated with the global pandemic, the TMRS Board adopted changes to the assumptions and methodology used for calculating rates as determined in the December 31, 2021 actuarial valuation.

There were no benefit changes during the year.

<b>Measurement</b>	
<b>Year*</b>	
<b>2021</b>	
\$	49,796
	26,532
	(61,479)
	39,622
	(25,981)
	<u>28,490</u>
	<u>1,314,693</u>
\$	<u>1,343,183</u>
\$	21,650,633

6.20%

**CITY OF DEER PARK, TEXAS**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**RETIREE HEALTH PLAN**  
**For the Year Ended September 30, 2022**

	Measurement Year*			
	2018	2019	2020	2021
<b>Total OPEB Liability</b>				
Service cost	\$ 361,607	\$ 884,305	\$ 1,062,204	\$ 1,235,093
Interest (on the total OPEB liability)	664,510	691,879	673,526	655,638
Difference between expected and actual experience	-	2,731,910	(75,912)	(1,384,275)
Change of assumptions	-	3,473,501	1,364,891	2,102,029
Benefit payments	(425,313)	(439,755)	(400,375)	(395,814)
<b>Net Change in Total OPEB Liability</b>	<u>600,804</u>	<u>7,341,840</u>	<u>2,624,334</u>	<u>2,212,671</u>
 Beginning total OPEB liability	 <u>16,218,281</u>	 <u>16,819,085</u>	 <u>24,160,925</u>	 <u>26,785,259</u>
<b>Ending Total OPEB Liability</b>	<b><u>\$ 16,819,085</u></b>	<b><u>\$ 24,160,925</u></b>	<b><u>\$ 26,785,259</u></b>	<b><u>\$ 28,997,930</u></b>
 <b>Covered Employee Payroll</b>	 <b>\$ 16,778,986</b>	 <b>\$ 20,234,735</b>	 <b>\$ 21,493,323</b>	 <b>\$ 20,582,975</b>
 <b>Total OPEB Liability as a Percentage of Covered Payroll</b>	 <b>100.24%</b>	 <b>119.40%</b>	 <b>124.62%</b>	 <b>140.88%</b>

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

**Notes to Required Supplementary Information:**

1. Changes in benefit terms:

The election rate for future retirees who are eligible for the 50% subsidy was decreased from 20% to 15%.

2. Changes in assumptions:

Changes of assumptions reflect a change in discount rate from 2.19% to 4.40% to conform with the discount selection requirements of GASB 75.

<b>Measurement</b>	
<b>Year*</b>	
<b>2022</b>	
\$	1,313,960
	646,147
	(181,846)
	(9,794,610)
	(300,999)
	<u>(8,317,348)</u>
	<u>28,997,930</u>
\$	<u>20,680,582</u>
\$	20,249,031
	102.13%

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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, 2022

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 4,718,102	\$ 4,718,102	\$ 5,179,630	\$ 461,528
Intergovernmental	2,308,435	3,237,082	3,272,102	35,020
Investment earnings	3,400	3,400	14,447	11,047
Miscellaneous	-	-	80	80
<b>Total Revenues</b>	7,029,937	7,958,584	8,466,259	507,675
<b>Expenditures</b>				
Debt service:				
Principal	5,584,039	6,499,039	5,050,212	1,448,827
Interest and other charges	3,335,229	3,348,876	2,221,143	1,127,733
<b>Total Expenditures</b>	8,919,268	9,847,915	7,271,355	2,576,560
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(1,889,331)	(1,889,331)	1,194,904	3,084,235
<b>Other Financing Sources (Uses)</b>				
Transfers in	960	960	146,435	145,475
Transfers (out)	-	-	(1,853,616)	(1,853,616) *
<b>Total Other Financing Sources (Uses)</b>	960	960	(1,707,181)	(1,708,141)
<b>Net Change in Fund Balance</b>	\$ (1,888,371)	\$ (1,888,371)	(512,277)	\$ 1,376,094
Beginning fund balance			6,160,985	
<b>Ending Fund Balance</b>			\$ 5,648,708	

**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 and principal payments are budgeted at the department level but presented separately for reporting purposes.

**CITY OF DEER PARK, TEXAS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
September 30, 2022

**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.

**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.

**CITY OF DEER PARK, TEXAS**  
**NONMAJOR GOVERNMENTAL FUNDS (Continued)**  
September 30, 2022

**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 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.

**Capital Improvement Fund**

This fund is used to account for money assigned by the City for expenditures for the acquisition and construction of additions and improvements to the City's streets, sidewalks, and related drainage facilities.

**Capital Replacement Fund**

This fund is used to account for money assigned by the City for expenditures for the purchase of vehicles and equipment.

**CITY OF DEER PARK, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)**  
**September 30, 2022**

	<u>Special Revenue Funds</u>			<u>Capital Projects Funds</u>
	<u>Hotel/Motel Occupancy Tax</u>	<u>Police Forfeiture</u>	<u>Municipal Court</u>	<u>1997 Streets</u>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 651,133	\$ 151,051	\$ 129,064	\$ 60
Accounts receivable	144,075	-	3,150	-
<b>Total Assets</b>	<b>\$ 795,208</b>	<b>\$ 151,051</b>	<b>\$ 132,214</b>	<b>\$ 60</b>
<b><u>Liabilities and Fund Balances</u></b>				
Liabilities:				
Accounts payable	\$ 20,273	\$ 415	\$ 84	\$ -
Accrued liabilities	-	-	6,948	-
Other payables	-	-	-	-
<b>Total Liabilities</b>	<b>20,273</b>	<b>415</b>	<b>7,032</b>	<b>-</b>
Fund balances:				
Restricted				
Community development	774,935	-	-	-
Public safety	-	150,636	-	-
Municipal court	-	-	125,182	-
Capital projects	-	-	-	60
Assigned				
Capital projects	-	-	-	-
<b>Total Fund Balances</b>	<b>774,935</b>	<b>150,636</b>	<b>125,182</b>	<b>60</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 795,208</b>	<b>\$ 151,051</b>	<b>\$ 132,214</b>	<b>\$ 60</b>

**Capital Projects Funds**

<u>Streets</u>	<u>General Obligation Series 2005</u>	<u>CIBF 2007</u>	<u>CIBF 2015</u>	<u>CIBF 2016</u>	<u>Capital Improvement</u>
\$ 99,469	\$ 209,537	\$ 60,528	\$ 116,639	\$ 144,776	\$ 5,028,011
-	-	-	-	-	-
<u>\$ 99,469</u>	<u>\$ 209,537</u>	<u>\$ 60,528</u>	<u>\$ 116,639</u>	<u>\$ 144,776</u>	<u>\$ 5,028,011</u>
\$ -	\$ -	\$ 4,080	\$ -	\$ -	\$ 305,260
-	-	-	-	-	-
-	-	-	-	-	94,499
-	-	4,080	-	-	399,759
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
99,469	209,537	56,448	116,639	144,776	-
-	-	-	-	-	4,628,252
<u>99,469</u>	<u>209,537</u>	<u>56,448</u>	<u>116,639</u>	<u>144,776</u>	<u>4,628,252</u>
<u>\$ 99,469</u>	<u>\$ 209,537</u>	<u>\$ 60,528</u>	<u>\$ 116,639</u>	<u>\$ 144,776</u>	<u>\$ 5,028,011</u>

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**CITY OF DEER PARK, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)**  
**September 30, 2022**

	<b>Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
	<b>Capital Replacement</b>	<b>Funds</b>
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 2,391,258	\$ 8,981,526
Accounts receivable	-	147,225
<b>Total Assets</b>	<b>\$ 2,391,258</b>	<b>\$ 9,128,751</b>
 <b><u>Liabilities</u></b>		
Liabilities:		
Accounts payable	\$ -	\$ 330,112
Accrued liabilities	-	6,948
Other payables	-	94,499
<b>Total Liabilities</b>	<b>-</b>	<b>431,559</b>
 Fund balances:		
Restricted		
Community development	-	774,935
Public safety	-	150,636
Municipal court	-	125,182
Capital projects	-	626,929
Assigned		
Capital projects	2,391,258	7,019,510
<b>Total Fund Balances</b>	<b>2,391,258</b>	<b>8,697,192</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,391,258</b>	<b>\$ 9,128,751</b>

