



2025



ANNUAL

COMPREHENSIVE
FINANCIAL
REPORT

CITY OF DEER PARK, TEXAS
FISCAL YEAR ENDED SEPTEMBER 30, 2025

**CITY OF
DEER PARK, TEXAS**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the year ended September 30, 2025

**Prepared by
Finance Department**

**Nicole Ganey
Director of Finance**

ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the year ended September 30, 2025

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E-Mail: nganey@deerparktx.org

NICOLE GANEY
DIRECTOR OF FINANCE

March 11, 2026

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, 2025. This report is published to provide the citizens, City Council, City management and staff, bondholders and other interested parties detailed information concerning the financial condition of the City. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To provide a reasonable basis for making these representations, the City has established a comprehensive internal control framework designed to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements. I believe the data, as presented, is accurate in all material respects and that it is reported in a manner that fairly presents the financial position and results of operations of the City as measured by the financial activity of the various funds and account groups. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activities have been included.

The Report

In compliance with the Governmental Accounting Standards Board (“GASB”) Statement No. 34, this report includes a Management's Discussion and Analysis (“MD&A”) which provides a narrative introduction, overview, and analysis to accompany the basic financial statements. The MD&A is located immediately following the Independent Auditor's 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 33,823. 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 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. In May 2025, the voters again authorized the continuation of the districts for a period of twenty years.

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 the Houston Ship Channel complex, which is more than 200 private and eight public terminals, collectively known as the Port of Houston. It is the nation's largest port for waterborne tonnage and an essential economic engine for the Houston region and the state of Texas. Studies show that business activity at the Port of Houston supports 1.54M jobs throughout the state of Texas and 3.37M jobs nationwide. This activity helps generate more than \$439B in statewide economic value and \$906B in nationwide economic value. Moreover, the Houston Ship Channel contributes nearly \$10.6B in state and local tax revenue and \$62.8B in national tax revenue.

Port Houston continues to set new records and make major infrastructure investments. An additional wharf at Bayport Container Terminal was completed in 2025 and Port Houston also completed dredging for the Houston Ship Channel Expansion, known as "Project 11". This transformative milestone expands the Galveston Bay reach from 530 feet to 700 feet, improving two-way vessel movement and operational efficiency for larger ships and benefiting all users of the Channel. This allows much larger vessels matching the capacity of the Panama Canal to be able to use Bayport Container Terminal. The expansion at the Barbour's Cut Container Terminal is scheduled to be completed in 2027, at which time it will be able to receive similarly large vessels. These expansion projects position the Deer Park region for the next era of growth, secures jobs and empowers the area.

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 were hampered by the pandemic, but the developer has re-negotiated the Chapter 380 agreement and currently has Letters of Intent from large retailers. 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.

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 ("CIP") for drainage projects and infrastructure needs throughout the City and an Asset Replacement Fund, which is used to replace rolling stock (vehicles and equipment) and other aging assets.

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 auditor's report prepared by Crowe, LLP 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 of Deer Park for its comprehensive annual financial report for the fiscal year ended September 30, 2024. This was the 38th 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



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

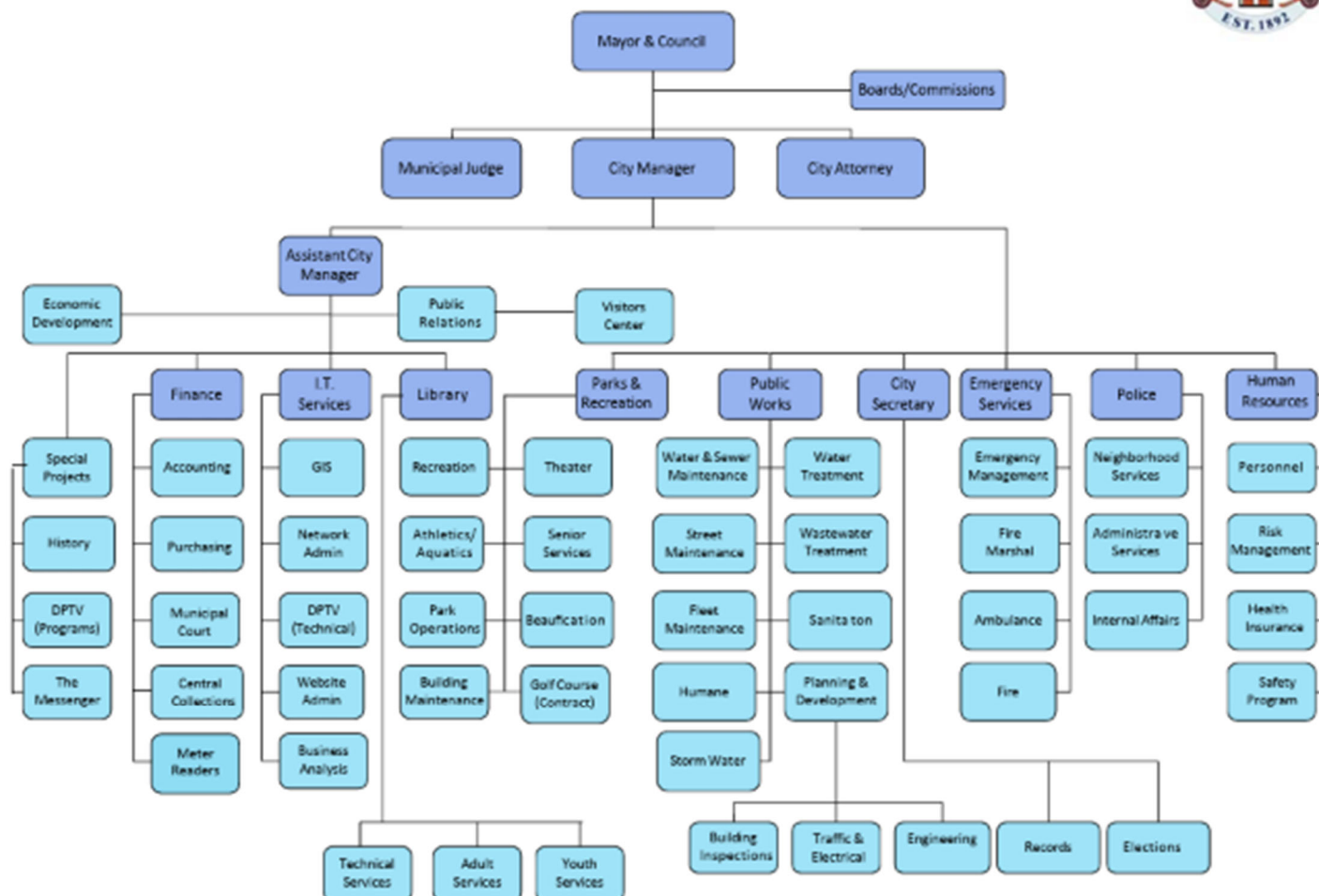
September 30, 2024

Christopher P. Morill

Executive Director/CEO

CITY OF DEER PARK, TEXAS
ORGANIZATIONAL CHART
September 30, 2025

City of Deer Park
Organizational Chart
FY 2024-2025



CITY OF DEER PARK, TEXAS
PRINCIPAL OFFICIALS
September 30, 2025

City Officials	Elective Position
Jerry Mouton, Jr.	Mayor
Sherry Garrison	Council Member
T.J. Haight	Council Member
Tommy Ginn	Council Member
Justin League	Council Member
Ron Martin	Council Member
Georgette Ford	Council Member
Key Staff	Position
James Stokes	City Manager
Sara Costlow	Assistant City Manager
Angela Smith	City Secretary
Nicole Ganey	Director of Finance
David Van Riper	Director of Public Works
Greg Grigg	Chief of Police
Kenny Walsh	Director of Parks and Recreation
Sandra Cuellar-Wilson	Director of Human Resources
Jamie Galloway	Director of Emergency Services
Rebecca Pool	Director of Library Services
James Lewis	Director of Information Technology

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements***Opinions***

We have audited the 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, 2025, 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 accompanying 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, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the year ended September 30, 2025, the City adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*, which resulted in a restatement of the October 1, 2024 net position. The restatement resulted in a reduction of beginning net position for the following opinion units and related amounts: governmental activities \$3,508,001, business-type activities \$457,243, water and sewer fund \$441,580, nonmajor enterprise funds \$15,663, and discretely presented component units \$275,989. Our opinions are not modified with respect to the above matter.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's 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.

(Continued)

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Auditor's Responsibilities 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 auditor's 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 GAAS and *Government 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 GAAS and *Government 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, schedules of changes in net pension and total other postemployment benefits liability and related ratios, schedule of the City's proportionate share of the net pension liability, and schedules of contributions, identified as Required Supplementary Information on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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

(Continued)

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 as listed in the table of contents are presented for purposes of additional analysis and are not a required part 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 auditor's 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance



Crowe LLP

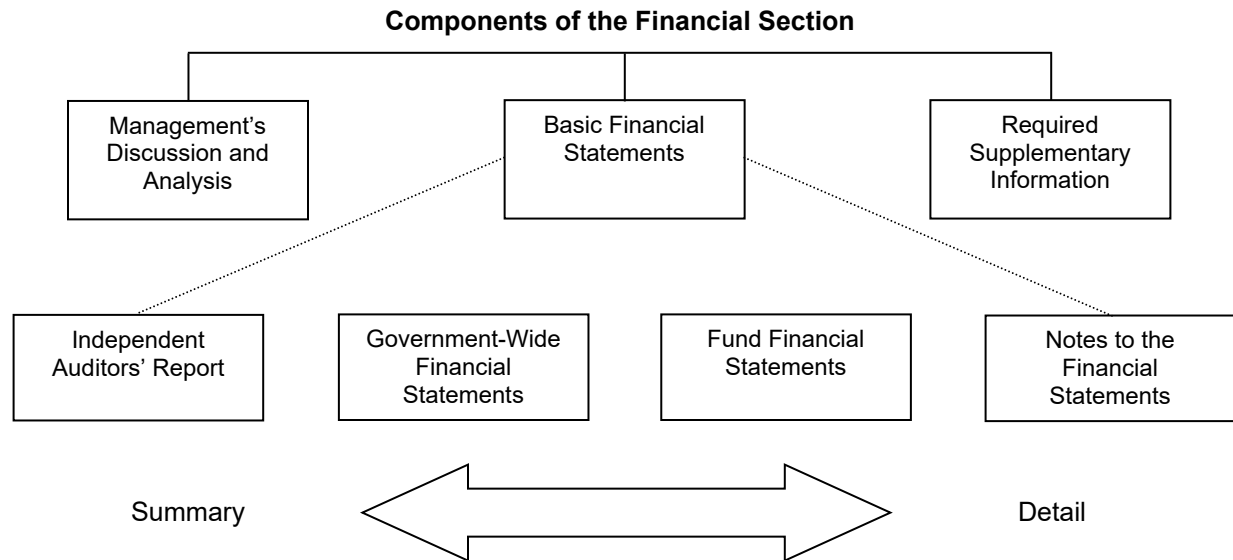
Houston, Texas
March 11, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2025

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Deer Park, Texas (the "City") for the year ending September 30, 2025. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



The City's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The government-wide statements report information for the City as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the City as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the City's financial statements, report information on the City's activities that enable the reader to understand the financial condition of the City. These statements are prepared using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other nonfinancial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered to assess the overall health of the City.

(Continued)

CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2025

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 include two classes of activity:

1. *Governmental Activities* – All of the City's basic services are reported within this class, including public safety (police, fire, and emergency medical services), public works (streets and park maintenance), municipal court, and general government. Sales tax, property tax, industrial district 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, storm water utility services, as well as Dow Active Complex 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 has the ability to impose its will. 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 government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds 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 19 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund; debt service fund; capital improvement fund, the capital project certificates of obligations, series 2022 fund; and the capital project general obligation bonds, series 2023 fund, which are considered to be major funds for reporting purposes.

(Continued)

CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2025

The City adopts an annual appropriated budget for its general fund and all special revenue funds. 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, storm water utility operations, and Dow Active Complex operations. The proprietary funds financial statements provide separate information for the water and sewer fund which is considered a major fund for reporting purposes. The proprietary funds financial statements can be found in the basic financial statements of this report.

Fiduciary Fund

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 the financial statements, the MD&A, and the 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 of resources by \$234,229,087 as of September 30, 2025. This compares with \$216,260,839 from the prior fiscal year. The largest portion of the City's net position, 72 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
For the Year Ended September 30, 2025

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
ASSETS						
Current and other assets	\$ 137,016,688	\$ 171,631,615	\$ 22,409,141	\$ 21,247,638	\$ 159,425,829	\$ 192,879,253
Capital assets, net	<u>210,855,952</u>	<u>167,382,693</u>	<u>78,289,520</u>	<u>69,372,332</u>	<u>289,145,472</u>	<u>236,755,025</u>
Total assets	<u>347,872,640</u>	<u>339,014,308</u>	<u>100,698,661</u>	<u>90,619,970</u>	<u>448,571,301</u>	<u>429,634,278</u>
DEFERRED OUTFLOWS ON RESOURCES						
Deferred outflows - pensions	6,336,407	6,926,004	777,235	927,756	7,113,642	7,853,760
Deferred outflows - OPEB	<u>4,325,977</u>	<u>4,410,065</u>	<u>641,614</u>	<u>617,439</u>	<u>4,967,591</u>	<u>5,027,504</u>
Total deferred outflows on resources	<u>10,662,384</u>	<u>11,336,069</u>	<u>1,418,849</u>	<u>1,545,195</u>	<u>12,081,233</u>	<u>12,881,264</u>
LIABILITIES						
Long-term liabilities	153,832,951	154,363,525	41,884,795	45,031,038	195,717,746	199,394,563
Other liabilities	<u>14,984,280</u>	<u>13,501,748</u>	<u>2,147,287</u>	<u>2,601,847</u>	<u>17,131,567</u>	<u>16,103,595</u>
Total liabilities	<u>168,817,231</u>	<u>167,865,273</u>	<u>44,032,082</u>	<u>47,632,885</u>	<u>212,849,313</u>	<u>215,498,158</u>
DEFERRED INFLOWS ON RESOURCES						
Deferred inflows - leases receivable	447,151	490,497	-	-	447,151	490,497
Deferred inflows - pensions	1,792,645	531,444	240,704	74,896	2,033,349	606,340
Deferred inflows - OPEB	<u>9,541,518</u>	<u>8,348,840</u>	<u>1,552,116</u>	<u>1,310,868</u>	<u>11,093,634</u>	<u>9,659,708</u>
Total deferred inflows on resources	<u>11,781,314</u>	<u>9,370,781</u>	<u>1,792,820</u>	<u>1,385,764</u>	<u>13,574,134</u>	<u>10,756,545</u>
NET POSITION						
Net investment in capital assets	125,625,437	124,727,031	41,883,000	30,411,139	167,508,437	155,138,170
Restricted	<u>9,282,981</u>	<u>8,862,061</u>	<u>-</u>	<u>-</u>	<u>9,282,981</u>	<u>8,862,061</u>
Unrestricted	<u>43,028,061</u>	<u>39,525,231</u>	<u>14,409,608</u>	<u>12,735,377</u>	<u>57,437,669</u>	<u>52,260,608</u>
Total net position	<u>\$ 177,936,479</u>	<u>\$ 173,114,323</u>	<u>\$ 56,292,608</u>	<u>\$ 43,146,516</u>	<u>\$ 234,229,087</u>	<u>\$ 216,260,839</u>

A portion of the City's net position, \$9,282,981 or 4 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$57,437,669, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net position increased by \$17,968,248 during the current fiscal year, an increase of 8 percent in comparison to the prior year. Compared to the prior year, total assets increased \$18,937,023 largely due to an increase in capital assets. Deferred outflows of resources decreased \$800,031 while deferred inflows increased \$2,817,589 from the prior year, due to changes in projected and actual earnings and assumptions for OPEB and pension plans. Total liabilities decreased \$2,648,845 compared to the prior year due to current year principal payments on long-term debt and a reduction in pension and OPEB liabilities.

CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2025

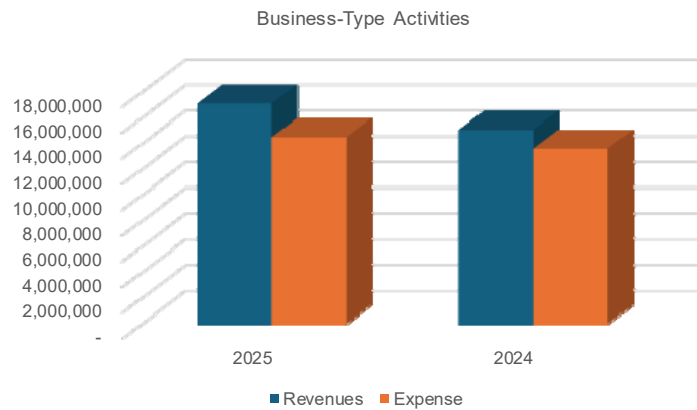
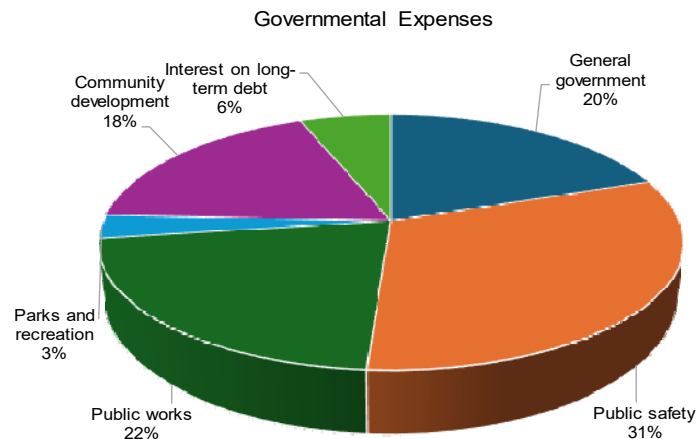
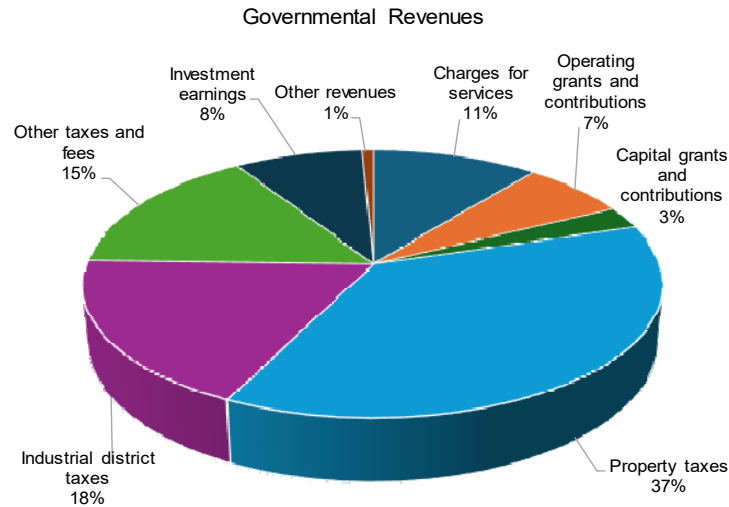
Statement of Activities

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues:						
Charges for services	\$ 8,782,096	\$ 8,203,759	\$ 16,380,402	\$ 14,778,440	\$ 25,162,498	\$ 22,982,199
Operating grants and contributions	5,655,587	2,839,861	381,983	3,712	6,037,570	2,843,573
Capital grants and contributions	2,158,751	9,969,980	-	-	2,158,751	9,969,980
General revenues:						
Property taxes	30,202,120	28,740,795	-	-	30,202,120	28,740,795
Industrial district taxes	14,884,571	16,322,990	-	-	14,884,571	16,322,990
Other taxes and fees	12,710,378	11,521,540	-	-	12,710,378	11,521,540
Investment earnings	6,763,998	9,626,172	159,680	276,739	6,923,678	9,902,911
Other revenues	596,972	650,123	171,315	-	768,287	650,123
Total revenues	<u>81,754,473</u>	<u>87,875,220</u>	<u>17,093,380</u>	<u>15,058,891</u>	<u>98,847,853</u>	<u>102,934,111</u>
Expenses						
General government	13,095,703	14,100,479	-	-	13,095,703	14,100,479
Public safety	20,835,762	18,220,142	-	-	20,835,762	18,220,142
Public works	14,392,682	13,230,699	-	-	14,392,682	13,230,699
Parks and recreation	1,946,997	1,587,949	-	-	1,946,997	1,587,949
Community development	12,158,165	11,573,038	-	-	12,158,165	11,573,038
Interest on long-term debt	3,960,660	7,448,511	-	-	3,960,660	7,448,511
Water and sewer	-	-	13,427,604	13,200,268	13,427,604	13,200,268
Storm water utility	-	-	351,888	401,867	351,888	401,867
Community center	-	-	710,144	-	710,144	-
Total expenses	<u>66,389,969</u>	<u>66,160,818</u>	<u>14,489,636</u>	<u>13,602,135</u>	<u>80,879,605</u>	<u>79,762,953</u>
Increase in net position before transfers	15,364,504	21,714,402	2,603,744	1,456,756	17,968,248	23,171,158
Transfers in (out)	<u>(10,542,348)</u>	<u>(3,323,894)</u>	<u>10,542,348</u>	<u>3,323,894</u>	<u>-</u>	<u>-</u>
Change in net position	4,822,156	18,390,508	13,146,092	4,780,650	17,968,248	23,171,158
Beginning net position	<u>173,114,323</u>	<u>154,723,815</u>	<u>43,146,516</u>	<u>38,365,866</u>	<u>216,260,839</u>	<u>193,089,681</u>
Ending net position	<u>\$ 177,936,479</u>	<u>\$ 173,114,323</u>	<u>\$ 56,292,608</u>	<u>\$ 43,146,516</u>	<u>\$ 234,229,087</u>	<u>\$ 216,260,839</u>

CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2025

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



CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2025

For the year ended September 30, 2025, revenues from governmental activities totaled \$81,754,473, a decrease of \$6,120,747 compared to the prior year. This decrease is largely due to less Coronavirus State and Local Fiscal Recovery grant revenues, industrial tax revenues due to decreases in appraised property values, and investment earnings due to a decrease in cash and cash equivalents and interest rates.

For the year ended September 30, 2025, expenses for governmental activities totaled \$66,389,969, an increase of \$229,151. This overall increase is mainly due to increases in personnel costs and solid waste collection fees.

Revenues for business-type activities totaled \$17,093,380, an increase of \$2,034,489 compared to the prior year. This was largely due to an increase in water and sewer rates and consumption and services provided for the Dow Active Complex. Expenses for business-type activities totaled \$14,489,636, an increase of \$887,501 compared to the prior year. This increase was primarily due to payroll and operating cost in the current year for the Dow Active Complex and an increase in depreciation expense.

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. The 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 \$119,607,429. Of this, \$141,811 is nonspendable, \$38,754,895 is restricted, \$31,037,995 is assigned, and \$49,672,728 is unassigned.

There was a decrease in the combined fund balance of \$35,970,396 compared to the prior year. The City's decrease in combined fund balance was primarily due to current year capital outlay expenditures for capital additions.

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 \$49,672,728, while total fund balance reached \$54,800,548. 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 97 percent of total general fund expenditures, while total fund balance represents 107 percent of the total general fund expenditures. The general fund demonstrated an overall increase in fund balance of \$2,603,266. Revenues increased by \$1,297,637 mainly due to increases in property taxes, sales taxes, intergovernmental and charges for services. Property taxes increased due to increased property values. Sales tax increased due to an increase in economic activity within the City. Intergovernmental revenue increased due to grant revenue received for reimbursement from Hurricane Beryl related expenditures in the current year. Charges for services increased primarily due to an increase in garbage fees, increases in school crossing guard and school resource officers, and an increase in ambulance fees collected. Expenditures increased \$1,557,290 compared to the prior year primarily due to increases in personnel costs and fees for solid waste collection services. Transfers also decreased in the current year due to a decrease in contributions to capital project funds.

The debt service fund has a total fund balance of \$6,269,003, all of which is restricted for the payment of debt service. Compared to the prior year, fund balance increased \$29,691 due to an increase in property tax revenue in excess of principal and interest payments and transfers to the water and sewer fund for debt service payments.

CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2025

The capital improvement fund recognized an increase in fund balance of \$2,888,916 due to transfers in from the general fund for capital projects. This fund ended the fiscal year with a fund balance of \$23,626,525.

The City's capital project fund for certificates of obligation, series 2022 is restricted for construction, which had an ending fund balance of \$2,295,620. This fund recognized a decrease in fund balance of \$14,403,593 due to spending for various capital projects during the fiscal year.

The City's capital project fund for general obligation bonds, series 2023 is restricted for construction, which had an ending fund balance of \$2,353,805. This fund recognized a decrease in fund balance of \$22,029,926 due to spending for 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 originally budgeted to draw down on fund balance in the general fund by \$776,400. The budget was later amended for additional transfers to other funds for various capital projects, resulting in an expected reduction in fund balance of \$9,194,565. However, the net change in fund balance was an increase of \$2,603,266, resulting in a positive budget variance of \$11,797,831.

Total actual revenues came in over budget by a net \$6,735,081. The majority of this positive variance was related to additional sales taxes, intergovernmental revenue, and charges for services than anticipated.

Similar to the positive variance for revenues, expenditures were less than the amended budget by \$4,804,524. Some of the greatest positive variances were seen in general government, park maintenance and police.

CAPITAL ASSETS

At the end of the fiscal year, the City's governmental and business-type activities had invested \$289,145,472 in a variety of capital assets, infrastructure, and right-to-use assets (net of accumulated depreciation/amortization). This represents a net increase of \$52,390,447.

Major capital asset events during the year included the following:

- Construction in progress additions included:
 - Deer Park Terrace Street project \$6,246,768
 - Smart meters \$2,900,677
 - Community center and gym \$18,242,123
 - Fire Station No. 1 \$5,279,223
 - Fire Station No. 2 \$2,369,775
 - Jimmy Burke activity center \$18,349,571
 - Detention Pond – Luella @ 8th \$1,392,385

More detailed information about the City's capital assets is presented in Note 3 to the financial statements.

LONG-TERM DEBT

At the end of the current year, the City had total bonds, certificates of obligation, and notes outstanding of \$139,668,758. Of this amount, \$69,804,999 was general obligation debt, certificates of obligation accounted for \$69,420,000, and notes payable accounted for \$443,759.

CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2025

During the year, the City issued certificates of obligation, series 2025 in the amount of \$5,955,000.

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 \$443,815,418, 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 3 to the financial statements.

Current underlying ratings on debt issues are as follows:

	Moody's Investors <u>Service</u>	Standard and <u>Poor's</u>
General obligation bonds	Aa1	AAA
Certificates of obligation	N/A	AAA

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For the 2026 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 \$1,538,814 (2.81%) and an increase in expenditures of \$1,640,630 (2.97%).

The City budgeted for an increase in property tax revenues of \$1,698,404, which is a 6.28 percent increase from last year's budget. Property tax revenue of \$368,038 is to be raised from new property added to the tax roll.

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

CITY OF DEER PARK, TEXAS
STATEMENT OF NET POSITION
September 30, 2025

	Primary Government			Component
	Governmental	Business-Type	Total	Units
	Activities	Activities		
ASSETS				
Cash and cash equivalents	\$ 87,701,359	\$ 18,600,458	\$ 106,301,817	\$ 10,998,659
Restricted cash and cash equivalents	-	2,164,175	2,164,175	-
Investments	43,753,968	-	43,753,968	-
Receivables, net of allowances	4,935,957	1,644,508	6,580,465	1,815,042
Inventories	119,006	-	119,006	-
Prepaid items	22,805	-	22,805	7,129
Leases receivable	483,593	-	483,593	-
Capital assets:				
Nondepreciable/amortizable capital assets	119,585,718	10,618,938	130,204,656	-
Depreciable/amortizable capital assets, net	91,270,234	67,670,582	158,940,816	4,190,968
Total assets	<u>347,872,640</u>	<u>100,698,661</u>	<u>448,571,301</u>	<u>17,011,798</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - pensions (TMRS)	5,414,875	777,235	6,192,110	351,223
Deferred outflows of resources - pensions (TESRS)	921,532	-	921,532	-
Deferred outflows of resources - OPEB (SDBF)	160,142	-	160,142	-
Deferred outflows of resources - OPEB (Health)	4,165,835	641,614	4,807,449	117,341
Total deferred outflows of resources	<u>10,662,384</u>	<u>1,418,849</u>	<u>12,081,233</u>	<u>468,564</u>
LIABILITIES				
Accounts payable	7,997,276	693,690	8,690,966	690,755
Accrued liabilities	1,908,394	276,849	2,185,243	111,126
Customer deposits	15,767	1,176,748	1,192,515	-
Other payables	4,996,243	-	4,996,243	-
Unearned revenue	66,600	-	66,600	-
Long-term liabilities				
Due within one year	11,380,963	3,549,957	14,930,920	601,925
Due in more than one year	142,451,988	38,334,838	180,786,826	1,697,620
Total liabilities	<u>168,817,231</u>	<u>44,032,082</u>	<u>212,849,313</u>	<u>3,101,426</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - leases	447,151	-	447,151	-
Deferred inflows of resources - pensions (TMRS)	1,792,645	240,704	2,033,349	121,676
Deferred inflows of resources - OPEB (SDBF)	336,912	-	336,912	-
Deferred inflows of resources - OPEB (Health)	9,204,606	1,552,116	10,756,722	505,091
Total deferred inflows of resources	<u>11,781,314</u>	<u>1,792,820</u>	<u>13,574,134</u>	<u>626,767</u>
NET POSITION				
Net investment in capital assets	125,625,437	41,883,000	167,508,437	4,164,778
Restricted for:				
Debt service	6,431,866	-	6,431,866	-
Enabling legislation - restricted revenues	950,121	-	950,121	-
Special projects - restricted contributions	1,789,318	-	1,789,318	9,587,391
Capital projects	111,676	-	111,676	-
Unrestricted	<u>43,028,061</u>	<u>14,409,608</u>	<u>57,437,669</u>	<u>-</u>
Total net position	<u>\$ 177,936,479</u>	<u>\$ 56,292,608</u>	<u>\$ 234,229,087</u>	<u>\$ 13,752,169</u>

See notes to financial statements.

CITY OF DEER PARK, TEXAS
STATEMENT OF ACTIVITIES
For the year ended September 30, 2025

					Net Revenue (Expense) and Changes in Net Position			
					Primary Government			
		Program Revenues						
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Business-Type Activities	Total	Component Units
Primary Government								
Governmental activities								
General government	\$ 13,095,703	\$ 351,946	\$ 1,328,840	\$ -	\$ (11,414,917)	\$ -	\$ (11,414,917)	\$ -
Public safety	20,835,762	4,540,190	33,715	263,734	(15,998,123)	-	(15,998,123)	-
Public works	14,392,682	2,688,305	1,496,787	64,608	(10,142,982)	-	(10,142,982)	-
Parks and recreation	1,946,997	-	200,000	1,830,409	83,412	-	83,412	-
Community development	12,158,165	1,201,655	2,596,245	-	(8,360,265)	-	(8,360,265)	-
Interest on long-term debt	3,960,660	-	-	-	(3,960,660)	-	(3,960,660)	-
Total governmental activities	66,389,969	8,782,096	5,655,587	2,158,751	(49,793,535)	-	(49,793,535)	-
Business-type activities								
Water and sewer	13,427,604	15,736,854	25,154	-	-	2,334,404	2,334,404	-
Storm water utility	351,888	466,334	108	-	-	114,554	114,554	-
Community center	710,144	177,214	356,721	-	-	(176,209)	(176,209)	-
Total business-type activities	14,489,636	16,380,402	381,983	-	-	2,272,749	2,272,749	-
Total primary government	\$ 80,879,605	\$ 25,162,498	\$ 6,037,570	\$ 2,158,751	(49,793,535)	2,272,749	(47,520,786)	-
Component Units								
Governmental activities	\$ 10,000,698	\$ -	\$ 362,210	\$ -	-	-	-	(9,638,488)
Total component units	\$ 10,000,698	\$ -	\$ 362,210	\$ -	-	-	-	(9,638,488)
General revenues								
Property taxes					30,202,120	-	30,202,120	-
Industrial district taxes					14,884,571	-	14,884,571	-
Franchise fees					1,680,562	-	1,680,562	-
Sales and use taxes					10,416,522	-	10,416,522	10,360,066
Hotel occupancy taxes					613,294	-	613,294	-
Investment earnings					6,763,998	159,680	6,923,678	126,661
Other revenues					471,260	126,315	597,575	-
Gain on sale of capital assets					125,712	45,000	170,712	20,310
Transfers					(10,542,348)	10,542,348	-	-
Total general revenues and transfers					54,615,691	10,873,343	65,489,034	10,507,037
Change in net position					4,822,156	13,146,092	17,968,248	868,549
Beginning net position, previously presented					176,622,324	43,603,759	220,226,083	13,159,609
Restatement of net position					(3,508,001)	(457,243)	(3,965,244)	(275,989)
Beginning net position, restated					173,114,323	43,146,516	216,260,839	12,883,620
Ending net position					\$ 177,936,479	\$ 56,292,608	\$ 234,229,087	\$ 13,752,169

See notes to financial statements.

CITY OF DEER PARK, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2025

	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvement</u>	<u>Formerly NonMajor Fund CPCO 2022</u>	<u>CPGO 2023</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ 12,496,954	\$ 6,289,826	\$ 23,760,446	\$ 4,269,145	\$ 7,589,947	\$ 33,295,041	\$ 87,701,359
Investments	43,753,968	-	-	-	-	-	43,753,968
Receivables, net	4,195,270	162,863	317,956	-	-	259,868	4,935,957
Inventories	119,006	-	-	-	-	-	119,006
Prepaid items	22,805	-	-	-	-	-	22,805
Lease receivables	483,593	-	-	-	-	-	483,593
Total assets	<u>\$ 61,071,596</u>	<u>\$ 6,452,689</u>	<u>\$ 24,078,402</u>	<u>\$ 4,269,145</u>	<u>\$ 7,589,947</u>	<u>\$ 33,554,909</u>	<u>\$ 137,016,688</u>
LIABILITIES							
Accounts payable	\$ 1,835,747	\$ 20,823	\$ 133,921	\$ 1,261,170	\$ 3,949,004	\$ 796,611	\$ 7,997,276
Accrued liabilities	1,901,095	-	-	-	-	7,299	1,908,394
Customer deposits	15,767	-	-	-	-	-	15,767
Other payables	574,279	-	-	712,355	1,287,138	2,422,471	4,996,243
Unearned revenue	-	-	-	-	-	66,600	66,600
Total liabilities	<u>4,326,888</u>	<u>20,823</u>	<u>133,921</u>	<u>1,973,525</u>	<u>5,236,142</u>	<u>3,292,981</u>	<u>14,984,280</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - court fines and warrants	452,192	-	-	-	-	-	452,192
Unavailable revenue - ambulance	604,112	-	-	-	-	-	604,112
Unavailable revenue - lease receivables	447,151	-	-	-	-	-	447,151
Unavailable revenue - intergovernmental	-	-	317,956	-	-	-	317,956
Unavailable revenue - property taxes	440,705	162,863	-	-	-	-	603,568
Total deferred inflows of resources	<u>1,944,160</u>	<u>162,863</u>	<u>317,956</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,424,979</u>

(Continued)

CITY OF DEER PARK, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2025

	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvement</u>	<u>Formerly NonMajor Fund CPCO 2022</u>	<u>CPGO 2023</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
FUND BALANCES							
Nonspendable							
Inventory	\$ 119,006	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 119,006
Prepaid items	22,805	-	-	-	-	-	22,805
Restricted							
Debt service	-	6,269,003	-	-	-	-	6,269,003
Enabling legislation restricted revenues							
Community development	-	-	-	-	-	637,921	637,921
Police department	-	-	-	-	-	232,963	232,963
Municipal court	-	-	-	-	-	79,237	79,237
Information technology services, police, library, park maintenance, and humane division department special projects contributions	-	-	-	-	-	1,789,318	1,789,318
Capital projects	-	-	-	2,295,620	2,353,805	25,097,028	29,746,453
Assigned							
Disaster response/repair	228,526	-	-	-	-	-	228,526
General government	307,483	-	-	-	-	-	307,483
Public safety	4,450,000	-	-	-	-	-	4,450,000
Capital projects	-	-	23,626,525	-	-	2,425,461	26,051,986
Unassigned	49,672,728	-	-	-	-	-	49,672,728
Total fund balances	<u>54,800,548</u>	<u>6,269,003</u>	<u>23,626,525</u>	<u>2,295,620</u>	<u>2,353,805</u>	<u>30,261,928</u>	<u>119,607,429</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 61,071,596</u>	 <u>\$ 6,452,689</u>	 <u>\$ 24,078,402</u>	 <u>\$ 4,269,145</u>	 <u>\$ 7,589,947</u>	 <u>\$ 33,554,909</u>	 <u>\$ 137,016,688</u>

See notes to financial statements.