**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, 2022**

	<u>Special Revenue Funds</u>			<u>Capital Projects Funds</u>
	<u>Hotel/Motel Occupancy Tax</u>	<u>Police Forfeiture</u>	<u>Municipal Court</u>	<u>1997 Streets</u>
<b><u>Revenues</u></b>				
Hotel/motel taxes	\$ 565,833	\$ -	\$ -	\$ -
Fees and fines	-	-	175,704	-
Intergovernmental	-	-	-	-
Charges for services	-	-	101,398	-
Investment earnings	-	274	-	-
Miscellaneous	1,400	29,646	-	-
<b>Total Revenues</b>	<b>567,233</b>	<b>29,920</b>	<b>277,102</b>	<b>-</b>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
General government	-	-	52,355	-
Community development	284,214	-	-	-
Public safety	-	8,225	112,770	-
<b>Capital outlay</b>	<b>22,463</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>306,677</b>	<b>8,225</b>	<b>165,125</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>260,556</b>	<b>21,695</b>	<b>111,977</b>	<b>-</b>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	-	-	-	-
Transfers (out)	(195,978)	-	(93,514)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(195,978)</b>	<b>-</b>	<b>(93,514)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>64,578</b>	<b>21,695</b>	<b>18,463</b>	<b>-</b>
Beginning fund balances	710,357	128,941	106,719	60
<b>Ending Fund Balances</b>	<b>\$ 774,935</b>	<b>\$ 150,636</b>	<b>\$ 125,182</b>	<b>\$ 60</b>

**Capital Projects Funds**

<b>Streets</b>	<b>General Obligation Series 2005</b>	<b>CIBF 2007</b>	<b>CIBF 2015</b>	<b>CIBF 2016</b>	<b>Capital Improvement</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	223,504	163,608
-	-	-	-	-	-
556	-	1,855	1,265	1,873	1,020
-	-	-	-	-	65,239
<u>556</u>	<u>-</u>	<u>1,855</u>	<u>1,265</u>	<u>225,377</u>	<u>229,867</u>
-	-	-	-	-	-
-	-	-	-	-	12,070
-	-	-	-	-	-
-	-	36,354	-	407,577	4,721,976
-	-	36,354	-	407,577	4,734,046
556	-	(34,499)	1,265	(182,200)	(4,504,179)
-	-	-	-	-	1,000,000
-	-	(1,855)	(1,266)	-	(300,000)
-	-	(1,855)	(1,266)	-	700,000
556	-	(36,354)	(1)	(182,200)	(3,804,179)
98,913	209,537	92,802	116,640	326,976	8,432,431
<u>\$ 99,469</u>	<u>\$ 209,537</u>	<u>\$ 56,448</u>	<u>\$ 116,639</u>	<u>\$ 144,776</u>	<u>\$ 4,628,252</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, 2022**

	<b>Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>	<b>Capital Replacement</b>	<b>Total Nonmajor Governmental Funds</b>
Hotel/motel taxes	\$ -	\$ 565,833
Fees and fines	-	175,704
Intergovernmental		387,112
Charges for services	-	101,398
Investment earnings	-	6,843
Miscellaneous	-	96,285
<b>Total Revenues</b>	-	1,333,175
 <b>Expenditures</b>		
<b>Current:</b>		
General government	-	52,355
Community development	-	296,284
Public safety	-	120,995
<b>Capital outlay</b>	<b>147,092</b>	<b>5,335,462</b>
<b>Total Expenditures</b>	147,092	5,805,096
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(147,092)</b>	<b>(4,471,921)</b>
 <b>Other Financing Sources (Uses)</b>		
Transfers in	1,038,350	2,038,350
Transfers (out)	-	(592,613)
<b>Total Other Financing Sources (Uses)</b>	1,038,350	1,445,737
<b>Net Change in Fund Balances</b>	891,258	(3,026,184)
Beginning fund balances	1,500,000	11,723,376
<b>Ending Fund Balances</b>	\$ 2,391,258	\$ 8,697,192

**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, 2022

<b>Hotel/Motel Occupancy Tax</b>				
	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Hotel/motel occupancy taxes	\$ 460,000	\$ 460,000	\$ 565,833	\$ 105,833
Miscellaneous	-	-	1,400	1,400
<b>Total Revenues</b>	<b>460,000</b>	<b>460,000</b>	<b>567,233</b>	<b>107,233</b>
<b>Expenditures</b>				
<b>Current:</b>				
Community development	332,930	362,930	284,214	78,716
Capital outlay	30,000	30,000	22,463	7,537
<b>Total Expenditures</b>	<b>362,930</b>	<b>392,930</b>	<b>306,677</b>	<b>86,253</b>
<b>Excess of Revenues Over Expenditures</b>	<b>97,070</b>	<b>67,070</b>	<b>260,556</b>	<b>193,486</b>
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	(245,500)	(245,500)	(195,978)	49,522
<b>Total Other Financing (Uses)</b>	<b>(245,500)</b>	<b>(245,500)</b>	<b>(195,978)</b>	<b>49,522</b>
<b>Net Change in Fund Balance</b>	<b>\$ (148,430)</b>	<b>\$ (178,430)</b>	<b>64,578</b>	<b>\$ 243,008</b>
Beginning fund balance			710,357	
<b>Ending Fund Balance</b>			<b>\$ 774,935</b>	

<b>Police Forfeiture</b>				
	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Investment earnings	\$ 200	\$ 200	\$ 274	\$ 74
Miscellaneous	5,000	5,000	29,646	24,646
<b>Total Revenues</b>	<b>5,200</b>	<b>5,200</b>	<b>29,920</b>	<b>24,720</b>
<b>Expenditures</b>				
<b>Current:</b>				
Public safety	16,212	16,212	8,225	7,987
<b>Total Expenditures</b>	<b>16,212</b>	<b>16,212</b>	<b>8,225</b>	<b>7,987</b>
<b>Net Change in Fund Balance</b>	<b>\$ (11,012)</b>	<b>\$ (11,012)</b>	<b>21,695</b>	<b>\$ 32,707</b>
Beginning fund balance			128,941	
<b>Ending Fund Balance</b>			<b>\$ 150,636</b>	

**Notes to Supplementary Information:**

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

**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, 2022

<b>Municipal Court</b>				
	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b><u>Revenues</u></b>				
Fees and fines	\$ 156,350	\$ 156,350	\$ 175,704	\$ 19,354
Charges for services	95,000	95,000	101,398	6,398
<b>Total Revenues</b>	<b>251,350</b>	<b>251,350</b>	<b>277,102</b>	<b>25,752</b>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
General government	54,348	54,348	52,355	1,993
Public safety	113,550	113,550	112,770	780
<b>Total Expenditures</b>	<b>167,898</b>	<b>167,898</b>	<b>165,125</b>	<b>2,773</b>
<b>Excess of Revenues Over Expenditures</b>	<b>83,452</b>	<b>83,452</b>	<b>111,977</b>	<b>28,525</b>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers (out)	(93,514)	(93,514)	(93,514)	-
<b>Total Other Financing (Uses)</b>	<b>(93,514)</b>	<b>(93,514)</b>	<b>(93,514)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>\$ (10,062)</b>	<b>\$ (10,062)</b>	<b>18,463</b>	<b>\$ 28,525</b>
Beginning fund balance			106,719	
<b>Ending Fund Balance</b>			<b>\$ 125,182</b>	

**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, 2022

	Governmental Activities			Total
	Crime Control & Prevention District	Fire Control, Prevention, & EMS District	Deer Park Community Development Corporation	
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 3,578,120	\$ 638,598	\$ 7,989,607	\$ 12,206,325
Accounts receivable, net	349,776	348,536	700,246	1,398,558
Due from primary government	50,139	71,638	30	121,807
Noncurrent assets:				
Net pension asset - TMRS	154,661	307,699	-	462,360
Building	1,986,280	87,641	-	2,073,921
Improvements	808,675	115,182	-	923,857
Machinery and equipment	2,647,090	3,036,909	-	5,683,999
Less: accumulated depreciation	(2,602,801)	(1,737,137)	-	(4,339,938)
<b>Total Assets</b>	<b>6,971,940</b>	<b>2,869,066</b>	<b>8,689,883</b>	<b>18,530,889</b>
<b>Deferred Outflows of Resources</b>				
Deferred outflows of resources - pensions (TMRS)	36,933	53,832	-	90,765
Deferred outflows of resources - OPEB (Health)	74,311	95,316	-	169,627
<b>Total Deferred Outflows of Resources</b>	<b>111,244</b>	<b>149,148</b>	<b>-</b>	<b>260,392</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	46,039	63,715	2,000	111,754
Due to primary government	1,925	1,934	-	3,859
Accrued liabilities	25,427	36,803	-	62,230
Leases payable	-	149,239	-	149,239
Noncurrent liabilities:				
Leases payable	-	333,767	-	333,767
Total OPEB liability - Health	174,500	345,922	-	520,422
<b>Total Liabilities</b>	<b>247,891</b>	<b>931,380</b>	<b>2,000</b>	<b>1,181,271</b>
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources - pensions (TMRS)	154,368	283,955	-	438,323
Deferred inflows of resources - OPEB (Health)	171,008	272,878	-	443,886
<b>Total Deferred Inflows of Resources</b>	<b>325,376</b>	<b>556,833</b>	<b>-</b>	<b>882,209</b>
<b>Net Position</b>				
Net investment in capital assets	2,839,244	1,019,589	-	3,858,833
Restricted for:				
Special projects - restricted contributions	3,670,673	510,412	8,687,883	12,868,968
<b>Total Net Position</b>	<b>\$ 6,509,917</b>	<b>\$ 1,530,001</b>	<b>\$ 8,687,883</b>	<b>\$ 16,727,801</b>

# 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, 2022

	Governmental Activities			Total
	Crime Control & Prevention District	Fire Control, Prevention, & EMS District	Deer Park Community Development Corporation	
<b><u>Operating Revenues</u></b>				
Sales taxes	\$ 1,996,639	\$ 1,999,513	\$ 4,050,704	\$ 8,046,856
<b>Total Operating Revenues</b>	1,996,639	1,999,513	4,050,704	8,046,856
<b><u>Operating Expenses</u></b>				
Personnel services	575,335	930,405	-	1,505,740
Contractual services	11,970	121,504	168,617	302,091
Repairs and maintenance	131,932	94,029	2,468,783	2,694,744
Other supplies and expenses	244,634	138,172	3,272,104	3,654,910
Depreciation	363,907	199,462	-	563,369
<b>Total Operating Expenses</b>	1,327,778	1,483,572	5,909,504	8,720,854
<b>Operating Income (Loss)</b>	668,861	515,941	(1,858,800)	(673,998)
<b><u>Nonoperating Revenues (Expenses)</u></b>				
Investment earnings	7,262	1,523	4,722	13,507
Miscellaneous revenue	43,315	-	-	43,315
Interest and fiscal agent fees	-	(11,250)	-	(11,250)
<b>Total Nonoperating Revenues (Expenses)</b>	50,577	(9,727)	4,722	45,572
<b>Change in Net Position</b>	719,438	506,214	(1,854,078)	(628,426)
Beginning net position	5,790,479	1,023,787	10,541,961	17,356,227
<b>Ending Net Position</b>	\$ 6,509,917	\$ 1,530,001	\$ 8,687,883	\$ 16,727,801

See Notes to Financial Statements.

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## ***STATISTICAL SECTION***

This part of the City's Annual Comprehensive 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.

<b>Contents</b>	<b>Page</b>
Financial Trends	138
<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	148
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.</i>	
Debt Capacity	158
<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	168
<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	171
<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			
	2013*	2014	2015	2016
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 35,765,964	\$ 41,639,757	\$ 44,597,669	\$ 47,111,755
Restricted	7,982,104	5,508,456	5,487,510	6,544,124
Unrestricted	17,087,208	19,126,447	23,162,700	25,809,239
<b>Total Governmental Activities Net Position</b>	<b>\$ 60,835,276</b>	<b>\$ 66,274,660</b>	<b>\$ 73,247,879</b>	<b>\$ 79,465,118</b>
 <b>Business-Type Activities</b>				
Net investment in capital assets	\$ 16,499,908	\$ 16,377,808	\$ 15,978,461	\$ 15,837,484
Restricted	984,962	152,344	147,896	147,229
Unrestricted	5,186,325	6,877,343	7,828,651	8,636,643
<b>Total Business-Type Activities Net Position</b>	<b>\$ 22,671,195</b>	<b>\$ 23,407,495</b>	<b>\$ 23,955,008</b>	<b>\$ 24,621,356</b>
 <b>Primary Government</b>				
Net investment in capital assets	\$ 52,265,872	\$ 58,017,565	\$ 60,576,130	\$ 62,949,239
Restricted	8,967,066	5,660,800	5,635,406	6,691,353
Unrestricted	22,273,533	26,003,790	30,991,351	34,445,882
<b>Total Primary Government Net Position</b>	<b>\$ 83,506,471</b>	<b>\$ 89,682,155</b>	<b>\$ 97,202,887</b>	<b>\$ 104,086,474</b>

**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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 56,664,574	\$ 65,700,068	\$ 74,104,011	\$ 77,907,555	\$ 81,957,058	\$ 92,017,954
6,658,676	6,998,162	6,873,691	7,237,870	7,496,348	7,733,074
23,326,217	23,207,630	23,616,264	27,521,840	35,114,669	37,838,078
<u>\$ 86,649,467</u>	<u>\$ 95,905,860</u>	<u>\$ 104,593,966</u>	<u>\$ 112,667,265</u>	<u>\$ 124,568,075</u>	<u>\$ 137,589,106</u>
\$ 16,822,172	\$ 18,011,665	\$ 19,598,349	\$ 16,818,608	\$ 22,309,361	\$ 23,338,072
146,542	-	-	-	-	-
6,675,062	8,400,675	8,276,132	11,962,297	9,369,412	11,854,053
<u>\$ 23,643,776</u>	<u>\$ 26,412,340</u>	<u>\$ 27,874,481</u>	<u>\$ 28,780,905</u>	<u>\$ 31,678,773</u>	<u>\$ 35,192,125</u>
\$ 73,486,746	\$ 83,711,733	\$ 93,702,360	\$ 94,726,163	\$ 104,266,419	\$ 115,356,026
6,805,218	6,998,162	6,873,691	7,237,870	7,496,348	7,733,074
30,001,279	31,608,305	31,892,396	39,484,137	44,484,081	49,692,131
<u>\$ 110,293,243</u>	<u>\$ 122,318,200</u>	<u>\$ 132,468,447</u>	<u>\$ 141,448,170</u>	<u>\$ 156,246,848</u>	<u>\$ 172,781,231</u>

# CITY OF DEER PARK, TEXAS

## CHANGES IN NET POSITION

Last Ten Years  
(accrual basis of accounting)

	Fiscal Year			
	2013*	2014	2015	2016
<b>Expenses</b>				
Governmental activities				
General government	\$ 11,004,030	\$ 6,875,093	\$ 7,431,081	\$ 7,716,429
Public safety	8,749,188	11,085,867	11,607,606	12,732,761
Public works	5,763,687	7,167,383	7,826,672	8,328,808
Parks and recreation	2,289,706	879,371	712,949	371,619
Community development	6,348,454	8,093,613	8,799,109	9,942,091
Interest on long-term debt	1,120,112	1,042,305	1,143,350	1,183,483
<b>Total Governmental Activities Expenses</b>	<u>35,275,177</u>	<u>35,143,632</u>	<u>37,520,767</u>	<u>40,275,191</u>
Business-type activities				
Water and sewer	7,879,276	8,403,676	8,787,474	9,240,162
Storm water utility	105,578	72,824	488,127	647,044
<b>Total Business-Type Activities Expenses</b>	<u>7,984,854</u>	<u>8,476,500</u>	<u>9,275,601</u>	<u>9,887,206</u>
<b>Total Expenses</b>	<u>\$ 43,260,031</u>	<u>\$ 43,620,132</u>	<u>\$ 46,796,368</u>	<u>\$ 50,162,397</u>
<b>Program Revenues</b>				
Governmental activities				
Charges for services:				
General government	\$ 473,000	\$ 369,003	\$ 416,554	\$ 372,307
Public safety	2,777,714	2,595,857	2,546,299	3,061,713
Public works	585,090	1,086,752	1,283,358	1,305,293
Parks and recreation	1,821,617	787,249	922,879	112,973
Community development	391,143	473,884	483,288	1,418,284
Operating grants and contributions	160,389	62,772	68,991	144,965
Capital grants and contributions	3,053,828	874,867	447,810	658,600
<b>Total Governmental Activities Program Revenues</b>	<u>9,262,781</u>	<u>6,250,384</u>	<u>6,169,179</u>	<u>7,074,135</u>
Business-type activities				
Charges for services:				
Water and sewer	9,538,392	9,341,087	9,628,146	10,300,618
Storm water utility	278,577	275,336	275,453	278,250
<b>Total Business-Type Activities Program Revenues</b>	<u>9,816,969</u>	<u>9,616,423</u>	<u>9,903,599</u>	<u>10,578,868</u>
<b>Total Program Revenues</b>	<u>\$ 19,079,750</u>	<u>\$ 15,866,807</u>	<u>\$ 16,072,778</u>	<u>\$ 17,653,003</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (26,012,396)	\$ (28,893,248)	\$ (31,351,588)	\$ (33,201,056)
Business-type activities	1,832,115	1,139,923	627,998	691,662
<b>Total Net Expense</b>	<u>\$ (24,180,281)</u>	<u>\$ (27,753,325)</u>	<u>\$ (30,723,590)</u>	<u>\$ (32,509,394)</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**