CITY OF DEER PARK, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2025

Total fund balances for governmental funds	\$ 119,607,429
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Amounts reported for governmental activities in the Statement of Net Position are different because:

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

Right-to-use assets, net amortizable	850,588
Capital assets - nondepreciable	119,585,718
Capital assets - depreciable	90,419,646

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,977,828
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Long-term liabilities, assets and deferred outflows and deferred inflows related to
pensions and other postretirement benefits (OPEB) are not due and payable
in the current period and, therefore, are not reported in the funds.

Deferred outflows - pensions (TMRS)	5,414,875
Deferred outflows - pensions (TESRS)	921,532
Deferred outflows - OPEB (SDBF)	160,142
Deferred outflows - OPEB (Health)	4,165,835
Deferred inflows - pensions (TMRS)	(1,792,645)
Deferred inflows - OPEB (SDBF)	(336,912)
Deferred inflows - OPEB (Health)	(9,204,606)
Noncurrent liabilities due in one year	(11,380,963)
Noncurrent liabilities due in more than one year	<u>(142,451,988)</u>

Net position of governmental activities	<u>\$ 177,936,479</u>
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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, 2025

	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvement</u>	<u>Formerly Major Fund CPCO 2021</u>	<u>Formerly Major Fund CPGO 2021</u>	<u>Formerly NonMajor Fund CPCO 2022</u>	<u>CPGO 2023</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
Revenues									
Property taxes	\$ 21,265,200	\$ 8,885,271	\$ -			\$ -	\$ -	\$ -	\$ 30,150,471
Industrial district taxes	14,884,571	-	-			-	-	-	14,884,571
Sales taxes	10,416,522	-	-			-	-	-	10,416,522
Franchise fees	1,680,562	-	-			-	-	-	1,680,562
Hotel/motel occupancy taxes	-	-	-			-	-	613,294	613,294
Fees and fines	1,259,017	-	-			-	-	144,180	1,403,197
Licenses and permits	390,359	-	-			-	-	-	390,359
Intergovernmental	1,507,465	2,596,245	-			-	-	1,730,502	5,834,212
Charges for services	6,846,970	-	-			-	-	98,311	6,945,281
Donations	-	-	-			-	-	35,400	35,400
Investment earnings	3,245,828	107,817	586,564			525,136	958,263	1,340,390	6,763,998
Other	188,997	-	50,001			-	-	122,981	361,979
Total revenues	<u>61,685,491</u>	<u>11,589,333</u>	<u>636,565</u>			<u>525,136</u>	<u>958,263</u>	<u>4,085,058</u>	<u>79,479,846</u>
Expenditures									
Current									
General government	10,168,272	-	-			325	-	117,758	10,286,355
Community development	10,049,073	-	-			-	-	463,070	10,512,143
Public works	10,921,073	-	-			-	-	9,654	10,930,727
Parks and recreation	397,767	-	-			-	-	-	397,767
Public safety	18,272,548	-	-			-	-	545,571	18,818,119
Capital outlay	678,489	-	1,802,446			14,928,404	22,987,539	18,084,082	58,480,960
Debt service									
Principal	729,703	4,618,438	-			-	-	-	5,348,141
Interest and fiscal charges	30,106	4,469,487	-			-	650	145,611	4,645,854
Total expenditures	<u>51,247,031</u>	<u>9,087,925</u>	<u>1,802,446</u>			<u>14,928,729</u>	<u>22,988,189</u>	<u>19,365,746</u>	<u>119,420,066</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,438,460</u>	<u>2,501,408</u>	<u>(1,165,881)</u>			<u>(14,403,593)</u>	<u>(22,029,926)</u>	<u>(15,280,688)</u>	<u>(39,940,220)</u>

(Continued)

CITY OF DEER PARK, TEXAS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2025

	General	Debt Service	Capital Improvement	Formerly Major Fund CPCO 2021	Formerly Major Fund CPGO 2021	Formerly NonMajor Fund CPCO 2022	CPGO 2023	Nonmajor Governmental	Total Governmental Funds
Other Financing Sources (Uses)									
Transfers in	\$ 468,376	\$ 5,298	\$ 6,000,000			\$ -	\$ -	\$ 4,228,469	\$ 10,702,143
Transfers (out)	(8,520,411)	(2,477,015)	(1,945,203)			-	-	(281,083)	(13,223,712)
Proceeds from sale of capital assets	142,960	-	-			-	-	-	142,960
Proceeds from insurance recovery	73,881	-	-			-	-	-	73,881
Debt issued	-	-	-			-	-	5,955,000	5,955,000
Premium on debt issued	-	-	-			-	-	319,552	319,552
Total other financing sources (uses)	<u>(7,835,194)</u>	<u>(2,471,717)</u>	<u>4,054,797</u>			<u>-</u>	<u>-</u>	<u>10,221,938</u>	<u>3,969,824</u>
Net change in fund balances	2,603,266	29,691	2,888,916			(14,403,593)	(22,029,926)	(5,058,750)	(35,970,396)
Fund balances, October 1, 2024, as previously presented	<u>52,197,282</u>	<u>6,239,312</u>	<u>20,737,609</u>	<u>\$ 7,269,267</u>	<u>\$ 8,962,580</u>	<u>-</u>	<u>24,383,731</u>	<u>35,788,044</u>	<u>155,577,825</u>
Change within financial reporting entity (major to nonmajor fund)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,269,267)</u>	<u>(8,962,580)</u>	<u>16,699,213</u>	<u>-</u>	<u>(467,366)</u>	<u>-</u>
Fund balances, October 1, 2024, as adjusted	<u>52,197,282</u>	<u>6,239,312</u>	<u>20,737,609</u>	<u>-</u>	<u>-</u>	<u>16,699,213</u>	<u>24,383,731</u>	<u>35,320,678</u>	<u>155,577,825</u>
Ending fund balances	<u>\$ 54,800,548</u>	<u>\$ 6,269,003</u>	<u>\$ 23,626,525</u>			<u>\$ 2,295,620</u>	<u>\$ 2,353,805</u>	<u>\$ 30,261,928</u>	<u>\$ 119,607,429</u>

See notes to financial statements.

CITY OF DEER PARK, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2025

Net changes in fund balances - total governmental funds	\$ (35,970,396)
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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/amortization expense.

Capital asset/right-to-use assets expenditures	59,212,108
Depreciation/amortization expense	(7,700,822)
Disposals, net	(17,248)
Transfer of capital assets from governmental activities to business-type activities	(8,020,779)

The issuance of long-term debt (e.g., bonds, leases, 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 they are 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	5,348,141
Bond proceeds	(5,955,000)
Premium on bonds issued	(319,552)
Closure costs	(1,538)
Amortization of premiums on bonds	643,077
Amortization of deferred outflows - pensions (TMRS)	(1,146,329)
Amortization of deferred outflows - pensions (TESRS)	556,732
Amortization of deferred outflows - OPEB (SDBF)	(59,962)
Amortization of deferred outflows - OPEB (Health)	(24,126)
Amortization of deferred inflows - pensions (TMRS)	(1,262,746)
Amortization of deferred inflows - pensions (TESRS)	1,545
Amortization of deferred inflows - OPEB (SDBF)	75,799
Amortization of deferred inflows - OPEB (Health)	(1,268,477)
Compensated absences	(505,205)
Sales tax refund agreement	(530,363)
Arbitrage rebate liability	42,117
Net pension liability (TMRS)	1,729,430
Net pension liability (TESRS)	(1,014,897)
Total OPEB liability (Health)	1,095,447
Total OPEB liability (SDBF)	(1,083)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(83,717)
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Change in net position of governmental activities	\$ <u>4,822,156</u>
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See notes to financial statements.

CITY OF DEER PARK, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2025

	Business-Type Activities		
	Water and Sewer	Nonmajor Enterprise	Total Funds
ASSETS			
Current assets			
Cash and cash equivalents	\$ 17,307,263	\$ 1,293,195	\$ 18,600,458
Restricted cash and cash equivalents	2,164,175	-	2,164,175
Accounts receivable, net	1,600,533	43,975	1,644,508
Total assets	<u>21,071,971</u>	<u>1,337,170</u>	<u>22,409,141</u>
Noncurrent assets			
Capital assets:			
Land	591,397	-	591,397
Buildings	4,795,184	-	4,795,184
Utility system	111,069,164	-	111,069,164
Machinery and equipment	5,837,218	-	5,837,218
Construction in progress	10,027,541	-	10,027,541
Less: accumulated depreciation	(54,030,984)	-	(54,030,984)
Total noncurrent assets	<u>78,289,520</u>	<u>-</u>	<u>78,289,520</u>
Total assets	<u>99,361,491</u>	<u>1,337,170</u>	<u>100,698,661</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pensions (TMRS)	748,445	28,790	777,235
Deferred outflows of resources - OPEB (Health)	591,618	49,996	641,614
Total deferred outflows of resources	<u>1,340,063</u>	<u>78,786</u>	<u>1,418,849</u>
LIABILITIES			
Current liabilities			
Accounts payable	610,177	83,513	693,690
Accrued liabilities	208,110	68,739	276,849
Customer deposits	1,176,748	-	1,176,748
OPEB liability - current	46,840	2,942	49,782
Compensated absences	521,066	135,359	656,425
Bonds payable - current	2,843,750	-	2,843,750
Total current liabilities	<u>5,406,691</u>	<u>290,553</u>	<u>5,697,244</u>
Noncurrent liabilities			
Net pension liability (TMRS)	1,080,684	41,421	1,122,105
Total OPEB liability (Health)	2,447,786	141,814	2,589,600
Compensated absences	57,896	15,040	72,936
Bonds payable, net of deferred charges	34,550,197	-	34,550,197
Total noncurrent liabilities	<u>38,136,563</u>	<u>198,275</u>	<u>38,334,838</u>
Total liabilities	<u>43,543,254</u>	<u>488,828</u>	<u>44,032,082</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pensions (TMRS)	229,126	11,578	240,704
Deferred inflows of resources - OPEB (Health)	1,458,138	93,978	1,552,116
Total deferred inflows of resources	<u>1,687,264</u>	<u>105,556</u>	<u>1,792,820</u>
NET POSITION			
Net investment in capital assets	41,883,000	-	41,883,000
Unrestricted	13,588,036	821,572	14,409,608
Total net position	<u>\$ 55,471,036</u>	<u>\$ 821,572</u>	<u>\$ 56,292,608</u>

See notes to financial statements.

CITY OF DEER PARK, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the year ended September 30, 2025

	Business-Type Activities		
	Water and Sewer	Nonmajor Enterprise	Total Funds
Operating revenues			
Charges for services	\$ 15,736,854	\$ 643,548	\$ 16,380,402
Miscellaneous	600	-	600
Total operating revenues	<u>15,737,454</u>	<u>643,548</u>	<u>16,381,002</u>
Operating expenses			
Personnel services	4,062,367	811,769	4,874,136
Contractual services	1,473,561	125,967	1,599,528
Repairs and maintenance	974,738	3,632	978,370
Other supplies and expenses	2,593,600	120,664	2,714,264
Depreciation	<u>3,255,002</u>	<u>-</u>	<u>3,255,002</u>
Total operating expenses	<u>12,359,268</u>	<u>1,062,032</u>	<u>13,421,300</u>
Operating income (loss)	<u>3,378,186</u>	<u>(418,484)</u>	<u>2,959,702</u>
Nonoperating revenues (expenses)			
Investment income	159,680	-	159,680
Intergovernmental	25,154	356,829	381,983
Gain on disposal of capital assets	45,000	-	45,000
Insurance recoveries	125,715	-	125,715
Interest and fiscal charges	<u>(1,068,336)</u>	<u>-</u>	<u>(1,068,336)</u>
Total nonoperating revenues (expenses)	<u>(712,787)</u>	<u>356,829</u>	<u>(355,958)</u>
Income (loss) before transfers	<u>2,665,399</u>	<u>(61,655)</u>	<u>2,603,744</u>
Transfers and capital contributions			
Capital contributions	8,020,779	-	8,020,779
Transfers in	2,661,355	75,160	2,736,515
Transfers (out)	<u>(22,355)</u>	<u>(192,591)</u>	<u>(214,946)</u>
Total transfers	<u>10,659,779</u>	<u>(117,431)</u>	<u>10,542,348</u>
Change in net position	13,325,178	(179,086)	13,146,092
Beginning net position, previously presented	<u>42,587,438</u>	<u>1,016,321</u>	<u>43,603,759</u>
Restatement of net position	<u>(441,580)</u>	<u>(15,663)</u>	<u>(457,243)</u>
Beginning net position, restated	<u>42,145,858</u>	<u>1,000,658</u>	<u>43,146,516</u>
Ending Net Position	<u>\$ 55,471,036</u>	<u>\$ 821,572</u>	<u>\$ 56,292,608</u>

See notes to financial statements.

CITY OF DEER PARK, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended September 30, 2025

	Business-Type Activities		
	Water and Sewer	Nonmajor Enterprise	Total Funds
Cash flows from operating activities			
Receipts from customers and users	\$ 15,571,238	\$ 644,830	\$ 16,216,068
Payments to suppliers for goods and services	(5,573,276)	(284,291)	(5,857,567)
Payments to employees for services	(3,926,841)	(487,481)	(4,414,322)
Net cash provided (used) by operating activities	<u>6,071,121</u>	<u>(126,942)</u>	<u>5,944,179</u>
Cash flows from noncapital financing activities			
Intergovernmental	25,154	356,829	381,983
Transfers from other funds	2,661,355	75,160	2,736,515
Transfer to other funds	(22,355)	(192,591)	(214,946)
Net cash provided (used) by noncapital financing activities	<u>2,664,154</u>	<u>239,398</u>	<u>2,903,552</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(4,151,411)	-	(4,151,411)
Gain on disposal of capital assets	45,000	-	45,000
Insurance recoveries	125,715	-	125,715
Principal paid on capital debt	(2,741,563)	-	(2,741,563)
Interest and fiscal agent fees paid	(1,323,040)	-	(1,323,040)
Net cash (used) by capital and related financing activities	<u>(8,045,299)</u>	<u>-</u>	<u>(8,045,299)</u>
Cash flows from investing activities			
Earnings on investments	<u>159,680</u>	<u>-</u>	<u>159,680</u>
Net cash provided by investing activities	<u>159,680</u>	<u>-</u>	<u>159,680</u>
Net Increase (decrease) in cash and cash equivalents	849,656	112,456	962,112
Beginning cash and cash equivalents	<u>18,621,782</u>	<u>1,180,739</u>	<u>19,802,521</u>
Ending cash and cash equivalents	<u>\$ 19,471,438</u>	<u>\$ 1,293,195</u>	<u>\$ 20,764,633</u>
Ending cash and cash equivalents			
Unrestricted cash and cash equivalents	\$ 17,307,263	\$ 1,293,195	\$ 18,600,458
Restricted cash and cash equivalents	<u>2,164,175</u>	<u>-</u>	<u>2,164,175</u>
	<u>\$ 19,471,438</u>	<u>\$ 1,293,195</u>	<u>\$ 20,764,633</u>

(Continued)

CITY OF DEER PARK, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended September 30, 2025

	Business-Type Activities		
	Water and Sewer	Nonmajor Enterprise	Total Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 3,378,186	\$ (418,484)	\$ 2,959,702
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	3,255,002	-	3,255,002
Changes in operating assets and liabilities			
(Increase) decrease in assets			
Accounts receivable	(200,673)	1,282	(199,391)
Deferred outflows of resources - pensions and OPEB	142,678	(16,332)	126,346
Increase (decrease) in			
Accounts payable	(531,377)	(34,028)	(565,405)
Accrued liabilities	17,428	58,960	76,388
Other payables	-	-	-
Compensated absences	(11,706)	128,703	116,997
Net pension liability	(215,263)	(11,824)	(227,087)
Deferred inflows of resources - pensions and OPEB	339,499	67,557	407,056
Total OPEB liability	(137,110)	97,224	(39,886)
Customer deposits	34,457	-	34,457
Net cash provided (used) by operating activities	<u>\$ 6,071,121</u>	<u>\$ (126,942)</u>	<u>\$ 5,944,179</u>
Noncash investing, capital, and financing activities			
Capital Contributions	8,020,779	-	8,020,779
Total noncash investing, capital, and financing activities	<u>\$ 8,020,779</u>	<u>\$ -</u>	<u>\$ 8,020,779</u>

See notes to financial statements.

CITY OF DEER PARK, TEXAS
STATEMENT OF NET POSITION
FIDUCIARY FUND
September 30, 2025

	Senior Citizens <u>Trust</u>
ASSETS	
Cash and cash equivalents	\$ <u>136,868</u>
Total assets	<u>136,868</u>
NET POSITION	
Restricted	<u>136,868</u>
Total net position	<u><u>\$ 136,868</u></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, 2025

	Senior Citizens <u>Trust</u>
Additions	
Investment earnings	\$ 5,916
Total additions	<u>5,916</u>
Deductions	
Administrative expenses	<u>170</u>
Total deductions	<u>170</u>
Change in net position	5,746
Beginning net position	<u>131,122</u>
Ending Net Position	<u>\$ 136,868</u>

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 the following services: police, fire and emergency medical; water and sewer, street maintenance, sanitation, planning, parks and recreation, library and general and administration.

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 they are 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 and effective on October 1, 2011 for a period of five years from the date it began to levy taxes. In May 2025, the voters approved the continuation of the CCPD for a period of 20 years. In the event of dissolution, the net position of the CCPD shall be conveyed to the City.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. However, the CCPD does not service the City exclusively. 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 2025, the voters approved the continuation of the FCPEMSD for a period of 20 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. However, the FCPEMSD does not service the City exclusively. 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 does not exclusively benefit the City.

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 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.

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.

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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:

General Fund: 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.

Debt Service Fund: The *debt service fund* is used to account for the payment of interest and principal on all general obligation bonds and 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.

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

Capital Projects Funds: The *capital projects funds* are used to account for expenditures of resources accumulated from the sale of long-term debt and related interest earnings for capital improvement projects. The capital improvement fund, the certificates of obligation series 2022 fund, and the general obligation bonds series 2023 fund are considered major funds for reporting purposes. The remaining capital project funds are considered nonmajor fund for reporting purposes.

The City reports the following proprietary funds:

Enterprise Funds: The *enterprise funds* are used to account for the operations that provide water and wastewater collection, wastewater treatment operations, storm water utility operations, and the Dow Active Complex 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 and Dow Active Complex funds are considered nonmajor funds for reporting purposes.

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additionally, the City reports the following fiduciary fund type:

Private-Purpose Trust Fund: 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.

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

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

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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 cash equivalents".

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.

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

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.

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.

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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>Assets Depreciation</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
Right-to-use equipment	10 years

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net 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.
- Deferred inflows related to leases are amortized over the terms of the leases.

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 property taxes. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

The City also recognized a deferred inflow of unavailable resources that are related to leases receivable at the fund level under the 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 Net Position as the deferred inflow from leases receivable is reduced and is amortized over the terms of the leases.