<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
\$ 8,221,386	\$ 8,991,472	\$ 9,553,465	\$ 9,425,200	\$ 9,003,326	\$ 8,220,503
13,054,883	12,987,761	14,483,273	14,957,915	12,975,220	13,546,411
8,112,235	7,683,728	9,063,522	9,909,662	10,111,635	10,560,616
351,435	398,187	440,036	563,216	489,184	1,042,740
9,973,129	9,649,900	11,370,036	9,663,784	9,157,470	9,905,783
1,020,878	908,599	772,988	692,088	1,097,603	1,730,555
<u>40,733,946</u>	<u>40,619,647</u>	<u>45,683,320</u>	<u>45,211,865</u>	<u>42,834,438</u>	<u>45,006,608</u>
10,006,970	9,894,062	10,653,981	11,491,912	10,801,007	11,613,629
112,159	36,726	167,096	467,274	192,943	176,716
<u>10,119,129</u>	<u>9,930,788</u>	<u>10,821,077</u>	<u>11,959,186</u>	<u>10,993,950</u>	<u>11,790,345</u>
<u>\$ 50,853,075</u>	<u>\$ 50,550,435</u>	<u>\$ 56,504,397</u>	<u>\$ 57,171,051</u>	<u>\$ 53,828,388</u>	<u>\$ 56,796,953</u>
\$ 290,859	\$ 386,289	\$ 557,271	\$ 285,776	\$ 425,813	\$ 489,476
3,304,936	3,030,763	3,075,509	2,834,040	2,691,844	2,909,772
1,329,797	1,376,163	1,533,406	1,616,954	1,721,458	2,032,902
71,678	73,761	59,984	34,868	35,062	-
1,485,021	1,401,979	1,265,244	663,885	966,719	1,082,379
2,349,238	2,347,843	1,881,692	3,170,272	1,466,547	3,683,465
986,324	1,464,298	3,102,292	820,560	3,376,079	3,295,042
<u>9,817,853</u>	<u>10,081,096</u>	<u>11,475,398</u>	<u>9,426,355</u>	<u>10,683,522</u>	<u>13,493,036</u>
10,810,651	11,037,737	10,739,546	11,606,282	12,303,235	13,223,467
301,983	337,663	346,021	361,333	367,041	374,995
<u>11,112,634</u>	<u>11,375,400</u>	<u>11,085,567</u>	<u>11,967,615</u>	<u>12,670,276</u>	<u>13,598,462</u>
<u>\$ 20,930,487</u>	<u>\$ 21,456,496</u>	<u>\$ 22,560,965</u>	<u>\$ 21,393,970</u>	<u>\$ 23,353,798</u>	<u>\$ 27,091,498</u>
\$ (30,916,093)	\$ (30,538,551)	\$ (34,207,922)	\$ (35,785,510)	\$ (32,150,916)	\$ (31,513,572)
993,505	1,444,612	264,490	8,429	1,676,326	1,808,117
<u>\$ (29,922,588)</u>	<u>\$ (29,093,939)</u>	<u>\$ (33,943,432)</u>	<u>\$ (35,777,081)</u>	<u>\$ (30,474,590)</u>	<u>\$ (29,705,455)</u>

# CITY OF DEER PARK, TEXAS

## CHANGES IN NET POSITION (Continued)

Last Ten Years  
(accrual basis of accounting)

	Fiscal Year			
	2013*	2014	2015	2016
<b>General Revenues and Other</b>				
<b>Changes in Net Position</b>				
Governmental activities				
Taxes and fees:				
Property	\$ 13,002,159	\$ 14,219,581	\$ 15,143,994	\$ 16,338,414
Industrial district	14,106,107	14,250,173	13,649,200	13,058,596
Franchise	2,315,334	2,338,146	2,321,036	2,129,053
Sales and use	5,037,072	5,201,364	6,246,868	6,553,553
Hotel occupancy	607,709	679,646	711,406	663,147
Investment earnings	40,416	23,014	30,502	202,351
Miscellaneous	210,969	53,644	86,050	276,011
Gain on sales of assets	-	214,571	44,411	102,690
Transfers in (out)	96,988	84,509	91,340	94,480
<b>Total Governmental Activities</b>	<u>35,416,754</u>	<u>37,064,648</u>	<u>38,324,807</u>	<u>39,418,295</u>
Business-type activities				
Investment earnings	12,647	4,702	10,855	69,166
Miscellaneous	-	-	-	-
Transfers in (out)	(96,988)	(84,509)	(91,340)	(94,480)
<b>Total Business-Type Activities</b>	<u>(84,341)</u>	<u>(79,807)</u>	<u>(80,485)</u>	<u>(25,314)</u>
<b>Total Primary Government</b>	<u>\$ 35,332,413</u>	<u>\$ 36,984,841</u>	<u>\$ 38,244,322</u>	<u>\$ 39,392,981</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 9,404,358	\$ 8,171,400	\$ 6,973,219	\$ 6,217,239
Business-type activities	1,747,774	1,060,116	547,513	666,348
<b>Total Change in Net Position</b>	<u>\$ 11,152,132</u>	<u>\$ 9,231,516</u>	<u>\$ 7,520,732</u>	<u>\$ 6,883,587</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**

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
\$	17,845,389	\$ 18,423,349	\$ 19,370,741	\$ 20,553,900	\$ 21,920,724	\$ 23,381,834
	11,255,235	11,316,198	11,954,014	12,660,382	12,651,737	11,032,643
	2,095,518	2,093,316	2,089,400	1,884,424	1,833,596	2,013,149
	6,425,345	6,639,058	7,243,047	7,086,318	7,058,578	8,120,944
	622,146	661,435	629,796	430,717	483,428	565,833
	601,325	1,210,930	1,805,996	1,391,662	567,435	390,025
	306,592	260,331	504,981	406,401	749,251	614,099
	42,405	-	-	-	-	41,221
	98,200	(992,107)	(701,947)	(554,995)	(1,213,023)	(1,625,145)
	<u>39,292,155</u>	<u>39,612,510</u>	<u>42,896,028</u>	<u>43,858,809</u>	<u>44,051,726</u>	<u>44,534,603</u>
	150,971	331,845	495,704	170,480	8,519	77,909
	-	-	-	172,520	-	2,181
	(98,200)	992,107	701,947	554,995	1,213,023	1,625,145
	<u>52,771</u>	<u>1,323,952</u>	<u>1,197,651</u>	<u>897,995</u>	<u>1,221,542</u>	<u>1,705,235</u>
\$	<u><u>39,344,926</u></u>	<u><u>40,936,462</u></u>	<u><u>44,093,679</u></u>	<u><u>44,756,804</u></u>	<u><u>45,273,268</u></u>	<u><u>46,239,838</u></u>
\$	8,376,062	\$ 9,073,959	\$ 8,688,106	\$ 8,073,299	\$ 11,900,810	\$ 13,021,031
	1,046,276	2,768,564	1,462,141	906,424	2,897,868	3,513,352
\$	<u>9,422,338</u>	<u>11,842,523</u>	<u>10,150,247</u>	<u>8,979,723</u>	<u>14,798,678</u>	<u>16,534,383</u>

# CITY OF DEER PARK, TEXAS

## FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years

	Fiscal Year			
	2013*	2014	2015	2016
<b>General Fund</b>				
Nonspendable	\$ 151,122	\$ 144,805	\$ 119,159	\$ 121,649
Assigned	320,216	1,304,600	5,491,532	5,491,532
Committed	-	2,500,000	2,500,000	3,000,000
Unassigned	24,158,718	26,052,496	26,433,452	29,891,673
<b>Total General Fund</b>	<b>\$ 24,630,056</b>	<b>\$ 30,001,901</b>	<b>\$ 34,544,143</b>	<b>\$ 38,504,854</b>
<b>All Other Governmental Funds</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	16,118,927	14,754,786	20,899,783	29,066,724
Assigned	1,818,845	2,877,003	3,307,213	4,728,864
<b>Total All Other Governmental Funds</b>	<b>\$ 17,937,772</b>	<b>\$ 17,631,789</b>	<b>\$ 24,206,996</b>	<b>\$ 33,795,588</b>

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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 111,479	\$ 119,183	\$ 437,936	\$ 117,676	\$ 123,931	\$ 144,221
2,341,465	969,365	969,365	1,137,757	1,306,003	3,396,748
3,000,000	-	-	-	-	-
31,067,855	37,258,884	40,499,324	45,719,398	51,450,491	52,894,130
<u>\$ 36,520,799</u>	<u>\$ 38,347,432</u>	<u>\$ 41,906,625</u>	<u>\$ 46,974,831</u>	<u>\$ 52,880,425</u>	<u>\$ 56,435,099</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26,850,130	15,218,654	9,368,226	8,479,899	58,341,100	56,498,689
8,114,128	6,675,667	6,754,218	7,887,983	9,932,431	7,019,510
<u>\$ 34,964,258</u>	<u>\$ 21,894,321</u>	<u>\$ 16,122,444</u>	<u>\$ 16,367,882</u>	<u>\$ 68,273,531</u>	<u>\$ 63,518,199</u>

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

	Fiscal Year			
	2013*	2014	2015	2016
<b>Revenues</b>				
Taxes and fees	\$ 35,060,741	\$ 36,666,969	\$ 38,051,387	\$ 38,637,863
Licenses and permits	565,191	513,697	531,262	569,766
Fines and fees	1,694,146	1,540,650	1,416,195	1,869,286
Charges for services	3,695,964	3,212,842	3,643,881	3,864,460
Intergovernmental	3,184,982	937,639	106,319	243,093
Donations	150,202	-	-	-
Investment earnings	40,416	23,013	30,502	202,351
Other revenues	82,107	54,333	86,050	195,711
<b>Total Revenues</b>	<b>44,473,749</b>	<b>42,949,143</b>	<b>43,865,596</b>	<b>45,582,530</b>
<b>Expenditures</b>				
General government	10,576,393	6,253,704	6,940,527	7,179,021
Community development	5,826,669	7,500,975	8,226,493	8,463,417
Public works	3,951,743	5,648,506	6,083,080	6,039,369
Parks and recreation	1,528,443	87,990	98,108	386,318
Public safety	7,999,354	10,275,560	10,626,031	10,972,864
Debt service:				
Principal	3,014,913	3,006,105	3,160,253	3,327,539
Payments to escrow account	-	-	781,027	-
Interest	1,294,928	1,077,422	1,208,254	1,270,664
Capital outlay	5,477,993	4,448,943	5,430,507	4,390,702
<b>Total Expenditures</b>	<b>39,670,436</b>	<b>38,299,205</b>	<b>42,554,280</b>	<b>42,029,894</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	4,803,313	4,649,938	1,311,316	3,552,636
<b>Other Financing Sources (Uses)</b>				
Proceeds from issuance of debt	4,510,000	-	9,047,901	15,710,000
Proceeds from capital leases	213,295	-	103,455	178,500
Proceeds from sale of capital assets	126,362	331,415	93,629	102,690
Premium on issuance of bonds	316,894	-	469,809	540,737
Payments to escrow account	(4,715,674)	-	-	(6,710,040)
Proceeds from insurance recovery	2,500	-	-	80,300
Transfers in	344,856	1,443,425	2,333,636	4,424,273
Transfers out	(129,851)	(1,358,916)	(2,242,296)	(4,329,793)
<b>Total Other Financing Sources (Uses)</b>	<b>668,382</b>	<b>415,924</b>	<b>9,806,134</b>	<b>9,996,667</b>
<b>Net Change in Fund Balances</b>	<b>\$ 5,471,695</b>	<b>\$ 5,065,862</b>	<b>\$ 11,117,450</b>	<b>\$ 13,549,303</b>
Debt service as a percentage of noncapital expenditures	12.58%	12.29%	11.81%	12.53%

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**

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
\$	38,321,196	\$ 39,094,063	\$ 41,304,148	\$ 42,587,990	\$ 43,844,200	\$ 45,184,049
	451,948	530,559	709,531	414,973	587,583	653,787
	1,900,229	1,626,796	1,504,517	1,177,347	1,240,481	1,268,711
	4,110,702	4,052,062	4,042,729	3,705,953	4,177,455	4,573,522
	3,301,475	3,121,812	2,260,891	3,904,559	4,834,805	3,858,708
	-	-	-	-	-	832,082
	601,325	1,210,930	1,805,996	1,391,662	567,435	390,025
	271,353	260,331	486,085	406,401	504,265	398,966
	<u>48,958,228</u>	<u>49,896,553</u>	<u>52,113,897</u>	<u>53,588,885</u>	<u>55,756,224</u>	<u>57,159,850</u>
	7,787,658	7,878,655	7,794,398	7,739,572	7,349,893	8,267,483
	8,511,067	8,523,341	9,456,596	7,831,651	7,652,217	9,160,232
	6,336,588	6,318,066	7,025,048	7,740,277	8,128,432	8,794,520
	55,861	63,211	58,989	484,251	164,851	324,371
	11,273,797	12,088,868	13,010,347	14,455,336	13,056,251	13,926,012
	5,552,620	4,689,692	4,099,355	4,119,703	4,187,827	5,439,249
	-	-	-	-	-	-
	1,110,542	1,008,736	900,209	839,298	1,230,014	2,244,626
	12,492,735	20,101,738	11,533,206	5,815,550	5,813,505	8,749,533
	<u>53,120,868</u>	<u>60,672,307</u>	<u>53,878,148</u>	<u>49,025,638</u>	<u>47,582,990</u>	<u>56,906,026</u>
	(4,162,640)	(10,775,754)	(1,764,251)	4,563,247	8,173,234	253,824
	2,700,000	-	-	4,240,000	43,906,875	-
	471,411	418,825	-	1,436,693	232,236	-
	42,405	105,732	52,184	81,830	51,486	64,104
	-	-	-	731,083	7,850,571	-
	-	-	-	(4,913,313)	(1,385,747)	-
	35,239	-	18,896	-	195,611	215,133
	9,141,408	5,048,822	5,402,175	3,394,816	2,956,008	3,117,455
	<u>(9,043,208)</u>	<u>(6,040,929)</u>	<u>(6,104,122)</u>	<u>(4,220,712)</u>	<u>(4,169,031)</u>	<u>(4,851,174)</u>
	<u>3,347,255</u>	<u>(467,550)</u>	<u>(630,867)</u>	<u>750,397</u>	<u>49,638,009</u>	<u>(1,454,482)</u>
\$	<u>(815,385)</u>	<u>(11,243,304)</u>	<u>(2,395,118)</u>	<u>5,313,644</u>	<u>57,811,243</u>	<u>(1,200,658)</u>
	16.60%	13.88%	12.27%	11.87%	12.92%	15.96%

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

	<b>Fiscal Year</b>			
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Residential Property	\$ 1,313,329,562	\$ 1,340,643,775	\$ 1,433,044,472	\$ 1,565,085,837
Commercial Property	934,825,965	1,000,810,663	1,089,149,570	1,180,302,082
Industrial Property	192,957,836	249,479,757	234,654,586	246,351,857
Less: Tax Exempt Property	<u>(626,932,382)</u>	<u>(630,145,444)</u>	<u>(653,703,145)</u>	<u>(683,610,501)</u>
<b>Total Taxable Assessed Value</b>	<b><u>\$ 1,814,180,981</u></b>	<b><u>\$ 1,960,788,751</u></b>	<b><u>\$ 2,103,145,483</u></b>	<b><u>\$ 2,308,129,275</u></b>
<b>Total Direct Tax Rate</b>	<b>\$ 0.720000</b>	<b>\$ 0.720000</b>	<b>\$ 0.720000</b>	<b>\$ 0.714352</b>