Compensated Absences: It is the City's policy to permit employees to accumulate earned but unused vacation and compensatory time off benefits that would be paid to them upon separation from City service if not previously taken. A liability for these obligations, which are collectively referred to as compensated absences, is calculated and reported in the government wide and proprietary fund financial statements as incurred following the provisions of GASB Statement No. 101, *Compensated Absences*. A liability for compensated absences is recognized when leave time: 1) has been earned for services previously rendered by employees, 2) accumulates and may be carried over into subsequent years, and 3) is more likely than not to be used as time off or settled (for example, paid in cash to the employee) during employment or upon separation from employment. The liability for compensated absences includes salary-related benefits, where applicable.

Long-Term Obligations: In government-wide financial statements 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 note are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum note payments at inception of the note. In the year of acquisition, note proceeds are recorded as other financing sources and as capital outlay expenditures in the applicable fund. Note payments representing both principal and interest are recorded as expenditures in the governmental fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 a lease liability 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.
- 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.

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 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.

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

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 an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) 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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Estimates: The preparation of 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 assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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.

Other Postretirement Benefits: The City participates in a defined benefit group-term life insurance plan administered 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.

New Accounting Pronouncement: GASB Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences and associated salary-related payments by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal year beginning after December 15, 2023, and all reporting periods thereafter. The City adopted this standard for fiscal year ended September 30, 2025. See Note 4 for further information on the impact of the adoption of GASB Statement No. 101.

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses:

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.

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.

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.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles except for 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, 2025.

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 3 - DETAILED NOTES ON ALL FUNDS

Deposits and Investments: As of September 30, 2025, the City had the following cash equivalents and investments:

<u>Cash Equivalent and Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
TexSTAR	\$ 3,196,602	0.13
TexPool	58,028,373	0.11
Texas CLASS	21,121,821	0.12
Certificates of deposit	22,636,188	0.71
Treasury notes	11,057,492	0.56
Federal Agriculture Mortgage Corporation	5,024,181	0.87
Federal Home Loan Bank	5,036,107	0.70
Total value	<u>\$ 126,100,764</u>	

Portfolio weighted average maturity	0.31
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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.
- 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.

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

As of September 30, 2025, the City had the following recurring fair value measurements:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Investments by Fair Value Level</u>	September 30, <u>2025</u>			
U.S. Government agency bonds/notes				
Federal Home Loan Bank	\$ 5,036,107	\$ -	\$ 5,036,107	\$ -
Federal Agriculture Mortgage Corporation	5,024,181	-	5,024,181	-
Treasury notes	<u>11,057,492</u>	<u>11,057,492</u>	-	-
Total	<u>\$ 21,117,780</u>	<u>\$ 11,057,492</u>	<u>\$ 10,060,288</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 investment rating service. As of September 30, 2025, the City's investments in the 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, 2025, the combined balances of FDIC insurance, collateral pledged, and letters of credit exceeded the City's bank balances by \$3,281,563. As of September 30, 2025, the combined balances of FDIC insurance and collateral pledged exceeded the discretely presented component units bank balances by \$10,217,326.

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 the 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.

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

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 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 state of 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.

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

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

	<u>Water and Sewer</u>
Restricted for:	
Customer deposits	\$ 1,176,748
Bond funded capital projects	987,427
Total restricted assets	<u>\$ 2,164,175</u>

Receivables: Amounts recorded as receivable as of September 30, 2025 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>Capital Improvement</u>	<u>Nonmajor Governmental</u>	<u>Water and Sewer</u>	<u>Nonmajor Enterprise</u>	<u>Component Units</u>
Taxes	\$ 1,766,640	\$ 651,452	\$ -	\$ -	\$ -	\$ -	\$ 1,815,042
Accounts	4,232,613	-	317,956	259,868	2,066,532	55,849	-
Ambulance	1,755,641	-	-	-	-	-	-
Less allowance	<u>(3,559,624)</u>	<u>(488,589)</u>	<u>-</u>	<u>-</u>	<u>(465,999)</u>	<u>(11,874)</u>	<u>-</u>
Total	<u>\$ 4,195,270</u>	<u>\$ 162,863</u>	<u>\$ 317,956</u>	<u>\$ 259,868</u>	<u>\$ 1,600,533</u>	<u>\$ 43,975</u>	<u>\$ 1,815,042</u>

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. As of September 30, 2025, the value of the lease receivables is \$483,593. 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 2025 was \$51,931, which consists of the interest payments on the leases receivable of \$8,585 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 September 30,	<u>Lease Receipts</u>			<u>Amortization of Deferred Inflows</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2026	\$ 22,687	\$ 7,279	\$ 29,966	\$ 29,312
2027	24,041	6,938	30,979	29,312
2028	25,456	6,576	32,032	29,312
2029	26,934	6,193	33,127	29,312
2030	28,477	5,788	34,265	29,312
2031-2035	168,045	22,020	190,065	146,558
2036-2040	174,406	7,966	182,372	141,336
2041-2043	<u>13,547</u>	<u>434</u>	<u>13,981</u>	<u>12,697</u>
Total	<u>\$ 483,593</u>	<u>\$ 63,194</u>	<u>\$ 546,787</u>	<u>\$ 447,151</u>

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

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

	Primary Government			
	Beginning Balance	Increases	(Decreases)/ Reclassifications	Ending Balance
<u>Governmental activities</u>				
Capital assets not being depreciated/ amortized				
Land	\$ 27,448,538	\$ -	\$ -	\$ 27,448,538
Construction in progress	56,603,283	54,740,434	(19,206,537)	92,137,180
Total capital assets not being depreciated/amortized	84,051,821	54,740,434	(19,206,537)	119,585,718
Other capital assets				
Buildings	45,775,100	7,630,133	-	53,405,233
Improvements	106,968,351	5,742,971	-	112,711,322
Machinery and equipment	26,839,304	2,284,328	(316,073)	28,807,559
Right-to-use equipment	1,215,122	-	-	1,215,122
Total other capital assets	180,797,877	15,657,432	(316,073)	196,139,236
Less accumulated depreciation/ amortization for				
Buildings	(18,165,664)	(1,501,731)	-	(19,667,395)
Improvements	(57,842,009)	(4,119,996)	-	(61,962,005)
Machinery and equipment	(21,216,310)	(1,957,583)	298,825	(22,875,068)
Right-to-use equipment	(243,022)	(121,512)	-	(364,534)
Total accumulated depreciation/ amortization	(97,467,005)	(7,700,822)	298,825	(104,869,002)
Other capital assets, net	83,330,872	7,956,610	(17,248)	91,270,234
Governmental activities capital assets, net	<u>\$ 167,382,693</u>	<u>\$ 62,697,044</u>	<u>\$ (19,223,785)</u>	<u>210,855,952</u>
				Less associated debt (114,976,968)
				Less construction payables (9,834,175)
				Plus unspent bond proceeds 39,580,628
				<u>Net investment in capital assets \$ 125,625,437</u>

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Depreciation/amortization was charged to governmental functions as follows:

General government	\$ 570,991
Public safety	1,126,495
Public works	3,155,788
Parks and recreation	1,549,230
Community development	<u>1,298,318</u>
Total governmental activities depreciation and amortization	<u>\$ 7,700,822</u>

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

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Contract</u>
2025 Sidewalk Project	\$ 279,533	\$ 276,998	\$ 2,535
Grizzly, 215 SW Base	203,400	100,000	103,400
Jimmy Burke Activity Center	41,712,235	20,716,426	20,995,809
Terrace Street Project	7,947,896	6,850,763	1,097,133
New Court Building	8,593,000	541,285	8,051,715
Channel Rehabilitation	98,228	64,608	33,620
Deer Park Baseball - Spencerview Bridge	450,275	299,195	151,080
Community Center and Gym	41,977,542	41,210,020	767,522
DOW Park Drainage and Parking	144,500	72,302	72,198
Pickleball Court	<u>651,327</u>	<u>364,881</u>	<u>286,446</u>
Total	<u>\$ 102,057,936</u>	<u>\$ 70,496,478</u>	<u>\$ 31,561,458</u>

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

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

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Contract</u>
Wastewater Treatment Plant - Lagoon Project	\$ 486,000	\$ 750	\$ 485,250
Smart Meters	1,653,100	1,584,715	68,385
Wastewater Treatment Plant - Filter Improvement Project	164,905	41,226	123,679
Wastewater Treatment Plant - Digester Structure and Improvement Evaluation	<u>101,199</u>	<u>50,600</u>	<u>50,599</u>
Total	<u>\$ 2,405,204</u>	<u>\$ 1,677,291</u>	<u>\$ 727,913</u>

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

	Primary Government		
	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)/ Reclassifications</u>
Discretely presented component units			
Capital assets not being depreciated			
Construction in progress	\$ 207,732	\$ 91,800	\$ (299,532)
Total capital assets not being depreciated	<u>207,732</u>	<u>91,800</u>	<u>(299,532)</u>
Other capital assets			
Buildings	2,073,921	-	-
Improvements	923,857	9,638	-
Machinery and equipment	<u>6,707,774</u>	<u>638,480</u>	<u>(98,038)</u>
Total other capital assets	<u>9,705,552</u>	<u>648,118</u>	<u>(98,038)</u>
Less accumulated depreciation for			
Buildings	(324,815)	(52,675)	-
Improvements	(404,815)	(61,392)	-
Machinery and equipment	<u>(4,753,975)</u>	<u>(565,030)</u>	<u>98,038</u>
Total accumulated depreciation	<u>(5,483,605)</u>	<u>(679,097)</u>	<u>98,038</u>
Other capital assets, net	<u>4,221,947</u>	<u>(30,979)</u>	<u>-</u>
Discretely presented component units capital assets, net	<u>\$ 4,429,679</u>	<u>\$ 60,821</u>	<u>\$ (299,532)</u>
			<u>4,190,968</u>
		Less associated debt	<u>(26,190)</u>
		Net investment in capital assets	<u>\$ 4,164,778</u>

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Depreciation was charged to component units as follows:

Crime control and prevention district	\$ 447,928
Fire control, prevention and emergency medical services district	<u>231,169</u>
 Total component units depreciation expense	 <u><u>\$ 679,097</u></u>

Long-Term Debt: The following is a summary of changes in the City's total governmental long-term liabilities for the fiscal year ended September 30, 2025:

	Beginning Balances	Additions	(Reductions)	Ending Balances	Amounts Due Within One Year
<u>Governmental activities</u>					
General obligation bonds	\$ 65,465,627	\$ -	\$ (2,628,438)	\$ 62,837,189	* \$ 3,331,250
Certificates of obligation	36,020,000	5,955,000	(1,255,000)	40,720,000	* 1,320,000
Certificates of obligation from direct borrowings/placements	1,480,000	-	(735,000)	745,000	* 745,000
Notes payable	587,558	-	(143,799)	443,759	* 145,840
Sales tax payable	1,659,068	530,363	(474,096)	1,715,335	502,008
Premium on bond issuance	9,695,036	319,552	(643,077)	9,371,511	*
Leases payable	971,317	-	(111,808)	859,509	* 114,426
Compensated absences	5,261,950	505,205	-	5,767,155	5,190,439
Arbitrage rebate liability	3,452,286	-	(42,117)	3,410,169	-
Net pension liability					
TMRS	9,542,053	-	(1,729,430)	7,812,623	-
TESRS	800,811	1,014,897	-	1,815,708	-
Total OPEB liability					
SDBF	1,044,684	1,083	-	1,045,767	32,000
Health	18,319,068	-	(1,095,447)	17,223,621	-
Closure costs	64,067	1,538	-	65,605	-
 Total governmental activities	<u>\$ 154,363,525</u>	<u>\$ 8,327,638</u>	<u>\$ (8,858,212)</u>	<u>\$ 153,832,951</u>	<u>\$ 11,380,963</u>
 Long-term debt due in more than one year				<u>\$ 142,451,988</u>	
 *Debt associated with governmental capital assets				<u>\$ 114,976,968</u>	

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Long-term liabilities applicable to 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.

The following is a summary of changes in the City's total business-type activities long-term liabilities for the fiscal year ended September 30, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Business-type activities</u>					
General obligation bonds	\$ 7,709,373	\$ -	\$ (741,563)	\$ 6,967,810	** \$ 778,750
Certificates of obligation	29,955,000	-	(2,000,000)	27,955,000	** 2,065,000
Premium on bond issuance	2,725,841	-	(254,704)	2,471,137	** -
Net pension liability - TMRS	1,349,192	-	(227,087)	1,122,105	-
Total OPEB liability - Health	2,679,268	-	(39,886)	2,639,382	49,782
Compensated absences	612,364	116,997	-	729,361	656,425
	<u>45,031,038</u>	<u>116,997</u>	<u>(3,263,240)</u>	<u>41,884,795</u>	<u>3,549,957</u>
Total business-type activities	\$ 45,031,038	\$ 116,997	\$ (3,263,240)	\$ 41,884,795	\$ 3,549,957
Long-term debt due in more than one year				\$ 38,334,838	
**Debt associated with business-type activities capital assets				\$ 37,393,947	

The following is a summary of changes in the City's total discretely presented component units long-term liabilities for the fiscal year ended September 30, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Discretely presented component units</u>					
Notes payable	\$ 181,515	\$ -	\$ (155,325)	\$ 26,190	*** \$ 26,190
Sales tax payable	633,252	530,364	(232,728)	930,888	260,640
Net pension liability - TMRS	625,559	-	(119,081)	506,478	-
Total OPEB liability - Health	567,656	-	(59,273)	508,383	20,249
Compensated absences	275,989	51,617	-	327,606	294,846
	<u>2,283,971</u>	<u>581,981</u>	<u>(566,407)</u>	<u>2,299,545</u>	<u>601,925</u>
Total discretely presented component units	\$ 2,283,971	\$ 581,981	\$ (566,407)	\$ 2,299,545	\$ 601,925
Long-term debt due in more than one year				\$ 1,697,620	
***Debt associated with discretely presented component units capital assets				\$ 26,190	

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

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

<u>Description</u>	<u>Interest Rate</u>	<u>Balance</u>
Governmental activities		
General obligation bonds		
2014 general obligations		
refunding bonds	3.00-4.00%	\$ 535,000
2016 limited tax refunding bonds	2.25-4.00%	1,850,000
2019 limited tax refunding bonds	4.00-5.00%	2,205,000
2020 limited tax refunding bonds	2.00-4.00%	672,189
2021 general obligation bonds	3.00-5.00%	18,600,000
2022 general obligation bonds	4.00-5.00%	14,445,000
2023 general obligation bonds	5.00%	24,530,000
Total general obligation bonds		<u>62,837,189</u>
Certificates of obligation		
2016 certificates of obligation	1.59%	745,000
2021 certificates of obligation	3.00-5.00%	20,445,000
2022 certificates of obligation	5.00%	14,320,000
2025 certificates of obligation	3.75-5.00%	5,955,000
Total certificates of obligation		<u>41,465,000</u>
Notes payable		
2021 pierce velocity pumper truck	1.41%	443,759
Total notes payable		<u>443,759</u>
Leases payable		
Medical equipment	2.34%	859,509
Total leases payable		<u>859,509</u>
Total governmental activities long-term debt		<u>\$ 105,605,457</u>

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

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

<u>Description</u>	<u>Interest Rate</u>	<u>Balance</u>
Business-type activities		
General obligation bonds		
2020 limited tax refunding bonds	2.00-4.00%	\$ 2,912,810
2021 general obligation bonds	2.00-4.00%	<u>4,055,000</u>
Total general obligation bonds		<u>6,967,810</u>
Certificates of obligation		
2014 certificates of obligation	3.00-4.00%	2,675,000
2015-A certificates of obligation	2.00-3.50%	4,540,000
2016-A certificates of obligation	2.00-4.00%	4,900,000
2017-A certificates of obligation	2.00-3.00%	3,610,000
2018 certificates of obligation	3.25-5.00%	4,870,000
2019 certificates of obligation	3.00-5.00%	3,280,000
2020 certificates of obligation	3.00-4.00%	<u>4,080,000</u>
Total certificates of obligation		<u>27,955,000</u>
Total business-type activities long-term debt		<u>\$ 34,922,810</u>

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 notes payable:

<u>Description</u>	<u>Interest Rate</u>	<u>Balance</u>
Component unit		
Notes payable		
2018 pierce velocity	2.00%	\$ <u>26,190</u>
Total component unit notes payable		<u>\$ 26,190</u>

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Annual debt service requirements for governmental activities are as follows:

Fiscal Year Ended September 30,	Governmental Activities				
	General Obligation Bonds		Certificates of Obligation		Total
	Principal	Interest	Principal	Interest	
2026	\$ 3,331,250	\$ 2,767,194	\$ 1,320,000	\$ 1,646,600	\$ 9,065,044
2027	3,480,938	2,615,469	1,195,000	1,583,725	8,875,132
2028	2,892,813	2,462,606	1,270,000	1,523,000	8,148,419
2029	3,041,563	2,315,744	1,330,000	1,459,825	8,147,132
2030	3,189,375	2,163,925	1,400,000	1,393,597	8,146,897
2031-2035	16,856,250	8,464,444	8,105,000	5,904,138	39,329,832
2036-2040	19,870,000	4,488,050	9,950,000	4,019,341	38,327,391
2041-2045	10,175,000	640,900	11,990,000	1,882,088	24,687,988
2046-2050	-	-	4,160,000	295,275	4,455,275
	<u>\$ 62,837,189</u>	<u>\$ 25,918,332</u>	<u>\$ 40,720,000</u>	<u>\$ 19,707,589</u>	<u>\$ 149,183,110</u>

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

Fiscal Year Ended September 30,	Governmental Activities		
	Certificates of Obligation		
	Principal	Interest	Total
2026	\$ 745,000	\$ 5,923	\$ 750,923
	<u>\$ 745,000</u>	<u>\$ 5,923</u>	<u>\$ 750,923</u>

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

Fiscal Year Ended September 30,	Business-Type Activities				
	General Obligation Bonds		Certificates of Obligation		Total
	Principal	Interest	Principal	Interest	
2026	\$ 778,750	\$ 249,600	\$ 2,065,000	\$ 923,492	\$ 4,016,842
2027	819,063	217,644	2,135,000	849,217	4,020,924
2028	862,188	186,319	2,205,000	768,268	4,021,775
2029	903,438	153,306	2,280,000	683,993	4,020,737
2030	945,625	116,325	2,355,000	599,636	4,016,586
2031-2035	2,658,746	135,156	11,585,000	1,811,905	16,190,807
2036-2040	-	-	5,330,000	316,065	5,646,065
	<u>\$ 6,967,810</u>	<u>\$ 1,058,350</u>	<u>\$ 27,955,000</u>	<u>\$ 5,952,576</u>	<u>\$ 41,933,736</u>

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

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 \$443,815,418. The net indebtedness subject to the debt limit is \$70,178,308 resulting in a legal debt margin of \$373,637,110.