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

**Fiscal Year**

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 1,700,369,650	\$ 1,837,484,616	\$ 1,901,082,802	\$ 2,041,833,692	\$ 2,389,656,442	\$ 2,306,132,080
1,255,053,340	1,295,797,510	1,399,737,286	1,518,563,814	1,610,888,444	1,681,638,550
254,575,118	235,922,222	242,617,495	247,148,258	277,677,433	262,779,889
<u>(716,019,833)</u>	<u>(743,456,319)</u>	<u>(789,815,256)</u>	<u>(837,774,536)</u>	<u>(862,802,965)</u>	<u>(891,150,560)</u>
<u>\$ 2,493,978,275</u>	<u>\$ 2,625,748,029</u>	<u>\$ 2,753,622,327</u>	<u>\$ 2,969,771,228</u>	<u>\$ 3,415,419,354</u>	<u>\$ 3,359,399,959</u>
\$ 0.720000	\$ 0.720000	\$ 0.720000	\$ 0.720000	\$ 0.720000	\$ 0.720000

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

	Fiscal Year			
	2013	2014	2015	2016
Approximate Taxable Value*	\$ 3,109,962,743	\$ 3,141,572,531	\$ 3,009,235,229	\$ 3,033,027,646
Industrial District % Taxable Per Contract	63.00%	63.00%	63.00%	63.00%
Approximate Adjusted Taxable Value *	\$ 1,959,276,528	\$ 1,979,190,695	\$ 1,895,818,194	\$ 1,910,807,417
Tax Rate	\$ 0.720000	\$ 0.720000	\$ 0.720000	\$ 0.714532
Amount Billed	\$ 14,106,791	\$ 14,250,173	\$ 13,649,891	\$ 13,058,614
Amount Collected	\$ 14,106,107	\$ 14,250,173	\$ 13,628,122	\$ 13,058,596
% Collected	100.00%	100.00%	99.84%	100.00%

\* 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**

<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
\$ 2,486,112,079	\$ 2,494,752,646	\$ 2,635,364,638	\$ 2,747,478,663	\$ 2,745,602,743	\$ 2,394,236,814
63.00%	63.00%	63.00%	64.00%	64.00%	64.00%
\$ 1,566,250,610	\$ 1,571,694,167	\$ 1,660,279,722	\$ 1,758,386,344	\$ 1,757,185,756	\$ 1,532,311,561
\$ 0.720000	\$ 0.720000	\$ 0.720000	\$ 0.720000	\$ 0.720000	\$ 0.720000
\$ 11,277,005	\$ 11,316,198	\$ 11,954,014	\$ 12,660,382	\$ 12,651,737	\$ 11,032,643
\$ 11,276,238	\$ 11,316,198	\$ 11,954,014	\$ 12,660,382	\$ 12,651,737	\$ 11,032,643
99.99%	100.00%	100.00%	100.00%	100.00%	100.00%

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

	Fiscal Year			
	2013	2014	2015	2016
City of Deer Park by fund:				
General	\$ 0.498100	\$ 0.498100	\$ 0.518000	\$ 0.515711
Debt service	0.221900	0.221900	0.202000	0.198641
<b>Total Direct Rates</b>	<b>\$ 0.720000</b>	<b>\$ 0.720000</b>	<b>\$ 0.720000</b>	<b>\$ 0.714352</b>
Deer Park Independent School District	\$ 1.526700	\$ 1.556700	\$ 1.556700	\$ 1.556700
Harris County	0.400210	0.414550	0.417310	0.419230
Harris County Department of Education	0.006617	0.006358	0.005999	0.005422
Harris County Flood Control District	0.028090	0.028270	0.027360	0.027330
Harris County Hospital District	0.182160	0.170000	0.170000	0.170000
Harris County Port of Houston Authority	0.019520	0.017160	0.015310	0.013420
San Jacinto Community College District	0.185602	0.185602	0.185602	0.175783
<b>Total Direct and Overlapping Rates</b>	<b>\$ 3.068899</b>	<b>\$ 3.098640</b>	<b>\$ 3.098281</b>	<b>\$ 3.082237</b>

Source: Harris County Appraisal District

Note:

Tax rates are per \$100 of assessed valuation.

**Fiscal Year**

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 0.519943	\$ 0.533514	\$ 0.549389	\$ 0.561659	\$ 0.568794	\$ 0.559216
0.200057	0.186486	0.170611	0.158341	0.151206	0.160784
<u>\$ 0.720000</u>					
\$ 1.556700	\$ 1.556700	\$ 1.538700	\$ 1.415100	\$ 1.349600	\$ 1.349600
0.416560	0.418010	0.418580	0.407130	0.391160	0.376930
0.005200	0.005195	0.005190	0.005000	0.004993	0.004990
0.028290	0.028310	0.028770	0.027920	0.031420	0.033490
0.171790	0.171100	0.171080	0.165910	0.166710	0.162210
0.013340	0.012560	0.011550	0.010740	0.009910	0.008720
0.182379	0.183335	0.179329	0.178169	0.169358	0.167967
<u>\$ 3.094259</u>	<u>\$ 3.095210</u>	<u>\$ 3.073199</u>	<u>\$ 2.929969</u>	<u>\$ 2.843151</u>	<u>\$ 2.823907</u>

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# CITY OF DEER PARK, TEXAS

## PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	2022			2013		
	Taxable Assessed	Rank	% of Taxable Assessed	Taxable Assessed	Rank	% of Taxable Assessed
	Value		Value	Value	Value	Value
BCI IV Monument BP LP	\$ 51,696,941	1	1.54%	\$ -	N/A	0.00%
BFT Parktown LLC ET AL	38,337,855	2	1.14%	-	N/A	0.00%
Lex Houston 4600 LP	36,599,318	3	1.09%	-	N/A	0.00%
CH AZ Victory LP	30,794,977	4	0.92%	-	N/A	0.00%
Quarter Turn Resources, Inc.	30,076,159	5	0.90%	10,493,176	10	0.58%
CenterPoint Energy, Inc.	30,069,734	6	0.90%	16,315,889	3	0.90%
Dresser Inc.	29,698,914	7	0.88%	11,170,420	9	0.62%
GSL Constructors Ltd.	27,811,736	8	0.83%	11,514,308	8	0.63%
Deer Park Apts. LLC	27,605,000	9	0.82%	-	N/A	0.00%
Cap Investing 21 NC LLC	23,012,857	10	0.69%	-	N/A	0.00%
Wal-Mart	-	N/A	0.00%	19,094,359	1	1.05%
Septon Co. of America	-	N/A	0.00%	16,615,898	2	0.92%
ITCR Deer Park Ltd Partnership	-	N/A	0.00%	15,532,823	4	0.86%
Aquilex Hydrochem, Inc.	-	N/A	0.00%	14,687,523	5	0.81%
Laufen International, Inc.	-	N/A	0.00%	13,138,011	6	0.72%
Songwon International Americas Ltd.	-	N/A	0.00%	12,076,240	7	0.67%
Subtotal	<u>325,703,491</u>		<u>9.71%</u>	<u>140,638,647</u>		<u>7.76%</u>
Other Taxpayers	<u>3,033,696,468</u>		<u>90.29%</u>	<u>1,673,542,334</u>		<u>92.24%</u>
<b>Total</b>	<u><u>\$ 3,359,399,959</u></u>		<u><u>100.00%</u></u>	<u><u>\$ 1,814,180,981</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			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Tax levy	\$ 13,019,648	\$ 14,063,714	\$ 14,991,306	\$ 16,363,090
Current tax collected	\$ 12,836,742	\$ 13,863,961	\$ 14,858,925	\$ 16,035,281
Percentage of current tax collections	98.60%	98.58%	99.12%	98.00%
Delinquent tax collections	<u>157,335</u>	<u>159,482</u>	<u>82,591</u>	<u>268,632</u>
<b>Total Tax Collections</b>	<u>\$ 12,994,077</u>	<u>\$ 14,023,443</u>	<u>\$ 14,941,516</u>	<u>\$ 16,303,913</u>
Total collections as a percentage of current levy	99.80%	99.71%	99.67%	99.64%

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

**Fiscal Year**

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 17,598,722	\$ 18,401,462	\$ 19,298,489	\$ 20,780,196	\$ 22,230,056	\$ 23,175,017
\$ 17,443,588	\$ 18,119,939	\$ 19,070,066	\$ 20,476,479	\$ 21,607,462	\$ 22,801,819
99.12%	98.47%	98.82%	98.54%	97.20%	98.39%
<u>119,381</u>	<u>238,422</u>	<u>171,187</u>	<u>194,457</u>	<u>492,393</u>	<u>-</u>
<u>\$ 17,562,969</u>	<u>\$ 18,358,361</u>	<u>\$ 19,241,253</u>	<u>\$ 20,670,936</u>	<u>\$ 22,099,855</u>	<u>\$ 22,801,819</u>
99.80%	99.77%	99.70%	99.47%	99.41%	98.39%

# CITY OF DEER PARK, TEXAS

## RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	Fiscal Year			
	2013*	2014	2015	2016
<b>Governmental Activities:</b>				
General obligation bonds	\$ 20,334,132	\$ 17,979,969	\$ 16,587,180	\$ 16,239,210
Certificates of obligation	9,683,246	9,283,100	16,483,264	23,243,219
Capital leases/notes payable	1,082,960	741,227	489,772	743,670
Leases payable	-	-	-	-
<b>Business-Type Activities:</b>				
General obligation bonds	5,207,260	4,557,742	5,194,671	4,560,455
Certificates of obligation	8,408,633	15,297,035	21,912,475	28,464,920
Water revenue bonds	2,820,000	2,250,000	750,000	500,000
Capital leases/notes payable	119,506	69,093	266,014	534,382
<b>Total Primary Government</b>	<b>\$ 47,655,737</b>	<b>\$ 50,178,166</b>	<b>\$ 61,683,376</b>	<b>\$ 74,285,856</b>
<b>Debt as a Percentage of Personal Income</b>	N/A	N/A	N/A	N/A
<b>Debt Per Capita</b>	<b>\$ 1,436</b>	<b>\$ 1,493</b>	<b>\$ 1,801</b>	<b>\$ 2,147</b>

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.

<b>Fiscal Year</b>						
<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	
\$ 14,053,513	\$ 12,676,107	\$ 11,063,762	\$ 14,304,047	\$ 36,699,503	\$ 34,787,720	
22,769,126	19,690,033	17,452,935	10,165,155	34,109,820	30,457,320	
868,776	900,933	504,540	1,537,428	1,366,508	1,054,368	
-	-	-	-	211,970	135,073	
3,938,036	3,382,329	2,681,585	1,987,809	7,349,603	11,896,104	
34,891,757	38,917,927	43,835,960	46,742,209	44,077,154	36,340,472	
250,000	-	-	-	-	-	
361,489	200,722	112,518	22,707	-	-	
<u>\$ 77,132,697</u>	<u>\$ 75,768,051</u>	<u>\$ 75,651,300</u>	<u>\$ 74,759,355</u>	<u>\$ 123,814,558</u>	<u>\$ 114,671,057</u>	
N/A	N/A	N/A	N/A	N/A	N/A	
<u>\$ 2,214</u>	<u>\$ 2,148</u>	<u>\$ 2,143</u>	<u>\$ 2,117</u>	<u>\$ 3,498</u>	<u>\$ 3,324</u>	

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

	Fiscal Year			
	2013*	2014	2015	2016
General Obligation Bonds (1)	\$ 27,750,000	\$ 25,541,392	\$ 22,537,711	\$ 20,799,665
Less: Amounts Restricted to Repaying Principal	<u>(1,988,204)</u>	<u>(2,321,730)</u>	<u>(2,932,183)</u>	<u>(3,351,483)</u>
<b>Total</b>	<b><u>\$ 25,761,796</u></b>	<b><u>\$ 23,219,662</u></b>	<b><u>\$ 19,605,528</u></b>	<b><u>\$ 17,448,182</u></b>
<b>Percentage of Actual Taxable Value of Property</b>	1.43%	1.28%	1.00%	0.88%
<b>Net Bonded Debt Per Capita</b>	<b><u>\$ 797</u></b>	<b><u>\$ 699</u></b>	<b><u>\$ 583</u></b>	<b><u>\$ 538</u></b>

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**

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 17,991,549	\$ 16,058,436	\$ 13,745,347	\$ 16,291,856	\$ 44,049,106	\$ 46,683,824
<u>(3,736,160)</u>	<u>(4,634,050)</u>	<u>(5,181,426)</u>	<u>(5,766,586)</u>	<u>(6,158,254)</u>	<u>(5,648,708)</u>
<u>\$ 14,255,389</u>	<u>\$ 11,424,386</u>	<u>\$ 8,563,921</u>	<u>\$ 10,525,270</u>	<u>\$ 37,890,852</u>	<u>\$ 41,035,116</u>
0.74%	0.54%	0.31%	0.35%	1.11%	1.22%
<u>\$ 493</u>	<u>\$ 383</u>	<u>\$ 308</u>	<u>\$ 226</u>	<u>\$ 1,072</u>	<u>\$ 1,189</u>

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**CITY OF DEER PARK, TEXAS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
September 30, 2022

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Debt Repaid with Property Taxes:</b>			
Deer Park Independent School District	\$ 331,588,662	21.94%	\$ 72,750,552
Harris County	\$ 1,863,542,125	0.60%	11,181,253
Harris County Department of Education	\$ 20,185,000	0.60%	121,110
Harris County Flood Control District	\$ 584,900,000	0.60%	3,509,400
Harris County Hospital District	\$ 76,385,000	0.60%	458,310
La Porte Independent School District	\$ 299,085,000	11.58%	34,634,043
Port of Houston Authority of Harris County	\$ 425,628,397	0.60%	2,553,770
San Jacinto Community College District	\$ 551,322,427	5.13%	<u>28,282,841</u>
Subtotal, overlapping debt			153,491,279
<b>City Direct Debt</b>	<b>\$ 66,434,481</b>	<b>100.00%</b>	<u><b>66,434,481</b></u>
	<b>Total Direct and Overlapping Debt</b>		<u><u><b>\$ 219,925,760</b></u></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			
	2013	2014	2015	2016
Debt limit	\$ 181,418,098	\$ 196,078,875	\$ 210,314,548	\$ 230,812,928
Total net debt applicable to limit	23,219,662	19,605,528	18,430,368	17,063,505
<b>Legal Debt Margin</b>	<b>\$ 158,198,436</b>	<b>\$ 176,473,347</b>	<b>\$ 191,884,180</b>	<b>\$ 213,749,423</b>
Total net debt applicable to the limit as a percentage of debt limit	12.80%	10.00%	8.76%	7.39%

### Legal Debt Margin Calculation for Fiscal Year 2022

Assessed value	\$ 3,359,399,959
Debt limit (10% of assessed value)	335,939,996
Debt applicable to limit:	
General obligation bonds	46,683,824
Less: amount set aside for repayment of general obligation debt	(5,648,708)
Total net debt applicable to limit	41,035,116
<b>Legal Debt Margin</b>	<b>\$ 294,904,880</b>

**Fiscal Year**

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 249,397,828	\$ 262,574,803	\$ 275,362,233	\$ 296,977,123	\$ 341,541,935	\$ 335,939,996
<u>13,357,499</u>	<u>10,877,010</u>	<u>7,978,761</u>	<u>10,133,602</u>	<u>37,890,852</u>	<u>41,035,116</u>
<u>\$ 236,040,329</u>	<u>\$ 251,697,793</u>	<u>\$ 267,383,472</u>	<u>\$ 286,843,521</u>	<u>\$ 303,651,083</u>	<u>\$ 294,904,880</u>
5.36%	4.14%	2.90%	3.41%	11.09%	12.22%

# CITY OF DEER PARK, TEXAS

## *PLEDGED REVENUE COVERAGE*

Last Ten Years

	Fiscal Year			
	2013	2014	2015	2016
<b>Utility Service Charges</b>	\$ 9,529,392	\$ 9,341,087	\$ 9,628,146	\$ 10,300,618
<b>Less: Operating Expenses (1)</b>	5,758,791	6,030,193	6,162,029	6,421,511
<b>Net Available Revenue</b>	\$ 3,770,601	\$ 3,310,894	\$ 3,466,117	\$ 3,879,107
<b>Debt Service Requirements (2)</b>				
Principal	\$ 575,000	\$ 570,000	\$ 250,000	\$ 250,000
Interest	106,449	87,653	28,563	20,750
<b>Total</b>	\$ 681,449	\$ 657,653	\$ 278,563	\$ 270,750
<b>Coverage</b>	5.53	5.03	12.44	14.33

**Notes:**

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

(1) Operating expenses do not include depreciation.

(2) Includes revenue bonds only.