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

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

During the fiscal year, the City issued \$5,955,000 of Certificates of Obligation, Series 2025 (the "Certificates") for financing the acquisition, construction and equipment of a municipal courthouse. The Certificates carry an interest rate ranging from 3.75% to 5.00% percent and will mature in 2045.

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 a financing agreement for the acquisition of equipment. The notes payable bears an interest rate of 1.41 percent and mature in 2028.

Sales Tax Payable: In November 2023 and January 2025, the Texas Comptroller of Public Accounts notified the City that a taxpayer incorrectly accrued local sales tax for a location address that is outside of the City limits rather than inside. Since the local sales taxes were paid to the City in error and are now refunded to the taxpayer, the City and the DPCDC must repay the taxes to the State in the amount of \$2,844,973. The City entered into an agreement with the State to repay the balance in sixty-three monthly installments of \$32,530 and \$13,956. The CCPD and the FCPEMSD must each repay \$523,716 to the State, totaling \$1,047,427 for both component units. Each component unit will repay the balances in sixty-three monthly installments of \$6,208 and \$2,326.

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Annual requirements to satisfy these obligations are as follows:

Fiscal Year Ended September 30,	Governmental Activities		
	Notes Payable		
	Principal	Interest	Total
2026	\$ 145,840	\$ 5,317	\$ 151,157
2027	147,910	3,247	151,157
2028	150,009	1,148	151,157
	<u>\$ 443,759</u>	<u>\$ 9,712</u>	<u>\$ 453,471</u>

Fiscal Year Ended September 30,	Component Units		
	Notes Payable		
	Principal	Interest	Total
2026	\$ 26,190	\$ 66	\$ 26,256
	<u>\$ 26,190</u>	<u>\$ 66</u>	<u>\$ 26,256</u>

Leases Payable: The City has entered into lease agreements as lessee for the acquisition and use of medical equipment. As of September 30, 2025, the value of the lease liability was \$859,509. The lease interest rate is based on an incremental borrowing rate of 2.342%. In addition, the City's right-to-use lease assets will be amortized using a straight-line basis over the remaining terms of the leases. The value of the right-to-use lease assets, as of the end of the current fiscal year was \$1,215,122 and had accumulated amortization of \$364,534. The future principal and interest lease payments as of September 30, 2025 were as follows:

Fiscal Year Ended September 30,	Governmental Activities		
	Leases Payable		
	Principal	Interest	Total
2026	\$ 114,426	\$ 20,130	\$ 134,556
2027	117,106	17,450	134,556
2028	119,849	14,707	134,556
2029	122,656	11,900	134,556
2030	125,528	9,028	134,556
2031-2034	259,944	9,167	269,111
	<u>\$ 859,509</u>	<u>\$ 82,382</u>	<u>\$ 941,891</u>

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Federal Arbitrage: The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or are not performed correctly, a substantial liability to the City could result. The City periodically engages an arbitrage consultant to perform the calculations in accordance with the rules and regulations of the IRS. As of September 30, 2025, the City has an arbitrage rebate liability of \$3,410,169. This balance is based on interim computations.

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>Amount</u>
General	Nonmajor enterprise	\$ 192,591
General	Nonmajor governmental	275,785
Debt service	Nonmajor governmental	5,298
Capital improvement	General	6,000,000
Nonmajor government	General	2,283,266
Nonmajor government	Capital improvement	1,945,203
Water and sewer	Debt service	2,477,015
Water and sewer	General	184,340
Nonmajor enterprise	General	52,805
Nonmajor enterprise	Water and sewer	22,355
		<u>\$ 13,438,658</u>

Amounts transferred between funds relate to the following activities:

- Transfers to the general fund were made by the nonmajor governmental and enterprise funds as contributions to the general fund for various governmental expenditures.
- 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.
- Transfers to the capital improvement fund were made by the general fund to fund current and future capital outlay.
- Transfers to nonmajor governmental funds were made by the general fund and capital improvement fund to fund current grant projects and capital outlay.
- Transfers to the water and sewer fund were made by the debt service fund for current year debt service payments and the general fund for various projects.
- Transfers to the nonmajor enterprise funds were made by the general fund and the water and sewer fund as additional funding for various projects.

Fund Equity: As of September 30, 2025, \$950,121 of the City's total fund balance is restricted by enabling legislation.

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 4 - OTHER INFORMATION

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 2,800 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.

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.

Pension Plans: The City provides 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	\$ 8,934,728	\$ 1,815,708	\$ 10,750,436
Deferred outflows of resources	\$ 6,192,110	\$ 921,532	\$ 7,113,642
Deferred inflows of resources	\$ 2,033,349	\$ -	\$ 2,033,349
Pension expense	\$ 4,646,974	\$ 173,200	\$ 4,820,174

Texas Municipal Retirement System

Plan Description: The City participates as one of 938 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 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 is not fiscally dependent on the State. TMRS issues a publicly available annual comprehensive financial report that can be obtained at tmrs.com.

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

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 4 - OTHER INFORMATION (Continued)

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

At retirement, the 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 benefit 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.

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:

	2025	2024
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, 2024 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	222	14
Inactive employees entitled to, but not yet receiving, benefits	194	12
Active employees	305	19
Total	<u>721</u>	<u>45</u>

Contributions: Member contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, and the City-matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal 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 14.33% and 14.05% in calendar years 2025 and 2024, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2025 were \$4,114,120, which were more than the required contributions.

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 4 - OTHER INFORMATION (Continued)

Net Pension Liability/(Asset): The City's Net Pension Liability/(Asset) (NPL(A)) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the NPL/(A) was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The TPL in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
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 110% of the Public Safety table used for males and 100% of 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. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 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 the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) 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 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 by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage.

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 4 - OTHER INFORMATION (Continued)

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%	7.1%
Core fixed income	6%	5.0%
Non-core fixed income	6%	6.8%
Hedge funds	5%	6.4%
Private equity	13%	8.5%
Private debt	13%	8.2%
Real estate	12%	6.7%
Infrastructure	6%	6.0%
Other private markets	4%	7.3%
Total	<u>100%</u>	

Discount Rate: The discount rate used to measure the TPL was 6.75%. 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)

	<u>Primary Government</u>		
	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (A)</u>	<u>Plan Fiduciary Net Position (B)</u>	<u>Net Pension Liability (A) - (B)</u>
Changes for the year:			
Service cost	\$ 4,680,361	\$ -	\$ 4,680,361
Interest	10,887,135	-	10,887,135
Difference between expected and actual experience	3,748,287	-	3,748,287
Changes of assumptions	-	-	-
Contributions - employer	-	3,789,606	(3,789,606)
Contributions - employee	-	1,823,180	(1,823,180)
Net investment income	-	15,763,110	(15,763,110)
Benefit payments, including refunds of employee contributions	(7,622,101)	(7,622,101)	-
Administrative expense	-	(101,227)	101,227
Other changes	-	(2,370)	2,370
Net Changes	11,693,682	13,650,198	(1,956,516)
Balance at December 31, 2023	168,076,991	157,185,747	10,891,244
Balance at December 31, 2024	<u>\$ 179,770,673</u>	<u>\$ 170,835,945</u>	<u>\$ 8,934,728</u>

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 4 - OTHER INFORMATION (Continued)

	Component Units		
	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Changes for the year:			
Service cost	\$ 284,864	\$ -	\$ 284,864
Interest	662,630	-	662,630
Difference between expected and actual experience	228,134	-	228,134
Changes of assumptions	-	-	-
Contributions - employer	-	230,649	(230,649)
Contributions - employee	-	110,965	(110,965)
Net investment income	-	959,399	(959,399)
Benefit payments, including refunds of employee contributions	(463,908)	(463,908)	-
Administrative expense	-	(6,161)	6,161
Other changes	-	(142)	142
Net Changes	711,720	830,802	(119,082)
Balance at December 31, 2023	4,591,025	3,965,465	625,560
Balance at December 31, 2024	<u>\$ 5,302,745</u>	<u>\$ 4,796,267</u>	<u>\$ 506,478</u>

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%, 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:

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Primary government's net pension liability (asset)	<u>\$ 32,215,815</u>	<u>\$ 8,934,728</u>	<u>\$ (10,356,173)</u>
Component units' net pension liability (asset)	<u>\$ 1,826,200</u>	<u>\$ 506,478</u>	<u>\$ (587,055)</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 www.tmrs.com.

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 4 - OTHER INFORMATION (Continued)

Pension Expense and Deferred Outflows/Deferred Inflows of Resources Related to Pension: For the fiscal year ended September 30, 2025, the City recognized pension expense of \$4,646,974 for the primary government and \$282,831 for the component units.

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 3,392,819	\$ (11,461)
Changes in actuarial assumptions	-	(418,261)
Difference between projected and actual investment earnings	-	(1,603,627)
Contributions subsequent to the measurement date	<u>2,799,291</u>	<u>-</u>
Total	<u>\$ 6,192,110</u>	<u>\$ (2,033,349)</u>
	Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 192,444	\$ (685)
Changes in actuarial assumptions	-	(25,029)
Difference between projected and actual investment earnings	-	(95,962)
Contributions subsequent to the measurement date	<u>158,779</u>	<u>-</u>
Total	<u>\$ 351,223</u>	<u>\$ (121,676)</u>

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 4 - OTHER INFORMATION (Continued)

\$2,779,291 for the primary government and \$158,779 for component units 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, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ended September 30,</u>	<u>Primary Government</u>	<u>Component Units</u>
2026	\$ 1,092,038	\$ 56,847
2027	2,764,827	143,925
2028	(1,674,332)	(87,158)
2029	<u>(823,063)</u>	<u>(42,846)</u>
Total	<u>\$ 1,359,470</u>	<u>\$ 70,768</u>

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, 2024, there were 244 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, 2024, the pension system membership consisted of:

Retirees and beneficiaries currently receiving benefits	4,122
Terminated members entitled to, but not yet receiving benefits	1,806
Active participants	<u>3,394</u>
Total	<u>9,322</u>

Pension Plan Fiduciary Net Position: Detailed information about the TESRS's fiduciary net position is available in a separately-issued Annual Comprehensive 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. The separately issued actuarial valuations that may be of interest are also available at the same link.

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

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

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

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

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

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

The Board rule defining contributions was amended effective July 27, 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the State are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percentage of the Part One portion (not to exceed 15 percent), is to be actuarially adjusted near the end of each even-numbered calendar year based on the most recent actuarial valuation. Based on August 31, 2024 actuarial valuation, even the maximum 15% Part Two contributions are not enough to have an adequate contribution arrangement.

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

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 4 - OTHER INFORMATION (Continued)

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.

Ultimately, the contribution policy also depends upon the total return of the System's assets, which varies from year to year. Investment policy decisions are established and maintained by the board of trustees. For the year ending August 31, 2024, the money-weighted rate of return on pension plan investments was 11.85%. This measurement of the investment performance is net of investment-related expenses, reflecting the effect of the timing of the contributions received and the benefits paid during the year.

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 measurement year ending August 31, 2024, total contributions (dues, prior service, and interest on prior service financing) of \$116,435 were paid by the City. The State appropriated \$1,292,763 for the measurement year ending August 31, 2024 to the plan as a whole.

Actuarial Assumptions: The total pension liability in the August 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	August 31, 2024
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*	7.25%
Projected salary increases	N/A
* Includes inflation at	2.75%
Cost-of-living adjustments	None

Mortality rates were based on the PubS-2010 (public safety) below-median income mortality tables for employees and for retirees, projected for mortality improvement generationally using projection scale MP-2019. 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 4.60%) and by adding expected inflation (2.75%). In addition, the final 7.25% assumption was selected by rounding down.

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 4 - OTHER INFORMATION (Continued)

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%	5.71%
Small/mid cap domestic	10%	5.98%
Developed international	15%	6.19%
Emerging markets	5%	7.38%
Global infrastructure	5%	6.63%
Real estate	10%	4.50%
Multi-asset income	5%	3.75%
Fixed income	30%	1.97%
Cash	<u>0%</u>	0.00%
 Total	 <u>100%</u>	
 Weighted Average		 4.60%

Discount Rate: The discount rate used to measure the total pension liability was 5.38%. The projection of cash flows was used to determine the discount rate assumed that contributions of the governing bodies will be made at the contribution rate as of August 31, 2024 actuarial valuation. Based on these assumptions, the TESRS fiduciary net position was projected to make projected future benefit payments of current active and inactive employees through 2051. Therefore, the discount rate of 5.38% is the single rate of return that results in a present value of all projected benefits equal to the sum of (a) the present value of benefits through 2051 discounted at the long-term expected rate of return of 7.25% and (b) the present value of benefits after 2051 discounted at the 3.87% discount rate based on the Bond Buyer Index of general obligation bonds with 20 years to maturity at/near August 31, 2024.

Discount Rate Sensitivity Analysis: The following presents the net pension liability of the City, calculated using the discount rate of 5.38%, 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 (4.38%) or one percentage point higher (6.38%) than the current rate:

	<u>1% Decrease in Discount Rate (4.38%)</u>	<u>Current Discount Rate (5.38%)</u>	<u>1% Increase in Discount Rate (6.38%)</u>
City's proportionate share of the net pension liability (asset)	<u>\$ 2,505,853</u>	<u>\$ 1,815,708</u>	<u>\$ 1,270,894</u>

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 4 - OTHER INFORMATION (Continued)

Pension Liability, Pension Expense, and Deferred Outflows/Deferred Inflows of Resources Related to Pensions: At September 30, 2025, the City reported a liability of \$1,815,708 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	\$ 1,815,708
*State's proportionate share that is associated with the City	<u>454,744</u>
	<u>\$ 2,270,452</u>

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

At September 30, 2025, the employer's proportion of the collective NPL was 1.69%, which was a decrease of 0.16% from its proportion measured as of September 30, 2024.

The discount rate decreased from 7.50% as of December 31, 2023 to 5.38% as of December 31, 2024. There were no other changes of assumptions or other inputs that affected measurement of the net pension liability 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, 2024, the City recognized pension expense of \$599,317. On-behalf revenues and expenses were immaterial and not recognized by the City.

At September 30, 2025, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ 97,504	\$ -
Changes in assumptions	646,794	-
Difference between expected and actual experience	60,799	-
Contributions paid to TESRS subsequent to the measurement date	<u>116,435</u>	<u>-</u>
Total	<u>\$ 921,532</u>	<u>\$ -</u>

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.

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 4 - OTHER INFORMATION (Continued)

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

Fiscal Year Ended <u>September 30,</u>	Pension <u>Expense</u>
2026	\$ 478,070
2027	356,222
2028	(10,856)
2029	<u>(18,339)</u>
Total	<u>\$ 805,097</u>

Other Postretirement 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 <u>Plan</u>	Deferred TMRS <u>SDBF</u>	<u>Total</u>
OPEB liability	\$ 19,863,003	\$ 1,045,767	\$ 20,908,770
Deferred outflows of resources	\$ 4,807,449	\$ 160,142	\$ 4,967,591
Deferred inflows of resources	\$ 10,756,722	\$ 336,912	\$ 11,093,634
OPEB expense	\$ 866,532	\$ 27,334	\$ 893,866

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.

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 4 - OTHER INFORMATION (Continued)

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 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 in 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, 2025 is summarized below:

	Primary Government	Component Units
Inactive employees or beneficiaries currently receiving benefits	63	3
Inactive employees entitled to, but not yet receiving, benefits	-	-
Active employees	<u>299</u>	<u>16</u>
Total	<u><u>362</u></u>	<u><u>19</u></u>

Total OPEB Liability: The City's total OPEB liability of \$19,863,003 for the primary government and \$508,383 for the component units were determined by an actuarial valuation as of December 31, 2024, rolled forward to a measurement date of September 30, 2025.

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 4 - OTHER INFORMATION (Continued)

Actuarial Assumptions and Other Inputs: The total OPEB liability in the December 31, 2024 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	3.60% to 11.85% including inflation
Discount rate*	4.90% as of September 30, 2025
Health care trend rate	Pre-65: Initial rate of 7.50% declining to an ultimate rate of 4.25% after 15 years; Post-65: Initial rate of 5.90% declining to an ultimate rate of 4.25% after 9 years
Actuarial cost method	Individual entry-age normal
Demographic assumptions	Based on the 2023 experience study conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used, with male rates multiplied by 103% and female rates multiplied by 105%. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP-2021 table to account for future mortality improvements.
Participation rates	85% for retirees eligible for 75% subsidy; 55% for retirees eligible for 50% subsidy; 25% for retirees eligible for 25% subsidy; 15% for retirees not eligible for a subsidy; 0% for those retiring before age 50

* The discount rate changed from 3.81% as of September 30, 2024 to 4.90% as of September 30, 2025. Additionally, the percentage of future retirees assumed to elect spousal coverage and the health care trend assumption was modified.

Changes in the Total OPEB Liability

	Total OPEB Liability	
	Primary Government	Component Units
Changes for the year:		
Service cost	\$ 652,946	\$ 34,088
Interest	783,959	40,929
Changes of assumptions	(3,432,303)	(179,190)
Difference between expected and actual experience	1,352,253	70,597
Benefit payments	(492,188)	(25,696)
Net changes	(1,135,333)	(59,272)
Balance as of September 30, 2024	20,998,336	567,655
Balance as of September 30, 2025	<u>\$ 19,863,003</u>	<u>\$ 508,383</u>

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 4 - OTHER INFORMATION (Continued)

Change of assumptions reflected a change in the discount rate from 3.81% as of September 30, 2024 to 4.90% percent as of September 30, 2025. Additionally, the percentage of future retirees assumed to elect spousal coverage and the health care trend assumption was modified.

There were no changes in 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 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:

	<u>1% Decrease in Discount Rate (3.90%)</u>	<u>Discount Rate (4.90%)</u>	<u>1% Increase in Discount Rate (5.90%)</u>
Primary government's total OPEB liability	<u>\$ 23,075,718</u>	<u>\$ 19,863,003</u>	<u>\$ 17,261,302</u>
	<u>1% Decrease in Discount Rate (3.90%)</u>	<u>Discount Rate (4.90%)</u>	<u>1% Increase in Discount Rate (5.90%)</u>
Component units' total OPEB liability	<u>\$ 560,991</u>	<u>\$ 508,383</u>	<u>\$ 450,829</u>

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:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate Assumption</u>	<u>1% Increase</u>
Primary government's total OPEB liability	<u>\$ 16,823,826</u>	<u>\$ 19,863,003</u>	<u>\$ 23,738,595</u>
	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate Assumption</u>	<u>1% Increase</u>
Component units' total OPEB liability	<u>\$ 444,332</u>	<u>\$ 508,383</u>	<u>\$ 568,386</u>

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 4 - OTHER INFORMATION (Continued)

OPEB Expense and Deferred Outflows/Inflows of Resources: For the year ended September 30, 2025, the City recognized OPEB expense of \$866,532 for the primary government and \$45,239 for the component units.

At September 30, 2025, the City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	<u>Primary Government</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in actuarial assumptions	\$ 3,048,798	\$ (8,416,003)
Difference between expected and actual experience	<u>1,758,651</u>	<u>(2,340,719)</u>
Total	<u>\$ 4,807,449</u>	<u>\$ (10,756,722)</u>
	<u>Component Units</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in actuarial assumptions	\$ 74,416	\$ (395,181)
Difference between expected and actual experience	<u>42,925</u>	<u>(109,910)</u>
Total	<u>\$ 117,341</u>	<u>\$ (505,091)</u>

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

<u>Fiscal Year Ended September 30.</u>	<u>OPEB Expense</u>	
	<u>Primary Government</u>	<u>Component Units</u>
2026	\$ (563,428)	\$ (36,722)
2027	(718,531)	(46,831)
2028	(1,260,181)	(82,134)
2029	(1,365,999)	(89,031)
2030	(1,436,698)	(93,638)
Thereafter	<u>(604,436)</u>	<u>(39,394)</u>
Total	<u>\$ (5,949,273)</u>	<u>\$ (387,750)</u>

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

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 Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The member city contributes to the SDBF at a contractually required rate (based on the covered payroll of employee members) as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 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, 2024 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	177
Inactive employees entitled to, but not yet receiving, benefits	36
Active employees	<u>324</u>
Total	<u><u>537</u></u>

Total OPEB Liability: The City's total OPEB liability of \$1,045,767 was measured as of December 31, 2024 and was determined by an actuarial valuation as of that date.

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 4 - OTHER INFORMATION (Continued)

Actuarial Assumptions and Other Inputs: The total OPEB liability in the December 31, 2024 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	3.60% to 11.85% including inflation
Discount rate*	4.08%
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements of GASB Statement No. 68.
Mortality rates-service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
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% 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 the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

* The discount rate was based on the Bond Buyer "20-Bond GO Index" rate closest to, but not later than December 31, 2024.

The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

Changes in the Total OPEB Liability

	Total OPEB <u>Liability</u>
Changes for the year:	
Service cost	\$ 35,920
Interest	39,333
Difference between expected and actual experience	16,961
Changes of assumptions	(52,448)
Benefit payments *	(38,683)
Net changes	1,083
Balance as of December 31, 2023	1,044,684
Balance as of December 31, 2024	<u>\$ 1,045,767</u>

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

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 4 - OTHER INFORMATION (Continued)

The discount rate increased from 3.77% as of December 31, 2023 to 4.08% as of December 31, 2024. There were no other changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

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

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

	1% Decrease in Discount <u>Rate (3.08%)</u>	Discount <u>Rate (4.08%)</u>	1% Increase in Discount <u>Rate (5.08%)</u>
City's total OPEB liability	\$ 1,228,709	\$ 1,045,767	\$ 900,558

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB: For the year ended September 30, 2025, the City recognized OPEB expense of \$27,334. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Changes in actuarial assumptions	\$ 105,603	\$ (290,473)
Difference between expected and actual experience	23,575	(46,439)
Contributions subsequent to the measurement date	<u>30,964</u>	<u>-</u>
Total	\$ <u>160,142</u>	\$ <u>(336,912)</u>

\$30,964 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, 2026.

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 4 - OTHER INFORMATION (Continued)

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

Fiscal Year Ended September 30,	OPEB Expense
2026	\$ (48,199)
2027	(53,428)
2028	(67,243)
2029	(36,240)
2030	(1,985)
Thereafter	<u>(639)</u>
Total	<u>\$ (207,734)</u>

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.

Industrial District Contracts: A significant portion of the City's revenue is derived from separate contractual agreements (the "Contracts") with 30 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 Central 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.

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 4 - OTHER INFORMATION (Continued)

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 \$14,884,571 related to these Contracts.

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

As of September 30, 2025, the total estimated closure costs for the City’s Transfer Station are \$65,605. 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.

Chapter 380 Economic Development Agreement: 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. In 2023, the Agreement was amended after the original Developer assigned all rights to a new Developer. The term of the amended agreement will end on September 30, 2037, unless the maximum reimbursement amount is reached sooner. The maximum reimbursement amount was amended to be the lesser of the actual project cost for improvements or \$5,199,131.60. The Developer will have until March 1, 2028 to submit support for the improvement expenditures on the property.

(Continued)

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2025

NOTE 4 - OTHER INFORMATION (Continued)

During calendar years 2023 through 2026, the City will reimburse 100% of the sales and use tax collected on the property. For calendar years 2027 through 2028, 90% of the sales and use tax collected on the property will be reimbursed. For calendar years 2029 through 2031, 80% of the sales and use tax collected on the property will be reimbursed. For calendar years 2032 through 2036, 70% of the sales and use tax collected on the property will be reimbursed. In addition, the City will pay the Developer 100% of the property tax increment revenues paid for tax years 2016 through 2030. The City did not make any payments to the Developer in fiscal year 2025 related to this Agreement.

Change Within Reporting Entity: The City reclassified the CPCO 2021 and CPGO funds from major to a nonmajor governmental fund because its financial activity no longer met the major-fund thresholds established by GASB 34. The CPCO 2022 fund's activity meet the major fund threshold and was reclassified from a nonmajor governmental fund. The change within reporting entity did not affect the City's total fund balances or net positions.

	CPCO 2021 Fund	CPGO 2021 Fund	CPCO 2022 Fund	Nonmajor Governmental
Fund balance, September 30, 2024, as previously presented	\$ 7,269,267	\$ 8,962,580	\$ -	\$ 35,788,044
Change from major to nonmajor fund	(7,269,267)	(8,962,580)	-	16,231,847
Change from nonmajor to major fund	-	-	16,699,213	(16,699,213)
Fund Balance, September 30, 2024, as adjusted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,699,213</u>	<u>\$ 35,320,678</u>

Restatement: During the current year, the City implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation and compensatory time owed to employees upon separation of employment, the City now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The impact of adoption of GASB Statement No. 101 on net position at October 1, 2024 is summarized as follows:

	Governmental Activities	Business-Type Activities	Water and Sewer	Nonmajor Enterprise	Component Units
Net position beginning of year (previously reported)	\$ 176,622,324	\$ 43,603,759	\$ 42,587,438	\$ 1,016,321	\$ 13,159,609
(Decrease) due to recognition of additional compensated absences under GASB 101	<u>(3,508,001)</u>	<u>(457,243)</u>	<u>(441,580)</u>	<u>(15,663)</u>	<u>(275,989)</u>
Net position beginning of year (restated)	<u>\$ 173,114,323</u>	<u>\$ 43,146,516</u>	<u>\$ 42,145,858</u>	<u>\$ 1,000,658</u>	<u>\$ 12,883,620</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DEER PARK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the year ended September 30, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 21,204,076	\$ 21,204,076	\$ 21,265,200	\$ 61,124
Industrial district taxes	14,285,544	14,285,544	14,884,571	599,027
Sales taxes	8,000,000	8,000,000	10,416,522	2,416,522
Franchise fees	1,650,000	1,650,000	1,680,562	30,562
Fees and fines	1,076,000	1,076,000	1,259,017	183,017
Licenses and permits	495,900	495,900	390,359	(105,541)
Intergovernmental	275,000	275,000	1,507,465	1,232,465
Charges for services	5,498,390	5,498,390	6,846,970	1,348,580
Investment earnings	2,350,000	2,350,000	3,245,828	895,828
Other	115,500	115,500	188,997	73,497
Total revenues	<u>54,950,410</u>	<u>54,950,410</u>	<u>61,685,491</u>	<u>6,735,081</u>
Expenditures				
Current				
General government				
Mayor and council	78,600	78,600	50,758	27,842
City manager	1,523,551	1,523,551	1,467,156	56,395
Boards and commissions	18,992	18,992	15,200	3,792
Municipal court	649,143	649,143	567,183	81,960
General government	4,396,550	4,369,550	3,334,550	1,035,000
Legal services	220,000	220,000	96,623	123,377
Human resources	593,282	593,282	526,475	66,807
Information technology services	2,845,367	2,845,367	2,542,223	303,144
Finance	922,303	922,303	907,017	15,286
City secretary	603,509	603,509	555,226	48,283
Disaster Declarations	-	-	4,425	(4,425) *
Warehouse	103,238	103,238	101,436	1,802
Total general government	<u>11,954,535</u>	<u>11,927,535</u>	<u>10,168,272</u>	<u>1,759,263</u>
Community development				
Planning and development	1,639,927	1,639,927	1,254,615	385,312
Administration	1,186,198	1,186,198	1,153,612	32,586
Beautification	30,000	30,000	13,300	16,700
Park maintenance	3,086,105	3,086,105	2,619,431	466,674
Recreation	940,924	940,924	745,908	195,016
Athletics and aquatics	1,273,831	1,273,831	952,493	321,338
Senior services	867,084	867,084	708,675	158,409
After-school program	572,263	572,263	468,787	103,476
Drama	783,083	783,083	629,537	153,546
Library	1,621,476	1,621,476	1,502,715	118,761
Total community development	<u>12,000,891</u>	<u>12,000,891</u>	<u>10,049,073</u>	<u>1,951,818</u>

(Continued)

CITY OF DEER PARK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the year ended September 30, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Public works				
Building maintenance	\$ 1,273,246	\$ 1,273,246	\$ 1,184,799	\$ 88,447
Sanitation	5,498,497	5,658,497	5,656,121	2,376
Electrical/HVAC	401,397	401,397	376,671	24,726
Street maintenance	2,389,371	2,389,371	2,060,613	328,758
Fleet maintenance	845,811	845,811	782,345	63,466
Traffic	428,345	428,345	417,157	11,188
Humane division	543,885	543,885	443,367	100,518
Total public works	<u>11,380,552</u>	<u>11,540,552</u>	<u>10,921,073</u>	<u>619,479</u>
Public safety				
Police	15,066,643	15,066,643	14,453,282	613,361
Emergency management	572,107	572,107	534,246	37,861
Fire department	1,230,558	1,230,558	929,697	300,861
Emergency medical services	2,120,929	2,120,929	2,120,968	(39) **
Fire marshal	246,340	246,340	234,355	11,985
Total public safety	<u>19,236,577</u>	<u>19,236,577</u>	<u>18,272,548</u>	<u>964,029</u>
Parks and recreation				
Golf course lease	332,000	368,240	397,767	(29,527) **
Total parks and recreation	<u>332,000</u>	<u>368,240</u>	<u>397,767</u>	<u>(29,527)</u>
Debt service				
Principal	716,360	716,360	729,703	(13,343)
Interest and other charges	-	-	30,106	(30,106)
Total debt service	<u>716,360</u>	<u>716,360</u>	<u>759,809</u>	<u>(43,449) **</u>
Capital outlay	234,400	261,400	678,489	(417,089) **
Total expenditures	<u>55,855,315</u>	<u>56,051,555</u>	<u>51,247,031</u>	<u>4,804,524</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(904,905)</u>	<u>(1,101,145)</u>	<u>10,438,460</u>	<u>11,539,605</u>
Other financing sources (uses)				
Transfers in	425,200	516,991	468,376	(48,615)
Transfers (out)	(306,695)	(8,620,411)	(8,520,411)	100,000
Sale of capital assets	10,000	10,000	142,960	132,960
Insurance recoveries	-	-	73,881	73,881
Total other financing sources (uses)	<u>128,505</u>	<u>(8,093,420)</u>	<u>(7,835,194)</u>	<u>258,226</u>
Net change in fund balance	<u>\$ (776,400)</u>	<u>\$ (9,194,565)</u>	<u>2,603,266</u>	<u>\$ 11,797,831</u>
Beginning fund balance			<u>52,197,282</u>	
Ending fund balance			<u>\$ 54,800,548</u>	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. *The City does not adopt a budget for the disaster declaration sub-fund of the general fund.
3. **Expenditures did not exceed appropriations at the legal level of control as expenditures are budgeted at the department level, but certain expenditures are presented as capital outlay, interfund transfers, and/or debt service payments for reporting purposes.

CITY OF DEER PARK, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
For the year ended September 30, 2025

	Measurement Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 4,965,225	\$ 4,319,679	\$ 3,985,537	\$ 3,778,035	\$ 3,922,261	\$ 3,559,467	\$ 3,355,488	\$ 3,285,191	\$ 3,179,205	\$ 3,011,767
Interest (on the total pension liability)	11,549,765	11,067,336	10,472,020	9,974,952	9,413,404	8,997,803	8,688,403	8,293,823	7,931,982	7,763,831
Difference between expected and actual experience	3,976,421	8,830	1,382,998	(61,224)	970,715	(979,655)	(1,674,357)	(107,539)	(18,490)	108,094
Change of assumptions	-	(786,928)	-	-	-	460,845	-	-	-	1,074,743
Benefit payments, including refunds of employee contributions	(8,086,009)	(7,483,188)	(6,893,077)	(5,970,003)	(5,860,082)	(6,265,529)	(5,510,116)	(5,811,848)	(5,758,334)	(5,128,029)
Net change in total pension liability	12,405,402	7,125,729	8,947,478	7,721,760	8,446,298	5,772,931	4,859,418	5,659,627	5,334,363	6,830,406
Beginning total pension liability	172,668,016	165,542,287	156,594,809	148,873,049	140,426,751	134,653,820	129,794,402	124,134,775	118,800,412	111,970,006
Ending total pension liability	<u>\$185,073,418</u>	<u>\$172,668,016</u>	<u>\$165,542,287</u>	<u>\$156,594,809</u>	<u>\$148,873,049</u>	<u>\$140,426,751</u>	<u>\$134,653,820</u>	<u>\$129,794,402</u>	<u>\$124,134,775</u>	<u>\$118,800,412</u>
Plan fiduciary net position										
Contributions - employer	\$ 4,020,255	\$ 3,371,275	\$ 3,231,512	\$ 3,052,417	\$ 3,180,213	\$ 2,901,070	\$ 2,800,763	\$ 2,709,671	\$ 2,519,299	\$ 2,545,558
Contributions - employee	1,934,145	1,728,860	1,604,299	1,515,544	1,578,828	1,440,247	1,357,712	1,320,869	1,276,057	1,233,609
Net investment income	16,722,509	16,962,621	(11,703,183)	18,665,823	10,183,361	18,239,872	(3,687,499)	15,213,811	7,078,549	156,470
Benefit payments, including refunds of employee contributions	(8,086,009)	(7,483,188)	(6,893,077)	(5,970,003)	(5,860,082)	(6,265,529)	(5,510,116)	(5,811,848)	(5,758,334)	(5,128,029)
Administrative expense	(107,388)	(108,001)	(101,333)	(86,403)	(65,929)	(103,096)	(71,286)	(78,855)	(79,953)	(95,310)
Other	(2,512)	(755)	120,920	591	(2,572)	(3,097)	(3,724)	(3,995)	(4,308)	(4,708)
Net change in plan fiduciary net position	14,481,000	14,470,812	(13,740,862)	17,177,969	9,013,819	16,209,467	(5,114,150)	13,349,653	5,031,310	(1,292,410)
Beginning plan fiduciary net position	161,151,212	146,680,400	160,421,262	143,243,293	134,229,474	118,020,007	123,134,157	109,784,504	104,753,194	106,045,604
Ending plan fiduciary net position	<u>\$175,632,212</u>	<u>\$161,151,212</u>	<u>\$146,680,400</u>	<u>\$160,421,262</u>	<u>\$143,243,293</u>	<u>\$134,229,474</u>	<u>\$118,020,007</u>	<u>\$123,134,157</u>	<u>\$109,784,504</u>	<u>\$104,753,194</u>
Net pension liability	<u>\$ 9,441,206</u>	<u>\$ 11,516,804</u>	<u>\$ 18,861,887</u>	<u>\$ (3,826,453)</u>	<u>\$ 5,629,756</u>	<u>\$ 6,197,277</u>	<u>\$ 16,633,813</u>	<u>\$ 6,660,245</u>	<u>\$ 14,350,271</u>	<u>\$ 14,047,218</u>
Plan fiduciary net position as a percentage of total pension liability	94.90%	93.33%	88.61%	102.44%	96.22%	95.59%	87.65%	94.87%	88.44%	88.18%
Covered payroll	\$ 27,630,636	\$ 24,697,995	\$ 22,918,557	\$ 21,650,633	\$ 22,554,692	\$ 20,574,955	\$ 19,395,882	\$ 18,869,562	\$ 18,229,388	\$ 17,622,979
Net pension liability as a percentage of covered payroll	34.17%	46.63%	82.30%	-17.67%	24.96%	30.12%	85.76%	35.30%	78.72%	79.71%

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, 2025

	Measurement Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	1.69%	1.85%	2.50%	2.04%	2.06%	2.76%	2.14%	1.85%	2.15%	1.93%
City's proportionate share of the net pension liability	\$ 1,815,708	\$ 800,811	\$ 1,025,342	\$ 218,890	\$ 520,353	\$ 781,487	\$ 463,753	\$ 443,551	\$ 626,893	\$ 514,241
State's proportionate share of the net pension liability	<u>454,744</u>	<u>212,247</u>	<u>266,160</u>	<u>60,600</u>	<u>148,337</u>	<u>231,810</u>	<u>168,353</u>	<u>145,246</u>	<u>216,723</u>	<u>178,251</u>
Total	<u>\$ 2,270,452</u>	<u>\$ 1,013,058</u>	<u>\$ 1,291,502</u>	<u>\$ 279,490</u>	<u>\$ 668,690</u>	<u>\$ 1,013,297</u>	<u>\$ 632,106</u>	<u>\$ 588,797</u>	<u>\$ 843,616</u>	<u>\$ 692,492</u>
Number of active members*	54	54	73	64	64	77	65	62	82	76
City's net pension liability per active member	\$ 33,624	\$ 14,830	\$ 14,046	\$ 3,420	\$ 8,131	\$ 10,149	\$ 7,135	\$ 7,154	\$ 7,645	\$ 6,766
Plan fiduciary net position as a percentage of the total pension liability	56.30%	74.60%	75.20%	93.10%	83.20%	80.20%	84.30%	81.40%	76.30%	76.90%

* 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 discount rate from 7.50% to 5.38%

CITY OF DEER PARK, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
For the year ended September 30, 2025

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 4,074,394	\$ 3,758,337	\$ 3,176,749	\$ 3,076,013	\$ 2,943,160	\$ 2,998,530	\$ 2,881,927	\$ 2,767,719	\$ 2,650,445	\$ 2,632,998
Contributions in relation to the actuarially determined contribution	<u>4,114,120</u>	<u>3,889,047</u>	<u>3,277,067</u>	<u>3,173,464</u>	<u>3,027,005</u>	<u>3,051,477</u>	<u>2,881,927</u>	<u>2,767,719</u>	<u>2,650,445</u>	<u>2,632,998</u>
Contribution deficiency (excess)	<u>\$ (39,726)</u>	<u>\$ (130,710)</u>	<u>\$ (100,318)</u>	<u>\$ (97,451)</u>	<u>\$ (83,845)</u>	<u>\$ (52,947)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 28,587,862	\$ 27,193,261	\$ 23,790,224	\$ 22,506,858	\$ 21,470,405	\$ 21,641,689	\$ 20,322,430	\$ 19,192,732	\$ 18,622,310	\$ 18,824,716
Contributions as a percentage of covered payroll	14.39%	14.30%	13.77%	14.10%	14.10%	14.10%	14.18%	14.42%	14.23%	13.99%

* The City elected to make fiscal year 2020, 2021, 2022, 2023, 2024, and 2025 contributions at a higher rate instead of the actuarially determined contribution rate.