**Fiscal Year**

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 10,810,651	\$ 11,369,582	\$ 10,739,546	\$ 11,606,282	\$ 12,303,235	\$ 13,600,643
<u>6,931,288</u>	<u>6,676,372</u>	<u>7,245,690</u>	<u>8,244,388</u>	<u>7,319,941</u>	<u>7,709,575</u>
<u>\$ 3,879,363</u>	<u>\$ 4,693,210</u>	<u>\$ 3,493,856</u>	<u>\$ 3,361,894</u>	<u>\$ 4,983,294</u>	<u>\$ 5,891,068</u>
\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -
<u>12,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 262,625</u>	<u>\$ -</u>				
14.77	-	-	-	-	-

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

<b>Calendar Year*</b>	<b>Population</b>	<b>Per Capita Income</b>	<b>Personal Income</b>	<b>Unemployment Rate</b>	<b>School Enrollment</b>
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
2020	35,315	N/A	N/A	7.9%	13,000
2021	35,333	N/A	N/A	5.0%	12,370
2022	34,503	35,093	N/A	4.2%	12,850

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

N/A - This information is currently not available.

\* Represents estimates.

# CITY OF DEER PARK, TEXAS

## *PRINCIPAL EMPLOYERS*

Current Year and Nine Years Ago

Employer	2022		2013	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Shell Deer Park	3,000	14.29%	2,800	14.17%
Deer Park ISD	2,681	12.77%	1,771	8.96%
Lubrizol Specialty Chemicals	1,400	6.67%	1,280	6.48%
Dow (Rohm and Hass)	1,000	4.76%	900	4.56%
Universal Plant Services	1,000	4.76%	-	0.00%
Mistras Group	600	2.86%	550	2.78%
Wal-Mart	425	2.02%	425	2.15%
City of Deer Park	424	2.02%	403	2.04%
Minh Foods, Inc.	420	2.00%	400	2.02%
Siemens Energy	350	1.67%	345	1.75%
Clean Harbors	500	2.38%	270	1.37%
<b>Total</b>	<u>11,800</u>	<u>56.20%</u>	<u>9,144</u>	<u>46.28%</u>
Estimated total jobs in the City	<u>21,000</u>		<u>19,755</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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Planning	14.0	14.0	14.0	13.0	12.0	12.0	12.0	8.0	8.5	8.5
Other	30.5	32.0	35.5	35.5	35.0	35.5	33.0	33.0	33.0	33.0
Police										
Officers	60.0	60.0	61.0	61.0	61.0	61.0	64.0	65.0	65.0	65.0
Civilians	25.0	25.0	26.0	26.0	26.0	26.0	26.5	26.0	26.5	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	13.0	15.5	14.5	13.0	15.0	18.0	18.0	18.0	18.0	19.0
Sanitation	23.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0
Other public works										
Engineering	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0	4.0
Other	27.0	28.0	28.0	29.0	29.0	29.0	30.0	35.0	35.0	35.0
Golf operations	24.0	-	-	-	-	-	-	-	-	-
Parks and recreation	69.5	70.5	73.0	77.0	77.0	82.5	86.5	86.5	86.5	86.5
Library	13.5	14.0	14.0	14.0	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	13.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
<b>Total</b>	<b><u>341.5</u></b>	<b><u>324.0</u></b>	<b><u>330.0</u></b>	<b><u>332.5</u></b>	<b><u>333.0</u></b>	<b><u>342.0</u></b>	<b><u>348.0</u></b>	<b><u>348.5</u></b>	<b><u>349.5</u></b>	<b><u>350.5</u></b>

Source: Adopted City Budget

# CITY OF DEER PARK, TEXAS

## OPERATING INDICATORS BY FUNCTION

Last Ten Years

Function/Program	Fiscal Year			
	2013	2014	2015	2016
<b>General government</b>				
Annual permits	1,777	2,414	2,610	2,644
Annual inspections	1,017	1,204	1,494	4,932
<b>Police</b>				
Physical arrests	3,296	3,258	3,068	3,445
Parking violations	114	81	101	92
Traffic violations	14,601	13,205	14,049	14,322
<b>Fire</b>				
Emergency responses	2,100	2,193	2,401	2,467
Fires extinguished	648	655	862	775
Inspections	1,392	1,288	1,523	1,676
<b>Sanitation</b>				
Refuse collected (tons per day)	81	83	81	82
Recyclables collected (tons per day)	3	4	4	4
<b>Streets</b>				
Street resurfacing (miles)*	2	-	-	-
Potholes repaired	50	50	55	65
<b>Parks and recreation</b>				
Community center admissions	N/A	N/A	N/A	N/A
Program enrollments	17,527	15,300	16,309	21,034
<b>Library</b>				
Volumes in collection	83,346	84,296	87,171	90,408
Total volumes borrowed	164,962	168,852	167,012	157,955
<b>Water</b>				
New connections	78	39	77	137
Water main breaks	76	62	46	32
Sewer main breaks	N/A	N/A	N/A	N/A
Average daily consumption (gallons)	4,661,000	4,507,000	4,286,000	3,893,750
Peak daily consumption (gallons)	6,438,000	5,826,000	6,700,000	5,281,000
<b>Wastewater</b>				
Average daily sewage treatment (thousands of gallons)	2,960	2,595	4,299	4,575

Source: Various City departments

N/A - This information is currently not available.

\* Majority of streets are concrete.

\*\* A majority of 2020 amounts are significantly lower compared to previous years due to the COVID-19 pandemic.

**Fiscal Year**

<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020**</b>	<b>2021</b>	<b>2022</b>
2,420	2,187	2,224	2,030	2,071	2,309
3,855	3,219	3,200	2,903	2,987	3,371
4,050	3,309	3,323	1,995	2,007	2,096
71	58	36	54	33	59
16,826	12,354	11,107	10,014	9,361	8,945
2,761	2,211	3,126	3,109	3,560	4,172
790	687	591	558	567	583
1,862	1,650	1,574	455	876	1,145
83	84	84	97	92	91
4	4	4	6	6	6
1	-	-	-	-	-
60	62	65	60	63	62
N/A	4,611	9,173	11,601	10,506	10,732
21,262	17,077	18,293	8,781	15,233	14,416
101,960	104,738	94,253	94,977	96,601	96,526
157,902	146,943	149,921	81,401	79,271	93,443
100	31	42	37	31	25
39	18	85	35	33	36
N/A	29	37	28	29	29
3,995,225	3,985,508	3,873,700	3,876,800	3,733,900	3,525,380
5,541,000	5,931,000	5,162,000	5,701,000	6,582,000	5,485,000
3,082	3,201	3,358	3,167	4,000	3,256

# CITY OF DEER PARK, TEXAS

## CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Years

Function/Program	Fiscal Year			
	2013	2014	2015	2016
<b>Police</b>				
Stations	1	1	1	1
Patrol units	41	42	41	44
<b>Fire</b>				
Stations	3	3	3	3
<b>Sanitation</b>				
Collection trucks	5	6	6	6
<b>Streets</b>				
Streets (miles)	107	107	109	111
Streetlights	2,622	2,623	2,661	2,694
Traffic signals	43	43	44	44
<b>Parks and recreation</b>				
Acreage	270	270	270	270
Parks with play structures	19	19	19	19
Baseball / softball diamonds	24	19	19	20
Soccer/football fields	6	7	7	7
Golf course	1	1	1	1
Community centers	7	7	7	7
<b>Water</b>				
Water lines (miles)	134	135	137	138
Fire hydrants	906	914	934	950
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
<b>Wastewater</b>				
Sanitary sewers (miles)	125	125	127	130
Storm sewers (miles)	68	68	69	70
Treatment capacity (millions of gallons)	6	6	6	6

Source: Various City departments

**Fiscal Year**

<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
1	1	1	1	1	1
44	47	51	51	51	54
3	3	3	4	4	4
6	6	6	6	6	6
111	111	111	111	111	111
2,709	2,709	2,710	2,720	2,720	2,720
44	45	45	45	45	45
279	355	355	355	355	825
20	20	20	20	20	18
21	23	23	23	23	23
7	9	9	9	9	9
1	1	1	1	1	1
7	7	7	7	7	7
139	140	141	142	142	142
958	976	984	987	993	1,001
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
130	131	131	132	132	132
70	70	70	70	100	100
6	6	6	6	6	6

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# City of Deer Park

**710 E. San Augustine • Deer Park, Texas 77536**

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