Notes to Required Supplementary Information:

- Valuation date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.
- Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	21 years (longest amortization ladder)
Asset valuation method	10 year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.60% to 11.85% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
- Other information: There were no benefit changes during the year.

CITY OF DEER PARK, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS)
For the year ended September 30, 2025

	Fiscal Year									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 116,435	\$ 113,514	\$ 112,641	\$ 121,582	\$ 119,328	\$ 114,679	\$ 139,438	\$ 102,714	\$ 89,400	\$ 98,600
Contributions in relation to the contractually required contribution	<u>116,435</u>	<u>113,514</u>	<u>112,641</u>	<u>121,582</u>	<u>119,328</u>	<u>114,679</u>	<u>139,438</u>	<u>102,714</u>	<u>89,400</u>	<u>98,600</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Number of active members*	67	66	73	68	66	64	77	72	75	82
Contributions per active member	\$ 1,738	\$ 1,720	\$ 1,543	\$ 1,788	\$ 1,808	\$ 1,792	\$ 1,811	\$ 1,447	\$ 1,192	\$ 1,202

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

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, 2025

	Measurement Year*							
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability								
Service cost	\$ 35,920	\$ 27,168	\$ 59,588	\$ 49,796	\$ 42,854	\$ 30,862	\$ 32,973	\$ 26,417
Interest (on the total pension liability)	39,333	38,427	25,031	26,532	30,597	40,257	32,643	32,262
Difference between expected and actual experience	16,961	12,097	1,969	(61,479)	(21,751)	(213,987)	108,364	-
Changes of assumptions	(52,448)	47,808	(453,270)	39,622	176,304	173,019	(66,027)	78,416
Benefit payments **	<u>(38,683)</u>	<u>(32,107)</u>	<u>(25,210)</u>	<u>(25,981)</u>	<u>(9,022)</u>	<u>(8,230)</u>	<u>(7,758)</u>	<u>(7,548)</u>
Net change in total OPEB liability	1,083	93,393	(391,892)	28,490	218,982	21,921	100,195	129,547
Beginning total OPEB liability	<u>1,044,684</u>	<u>951,291</u>	<u>1,343,183</u>	<u>1,314,693</u>	<u>1,095,711</u>	<u>1,073,790</u>	<u>973,595</u>	<u>844,048</u>
Ending total OPEB liability	<u>\$ 1,045,767</u>	<u>\$ 1,044,684</u>	<u>\$ 951,291</u>	<u>\$ 1,343,183</u>	<u>\$ 1,314,693</u>	<u>\$ 1,095,711</u>	<u>\$ 1,073,790</u>	<u>\$ 973,595</u>
Covered-employee payroll	\$ 27,630,636	\$ 24,697,995	\$ 22,918,557	\$ 21,650,633	\$ 22,554,692	\$ 20,574,955	\$ 19,395,882	\$ 18,869,562
Total OPEB liability as a percentage of covered-employee payroll	3.78%	4.23%	4.15%	6.20%	5.83%	5.33%	5.54%	5.16%

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

(Continued)

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, 2025

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	2.5%
Salary increases	3.60% to 11.85% including inflation
Discount rate*	4.08%
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements of GASB Statement No. 68.
Retirement age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
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% 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 the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

Other information: No assets are accumulated in a trust that meets the criteria of GASB Statement No. 75 to pay related benefits.

* The discount rate was based on the Bond Buyer "20-Bond GO Index" rate closest to, but not later than December 31, 2024.

The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

There were no benefit changes during the year.

CITY OF DEER PARK, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
RETIREE HEALTH PLAN
For the year ended September 30, 2025

	Measurement Year*							
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability								
Service cost	\$ 687,034	\$ 620,412	\$ 634,814	\$ 1,313,960	\$ 1,235,093	\$ 1,062,204	\$ 884,305	\$ 361,607
Interest (on the total OPEB liability)	824,887	892,462	916,581	646,147	655,638	673,526	691,879	664,510
Difference between expected and actual experience	1,422,850	(87,866)	(2,488,444)	(181,846)	(1,384,275)	(75,912)	2,731,910	-
Change of assumptions	(3,611,493)	1,362,185	(258,292)	(9,794,610)	2,102,029	1,364,891	3,473,501	-
Benefit payments	<u>(517,884)</u>	<u>(373,258)</u>	<u>(333,184)</u>	<u>(300,999)</u>	<u>(395,814)</u>	<u>(400,375)</u>	<u>(439,755)</u>	<u>(425,313)</u>
Net change in total OPEB liability	(1,194,606)	2,413,935	(1,528,525)	(8,317,348)	2,212,671	2,624,334	7,341,840	600,804
Beginning total OPEB liability	<u>21,565,992</u>	<u>19,152,057</u>	<u>20,680,582</u>	<u>28,997,930</u>	<u>26,785,259</u>	<u>24,160,925</u>	<u>16,819,085</u>	<u>16,218,281</u>
Ending total OPEB liability	<u>\$ 20,371,386</u>	<u>\$ 21,565,992</u>	<u>\$ 19,152,057</u>	<u>\$ 20,680,582</u>	<u>\$ 28,997,930</u>	<u>\$ 26,785,259</u>	<u>\$ 24,160,925</u>	<u>\$ 16,819,085</u>
Covered-employee payroll	\$ 21,075,725	\$ 21,659,389	\$ 20,035,260	\$ 20,249,031	\$ 20,582,975	\$ 21,493,323	\$ 20,234,735	\$ 16,778,986
Total OPEB liability as a percentage of covered-employee payroll	96.66%	99.57%	95.59%	102.13%	140.88%	124.62%	119.40%	100.24%

Notes to Required Supplementary Information:

1. Changes in assumptions: Changes in assumptions reflect a change in discount rate from 3.81% to 4.90% and updates to the health care trend rates. Additionally, the demographic and salary increase assumptions were updated to reflect the 2023 TMRS Experience Study.
2. Other information: No assets are accumulated in a trust that meets the criteria of GASB Statement No. 75 to pay related benefits for the pension/OPEB plan.

COMBINING STATEMENTS AND SCHEDULES

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, 2025

	Debt Service Fund			Variance with Final Budget Positive (Negative)
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	
Revenues				
Property taxes	\$ 8,195,471	\$ 8,195,471	\$ 8,885,271	\$ 689,800
Intergovernmental	2,596,246	2,596,246	2,596,245	(1)
Investment earnings	71,500	71,500	107,817	36,317
Total revenues	<u>10,863,217</u>	<u>10,863,217</u>	<u>11,589,333</u>	<u>726,116</u>
Expenditures				
Debt service				
Principal	6,284,438	6,284,438	4,618,438	1,666,000
Interest and other charges	5,250,647	5,280,647	4,469,487	811,160
Total expenditures	<u>11,535,085</u>	<u>11,565,085</u>	<u>9,087,925</u>	<u>2,477,160</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(671,868)</u>	<u>(701,868)</u>	<u>2,501,408</u>	<u>3,203,276</u>
Other financing sources (uses)				
Transfers in	-	-	5,298	5,298
Transfers (out)	-	-	(2,477,015)	(2,477,015)
Total other financing (uses)	<u>-</u>	<u>-</u>	<u>(2,471,717)</u>	<u>(2,471,717)</u>
Net change in fund balance	<u>\$ (671,868)</u>	<u>\$ (701,868)</u>	29,691	<u>\$ 731,559</u>
Beginning fund balance			<u>6,239,312</u>	
Ending fund balance			<u>\$ 6,269,003</u>	

Notes to Supplementary Information:

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

CITY OF DEER PARK, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2025

SPECIAL REVENUE FUNDS

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 the Municipal Court.

Grants Fund: This 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.

(Continued)

CITY OF DEER PARK, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2025

CAPITAL PROJECT FUNDS

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 Projects Certificates of Obligation Bond Fund 2021: This fund is used to account for the receipt of bond proceeds and the expenditure of such proceeds for the design, construction, improvement and equipment of parks and recreational facilities, including a community and recreation center, and youth recreational sports complex improvements, including parking and lighting for such facilities.

Capital Projects General Obligation Bond Fund 2021: This fund is used to account for the receipt of bond proceeds and the expenditure of such proceeds for the design, construction, acquisition, and equipment of drainage improvements, a fire station and training facility, and streets and sidewalks.

Capital Projects General Obligation Bond Fund 2022: This fund is used to account for the receipt of bond proceeds and the expenditure of such proceeds for the acquisition, construction, and equipment of drainage improvements, streets and sidewalks, and a new Jimmy Burke Activity Center.

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

Capital Improvements Bond Fund 2025: This fund is used to account for the receipt of bond proceeds and the expenditure of such proceeds for the costs of the acquisition, construction and equipment of a municipal courthouse.

CITY OF DEER PARK, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2025

	Special Revenue Funds				Capital Projects Funds		
	Hotel/Motel Occupancy Tax	Police Forfeiture	Municipal Court	Grants	Streets	General Obligation Series 2005	CIBF 2007
ASSETS							
Cash and cash equivalents	\$ 558,579	\$ 232,963	\$ (17,068)	\$ 2,356,703	\$ 111,676	\$ 209,537	\$ 3,033
Accounts receivable	147,257	-	103,676	8,935	-	-	-
Total assets	<u>\$ 705,836</u>	<u>\$ 232,963</u>	<u>\$ 86,608</u>	<u>\$ 2,365,638</u>	<u>\$ 111,676</u>	<u>\$ 209,537</u>	<u>\$ 3,033</u>
LIABILITIES							
Accounts payable	\$ 67,915	\$ -	\$ 72	\$ 108,781	\$ -	\$ -	\$ -
Accrued liabilities	-	-	7,299	-	-	-	-
Other payables	-	-	-	400,939	-	-	-
Unearned revenue	-	-	-	66,600	-	-	-
Total liabilities	<u>67,915</u>	<u>-</u>	<u>7,371</u>	<u>576,320</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Restricted for							
Community development	637,921	-	-	-	-	-	-
Public safety	-	232,963	-	-	-	-	-
Municipal court	-	-	79,237	-	-	-	-
Special projects	-	-	-	1,789,318	-	-	-
Capital projects	-	-	-	-	111,676	209,537	3,033
Assigned							
Capital projects	-	-	-	-	-	-	-
Total fund balances	<u>637,921</u>	<u>232,963</u>	<u>79,237</u>	<u>1,789,318</u>	<u>111,676</u>	<u>209,537</u>	<u>3,033</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 705,836</u>	<u>\$ 232,963</u>	<u>\$ 86,608</u>	<u>\$ 2,365,638</u>	<u>\$ 111,676</u>	<u>\$ 209,537</u>	<u>\$ 3,033</u>

(Continued)

CITY OF DEER PARK, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2025

	Capital Projects Funds						Total Nonmajor Governmental Funds
	CIBF 2015	CIBF 2016	Formerly Major Fund CPCO 2021	Formerly Major Fund CPGO 2021	CPGO 2022	Capital Replacement	CIBF 2025
ASSETS							
Cash and cash equivalents	\$ 113,990	\$ 94,848	\$ 4,520,049	\$ 2,710,501	\$ 13,701,233	\$ 2,442,328	\$ 33,295,041
Accounts receivable	-	-	-	-	-	-	259,868
Total assets	<u>\$ 113,990</u>	<u>\$ 94,848</u>	<u>\$ 4,520,049</u>	<u>\$ 2,710,501</u>	<u>\$ 13,701,233</u>	<u>\$ 2,442,328</u>	<u>\$ 33,554,909</u>
LIABILITIES							
Accounts payable	\$ -	\$ 6,978	\$ 76,861	\$ 41,913	\$ 477,224	\$ 16,867	\$ 796,611
Accrued liabilities	-	-	-	-	-	-	7,299
Other payables	-	2,860	1,153,915	829,993	34,764	-	2,422,471
Unearned revenue	-	-	-	-	-	-	66,600
Total liabilities	<u>-</u>	<u>9,838</u>	<u>1,230,776</u>	<u>871,906</u>	<u>511,988</u>	<u>16,867</u>	<u>3,292,981</u>
FUND BALANCES							
Restricted for							
Community development	-	-	-	-	-	-	637,921
Public safety	-	-	-	-	-	-	232,963
Municipal court	-	-	-	-	-	-	79,237
Special projects	-	-	-	-	-	-	1,789,318
Capital projects	113,990	85,010	3,289,273	1,838,595	13,189,245	-	25,097,028
Assigned							
Capital projects	-	-	-	-	-	2,425,461	2,425,461
Total fund balances	<u>113,990</u>	<u>85,010</u>	<u>3,289,273</u>	<u>1,838,595</u>	<u>13,189,245</u>	<u>2,425,461</u>	<u>30,261,928</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 113,990</u>	<u>\$ 94,848</u>	<u>\$ 4,520,049</u>	<u>\$ 2,710,501</u>	<u>\$ 13,701,233</u>	<u>\$ 2,442,328</u>	<u>\$ 33,554,909</u>

CITY OF DEER PARK, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended September 30, 2025

	Special Revenue Funds				Capital Projects Funds			
	Hotel/Motel Occupancy Tax	Police Forfeiture	Municipal Court	Grants	Streets	General Obligation Series 2005	CIBF 2007	CIBF 2015
Revenues								
Hotel/motel taxes	\$ 613,294	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees and fines	-	-	144,180	-	-	-	-	-
Intergovernmental	-	-	-	1,730,502	-	-	-	-
Charges for services	-	-	98,311	-	-	-	-	-
Donations	-	-	-	35,400	-	-	-	-
Investment earnings	-	5,101	-	-	3,967	-	135	5,164
Other	7,407	39,401	-	76,173	-	-	-	-
Total revenues	<u>620,701</u>	<u>44,502</u>	<u>242,491</u>	<u>1,842,075</u>	<u>3,967</u>	<u>-</u>	<u>135</u>	<u>5,164</u>
Expenditures								
Current								
General government	-	-	55,558	59,225	-	-	-	2,650
Community development	422,096	-	-	40,974	-	-	-	-
Public works	-	-	-	9,654	-	-	-	-
Public safety	-	32,745	114,391	36,225	-	-	-	-
Capital outlay	178,099	-	-	1,439,890	-	-	-	-
Debt service								
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>600,195</u>	<u>32,745</u>	<u>169,949</u>	<u>1,585,968</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,650</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,506</u>	<u>11,757</u>	<u>72,542</u>	<u>256,107</u>	<u>3,967</u>	<u>-</u>	<u>135</u>	<u>2,514</u>
Other financing sources (uses)								
Transfers in	-	-	-	283,266	-	-	-	-
Transfers (out)	(180,000)	-	(95,000)	(785)	-	-	(135)	(5,163)
Debt issued	-	-	-	-	-	-	-	-
Premium on debt issued	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(180,000)</u>	<u>-</u>	<u>(95,000)</u>	<u>282,481</u>	<u>-</u>	<u>-</u>	<u>(135)</u>	<u>(5,163)</u>
Net change in fund balance	(159,494)	11,757	(22,458)	538,588	3,967	-	-	(2,649)
Fund balances, October 1, 2024, as previously presented	<u>797,415</u>	<u>221,206</u>	<u>101,695</u>	<u>1,250,730</u>	<u>107,709</u>	<u>209,537</u>	<u>3,033</u>	<u>116,639</u>
Change within financial reporting entity (major to nonmajor fund)	-	-	-	-	-	-	-	-
Fund balances, October 1, 2024, as adjusted	<u>797,415</u>	<u>221,206</u>	<u>101,695</u>	<u>1,250,730</u>	<u>107,709</u>	<u>209,537</u>	<u>3,033</u>	<u>116,639</u>
Ending fund balance	<u>\$ 637,921</u>	<u>\$ 232,963</u>	<u>\$ 79,237</u>	<u>\$ 1,789,318</u>	<u>\$ 111,676</u>	<u>\$ 209,537</u>	<u>\$ 3,033</u>	<u>\$ 113,990</u>

(Continued)

CITY OF DEER PARK, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended September 30, 2025

	Capital Projects Funds						Total Nonmajor Governmental Funds
	Formerly Major Fund CIBF 2016	Formerly Major Fund CPCO 2021	Formerly Major Fund CPGO 2021	Formerly NonMajor Fund CPCO 2022	Capital Replacement	CIBF 2025	
Revenues							
Hotel/motel taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 613,294
Fees and fines	-	-	-	-	-	-	144,180
Intergovernmental	-	-	-	-	-	-	1,730,502
Charges for services	-	-	-	-	-	-	98,311
Donations	-	-	-	-	-	-	35,400
Investment earnings	-	310,443	282,567	600,936	-	132,077	1,340,390
Other	-	-	-	-	-	-	122,981
Total revenues	-	310,443	282,567	600,936	-	132,077	4,085,058
Expenditures							
Current							
General government	-	-	-	325	-	-	117,758
Community development	-	-	-	-	-	-	463,070
Public works	-	-	-	-	-	-	9,654
Public safety	-	-	-	-	362,210	-	545,571
Capital outlay	70,588	4,289,612	9,350,929	1,175,644	1,573,320	6,000	18,084,082
Debt service							
Interest and fiscal charges	-	825	826	-	-	143,960	145,611
Total expenditures	70,588	4,290,437	9,351,755	1,175,969	1,935,530	149,960	19,365,746
Excess (deficiency) of revenues over (under) expenditures	(70,588)	(3,979,994)	(9,069,188)	(575,033)	(1,935,530)	(17,883)	(15,280,688)
Other financing sources (uses)							
Transfers in	-	-	1,945,203	-	2,000,000	-	4,228,469
Transfers (out)	-	-	-	-	-	-	(281,083)
Debt issued	-	-	-	-	-	5,955,000	5,955,000
Premium on debt issued	-	-	-	-	-	319,552	319,552
Total other financing sources (uses)	-	-	1,945,203	-	2,000,000	6,274,552	10,221,938
Net change in fund balance	(70,588)	(3,979,994)	(7,123,985)	(575,033)	64,470	6,256,669	(5,058,750)
Fund balances, October 1, 2024, as previously presented	155,598	-	-	13,764,278	16,699,213	2,360,991	35,788,044
Change within financial reporting entity (major to nonmajor fund)	-	7,269,267	8,962,580	-	(16,699,213)	-	(467,366)
Fund balances, October 1, 2024, as adjusted	155,598	7,269,267	8,962,580	13,764,278	-	2,360,991	35,320,678
Ending fund balance	\$ 85,010	\$ 3,289,273	\$ 1,838,595	\$ 13,189,245	\$ 2,425,461	\$ 6,256,669	\$ 30,261,928

CITY OF DEER PARK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
HOTEL/MOTEL
For the Year Ended September 30, 2025

	Hotel/Motel Occupancy Tax			Variance with Final Budget Positive (Negative)
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	
Revenues				
Hotel/motel occupancy taxes	\$ 600,000	\$ 600,000	\$ 613,294	\$ 13,294
Other	-	-	7,407	7,407
Total revenues	<u>600,000</u>	<u>600,000</u>	<u>620,701</u>	<u>20,701</u>
Expenditures				
Current				
Community development	461,240	466,240	422,096	44,144
Capital outlay	<u>180,000</u>	<u>180,000</u>	<u>178,099</u>	<u>1,901</u>
Total expenditures	<u>641,240</u>	<u>646,240</u>	<u>600,195</u>	<u>46,045</u>
Excess of revenues over expenditures	<u>(41,240)</u>	<u>(46,240)</u>	<u>20,506</u>	<u>66,746</u>
Other financing sources (uses)				
Transfers (out)	<u>(183,000)</u>	<u>(183,000)</u>	<u>(180,000)</u>	<u>3,000</u>
Total other financing (uses)	<u>(183,000)</u>	<u>(183,000)</u>	<u>(180,000)</u>	<u>3,000</u>
Net change in fund balance	<u>\$ (224,240)</u>	<u>\$ (229,240)</u>	<u>(159,494)</u>	<u>\$ 69,746</u>
Beginning fund balance			<u>797,415</u>	
Ending fund balance			<u>\$ 637,921</u>	

Notes to Supplementary Information:

1. 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 BALANCE
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
POLICE FORFEITURE
For the Year Ended September 30, 2025

	Police Forfeiture			Variance with Final Budget Positive (Negative)
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	
Revenues				
Investment earnings	\$ 1,000	\$ 1,000	\$ 5,101	\$ 4,101
Other	15,000	15,000	39,401	24,401
Total revenues	<u>16,000</u>	<u>16,000</u>	<u>44,502</u>	<u>28,502</u>
Expenditures				
Current				
Public safety	54,760	54,760	32,745	22,015
Total expenditures	<u>54,760</u>	<u>54,760</u>	<u>32,745</u>	<u>22,015</u>
Net change in fund balance	<u>\$ (38,760)</u>	<u>\$ (38,760)</u>	11,757	<u>\$ 50,517</u>
Beginning fund balance			221,206	
Ending fund balance			<u>\$ 232,963</u>	

Notes to Supplementary Information:

1. 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 BALANCE
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
MUNICIPAL COURT
For the Year Ended September 30, 2025

	Municipal Court			Variance with Final Budget Positive (Negative)
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	
Revenues				
Fees and fines	\$ 166,400	\$ 166,400	\$ 144,180	\$ (22,220)
Charges for services	100,000	100,000	98,311	(1,689)
Total revenues	<u>266,400</u>	<u>266,400</u>	<u>242,491</u>	<u>(23,909)</u>
Expenditures				
Current				
General government	75,363	75,363	55,558	19,805
Public safety	123,755	123,755	114,391	9,364
Total expenditures	<u>199,118</u>	<u>199,118</u>	<u>169,949</u>	<u>29,169</u>
Excess of revenues over expenditures	<u>67,282</u>	<u>67,282</u>	<u>72,542</u>	<u>5,260</u>
Other financing sources (uses)				
Transfers (out)	(95,000)	(95,000)	(95,000)	-
Total other financing (uses)	<u>(95,000)</u>	<u>(95,000)</u>	<u>(95,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (27,718)</u>	<u>\$ (27,718)</u>	<u>(22,458)</u>	<u>\$ 5,260</u>
Beginning fund balance			101,695	
Ending fund balance			<u>\$ 79,237</u>	

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 BALANCE
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
GRANTS
For the Year Ended September 30, 2025

	Grants			Variance with Final Budget Positive (Negative)
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	
Revenues				
Intergovernmental	\$ 66,700	\$ 1,382,662	\$ 1,496,787	\$ 114,125
Donations	-	-	-	-
Other	-	-	-	-
Total revenues	<u>66,700</u>	<u>1,382,662</u>	<u>1,496,787</u>	<u>114,125</u>
Expenditures				
Current				
General government				
Information technology services	66,700	66,700	52,200	14,500
Total general government	<u>66,700</u>	<u>66,700</u>	<u>52,200</u>	<u>14,500</u>
Capital outlay	<u>100,000</u>	<u>1,415,962</u>	<u>1,315,962</u>	<u>100,000</u>
Total capital outlay	<u>100,000</u>	<u>1,415,962</u>	<u>1,315,962</u>	<u>100,000</u>
Total expenditures	<u>166,700</u>	<u>1,482,662</u>	<u>1,368,162</u>	<u>114,500</u>
(Deficiency) of revenues (under) expenditures	<u>(100,000)</u>	<u>(100,000)</u>	<u>128,625</u>	<u>228,625</u>
Other financing sources (uses)				
Transfers in	<u>100,000</u>	<u>383,266</u>	<u>283,266</u>	<u>(100,000)</u>
Total other financing sources (uses)	<u>100,000</u>	<u>383,266</u>	<u>283,266</u>	<u>(100,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 283,266</u>	<u>411,891</u>	<u>\$ 128,625</u>
Beginning fund balance			<u>(403,673)</u>	
Ending fund balance			<u>\$ 8,218</u>	
*Reconciliation of sub-fund fund balance to grant fund financial statements:				
Net change of sub-fund not presented			<u>1,781,100</u>	
Grant fund ending fund balance			<u>\$ 1,789,318</u>	

Notes to Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. *The grants fund is comprised of two sub-funds. The City only adopts a budget for one of the sub-funds. Actual amounts presented are for only one of the sub-funds.

CITY OF DEER PARK, TEXAS
NONMAJOR ENTERPRISE FUNDS
September 30, 2025

ENTERPRISE FUNDS

Storm Water Utility Fund: This fund is used to account for the receipt and expenditure of revenues derived from storm water utility fees. Expenditures are specifically related to the management, operation, maintenance, and improvement of a city's storm water infrastructure.

Dow Active Complex Fund: This fund is used to account for the receipt and expenditure of revenues derived from the City's recreation center, the Dow Active Complex.

CITY OF DEER PARK, TEXAS
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
September 30, 2025

	Storm Water <u>Utility</u>	Dow Active <u>Complex</u>	Total Nonmajor <u>Enterprise</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,181,645	\$ 111,550	\$ 1,293,195
Accounts receivable, net	42,951	1,024	43,975
Total assets	<u>1,224,596</u>	<u>112,574</u>	<u>1,337,170</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pensions (TMRS)	28,790	-	28,790
Deferred outflows of resources - OPEB (Health)	25,827	24,169	49,996
Total deferred outflows of resources	<u>54,617</u>	<u>24,169</u>	<u>78,786</u>
LIABILITIES			
Current liabilities			
Accounts payable	35,952	47,561	83,513
Accrued liabilities	11,597	57,142	68,739
OPEB liability - current	939	2,003	2,942
Compensated absences	32,445	102,914	135,359
Total current liabilities	<u>80,933</u>	<u>209,620</u>	<u>290,553</u>
Noncurrent liabilities			
Net pension liability (TMRS)	41,421	-	41,421
Total OPEB liability (Health)	43,844	97,970	141,814
Compensated absences	3,605	11,435	15,040
Total noncurrent liabilities	<u>88,870</u>	<u>109,405</u>	<u>198,275</u>
Total liabilities	<u>169,803</u>	<u>319,025</u>	<u>488,828</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pensions (TMRS)	11,578	-	11,578
Deferred inflows of resources - OPEB (Health)	38,710	55,268	93,978
Total deferred inflows of resources	<u>50,288</u>	<u>55,268</u>	<u>105,556</u>
NET POSITION			
Unrestricted	<u>1,059,122</u>	<u>(237,550)</u>	<u>821,572</u>
Total net position	<u>\$ 1,059,122</u>	<u>\$ (237,550)</u>	<u>\$ 821,572</u>

CITY OF DEER PARK, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the year ended September 30, 2025

	Storm Water Utility	Dow Active Complex	Total Nonmajor Enterprise
Operating revenues			
Charges for services	\$ 466,334	\$ 177,214	\$ 643,548
Total operating revenues	<u>466,334</u>	<u>177,214</u>	<u>643,548</u>
Operating expenses			
Personnel services	246,959	564,810	811,769
Contractual services	102,408	23,559	125,967
Repairs and maintenance	2,094	1,538	3,632
Other supplies and expenses	427	120,237	120,664
Total operating expenses	<u>351,888</u>	<u>710,144</u>	<u>1,062,032</u>
Operating income (loss)	<u>114,446</u>	<u>(532,930)</u>	<u>(418,484)</u>
Nonoperating revenues (expenses)			
Intergovernmental	108	356,721	356,829
Total nonoperating revenues (expenses)	<u>108</u>	<u>356,721</u>	<u>356,829</u>
Income (loss) before transfers	<u>114,554</u>	<u>(176,209)</u>	<u>(61,655)</u>
Transfers			
Transfers in	44,710	30,450	75,160
Transfers (out)	(100,800)	(91,791)	(192,591)
Total transfers	<u>(56,090)</u>	<u>(61,341)</u>	<u>(117,431)</u>
Change in net position	58,464	(237,550)	(179,086)
Beginning net position, previously presented	<u>1,016,321</u>	<u>-</u>	<u>1,016,321</u>
Restatement of net position	<u>(15,663)</u>	<u>-</u>	<u>(15,663)</u>
Beginning net position, restated	<u>1,000,658</u>	<u>-</u>	<u>1,000,658</u>
Ending Net Position	<u>\$ 1,059,122</u>	<u>\$ (237,550)</u>	<u>\$ 821,572</u>

CITY OF DEER PARK, TEXAS
COMBINING STATEMENT OF CASH-FLOWS
NONMAJOR ENTERPRISE FUNDS
For the year ended September 30, 2025

	Nonmajor Enterprise Funds		
	Storm Water Utility	Dow Active Complex	Total Nonmajor Enterprise
Cash flows from operating activities			
Receipts from customers and users	\$ 468,640	\$ 176,190	\$ 644,830
Payments to suppliers for goods and services	(186,518)	(97,773)	(284,291)
Payments to employees for services	(225,234)	(262,247)	(487,481)
Net cash provided (used) by operating activities	<u>56,888</u>	<u>(183,830)</u>	<u>(126,942)</u>
Cash flows from noncapital financing activities			
Intergovernmental	108	356,721	356,829
Transfers from other funds	44,710	30,450	75,160
Transfer to other funds	(100,800)	(91,791)	(192,591)
Net cash provided (used) by noncapital financing activities	<u>(55,982)</u>	<u>295,380</u>	<u>239,398</u>
Net Increase in cash and cash equivalents	906	111,550	112,456
Beginning cash and cash equivalents	<u>1,180,739</u>	<u>-</u>	<u>1,180,739</u>
Ending cash and cash equivalents	<u>\$ 1,181,645</u>	<u>\$ 111,550</u>	<u>\$ 1,293,195</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 114,446	\$ (532,930)	\$ (418,484)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Changes in operating assets and liabilities			
(Increase) decrease in assets			
Accounts receivable	2,306	(1,024)	1,282
Deferred outflows of resources - pensions and OPEB	7,837	(24,169)	(16,332)
Increase (decrease) in			
Accounts payable	(81,589)	47,561	(34,028)
Accrued liabilities	1,818	57,142	58,960
Compensated absences	14,354	114,349	128,703
Net pension liability	(11,824)		(11,824)
Deferred inflows of resources - pensions and OPEB	12,289	55,268	67,557
Total OPEB liability	<u>(2,749)</u>	<u>99,973</u>	<u>97,224</u>
Net cash provided (used) by operating activities	<u>\$ 56,888</u>	<u>\$ (183,830)</u>	<u>\$ (126,942)</u>

CITY OF DEER PARK, TEXAS
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
September 30, 2025

	Governmental Activities			
	Crime Control & Prevention District	Fire Control, Prevention, & EMS District	Deer Park Community Development Corporation	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,421,114	\$ 1,366,567	\$ 8,210,978	\$ 10,998,659
Accounts receivable, net	462,867	442,373	909,802	1,815,042
Prepaid items	7,129	-	-	7,129
Noncurrent assets				
Building	1,986,280	87,641	-	2,073,921
Improvements	808,675	124,820	-	933,495
Machinery and equipment	3,832,672	3,415,544	-	7,248,216
Less: accumulated depreciation	(3,640,627)	(2,424,037)	-	(6,064,664)
Total assets	<u>4,878,110</u>	<u>3,012,908</u>	<u>9,120,780</u>	<u>17,011,798</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - pensions (TMRS)	134,234	216,989	-	351,223
Deferred outflows of resources - OPEB (Health)	50,436	66,905	-	117,341
Total deferred outflows of resources	<u>184,670</u>	<u>283,894</u>	<u>-</u>	<u>468,564</u>
LIABILITIES				
Current liabilities				
Accounts payable	197,081	70,880	422,794	690,755
Accrued liabilities	54,736	56,390	-	111,126
OPEB liability - due within one year	9,227	11,022	-	20,249
Notes payable	-	26,190	-	26,190
Sales tax payable	102,408	102,408	55,824	260,640
Compensated absences	166,250	128,596	-	294,846
Noncurrent liabilities:				
Sales tax payable	251,379	251,379	167,490	670,248
Net pension liability (TMRS)	193,332	313,146	-	506,478
Total OPEB liability (Health)	159,849	328,285	-	488,134
Compensated absences	18,472	14,288	-	32,760
Total liabilities	<u>1,152,734</u>	<u>1,302,584</u>	<u>646,108</u>	<u>3,101,426</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - pensions (TMRS)	51,647	70,029	-	121,676
Deferred inflows of resources - OPEB (Health)	198,870	306,221	-	505,091
Total deferred inflows of resources	<u>250,517</u>	<u>376,250</u>	<u>-</u>	<u>626,767</u>
NET POSITION				
Net investment in capital assets	2,987,000	1,177,778	-	4,164,778
Restricted for				
Special projects - restricted contributions	672,529	440,190	8,474,672	9,587,391
Total net position	<u>\$ 3,659,529</u>	<u>\$ 1,617,968</u>	<u>\$ 8,474,672</u>	<u>\$ 13,752,169</u>

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, 2025

	Governmental Activities			
	Crime Control & Prevention District	Fire Control, Prevention, & EMS District	Deer Park Community Development Corporation	Total
Operating revenues				
Sales taxes	\$ 2,588,831	\$ 2,580,330	\$ 5,190,905	\$ 10,360,066
Total operating revenues	<u>2,588,831</u>	<u>2,580,330</u>	<u>5,190,905</u>	<u>10,360,066</u>
Operating expenses				
Personnel services	1,015,383	1,385,607	-	2,400,990
Contractual services	28,773	111,186	2,000	141,959
Repairs and maintenance	565,712	396,876	2,079,526	3,042,114
Other supplies and expenses	155,525	360,653	3,218,148	3,734,326
Depreciation	447,928	231,169	-	679,097
Total operating expenses	<u>2,213,321</u>	<u>2,485,491</u>	<u>5,299,674</u>	<u>9,998,486</u>
Operating income (loss)	<u>375,510</u>	<u>94,839</u>	<u>(108,769)</u>	<u>361,580</u>
Nonoperating revenues (expenses)				
Investment earnings	5,686	11,299	109,676	126,661
Intergovernmental revenue	362,210	-	-	362,210
Sale of capital assets	20,310	-	-	20,310
Interest and fiscal agent fees	-	(2,212)	-	(2,212)
Total nonoperating revenues	<u>388,206</u>	<u>9,087</u>	<u>109,676</u>	<u>506,969</u>
Change in net position	763,716	103,926	907	868,549
Beginning net position, previously presented	<u>3,049,513</u>	<u>1,636,331</u>	<u>8,473,765</u>	<u>13,159,609</u>
Restatement of net position	<u>(153,700)</u>	<u>(122,289)</u>	<u>-</u>	<u>(275,989)</u>
Beginning net position, restated	<u>2,895,813</u>	<u>1,514,042</u>	<u>8,473,765</u>	<u>12,883,620</u>
Ending net position	<u>\$ 3,659,529</u>	<u>\$ 1,617,968</u>	<u>\$ 8,474,672</u>	<u>\$ 13,752,169</u>

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.

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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

REVENUE CAPACITY	115
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These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

DEBT CAPACITY	120
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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.

DEMOGRAPHIC AND ECONOMIC INFORMATION	125
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

OPERATING INFORMATION	127
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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.

CITY OF DEER PARK, TEXAS
NET POSITION BY COMPONENT
Last Ten Years
(accrual basis of accounting)

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities										
Net investment in capital assets	\$ 125,625,437	\$ 124,727,031	\$ 107,187,294	\$ 92,017,954	\$ 81,957,058	\$ 77,907,555	\$ 74,104,011	\$ 65,700,068	\$ 56,664,574	\$ 47,111,755
Restricted	9,282,981	8,862,061	9,851,790	7,733,074	7,496,348	7,237,870	6,873,691	6,998,162	6,658,676	6,544,124
Unrestricted	<u>43,028,061</u>	<u>43,033,232</u>	<u>41,192,732</u>	<u>37,838,078</u>	<u>35,114,669</u>	<u>27,521,840</u>	<u>23,616,264</u>	<u>23,207,630</u>	<u>23,326,217</u>	<u>25,809,239</u>
Total governmental activities net position	<u>\$ 177,936,479</u>	<u>\$ 176,622,324</u>	<u>\$ 158,231,816</u>	<u>\$ 137,589,106</u>	<u>\$ 124,568,075</u>	<u>\$ 112,667,265</u>	<u>\$ 104,593,966</u>	<u>\$ 95,905,860</u>	<u>\$ 86,649,467</u>	<u>\$ 79,465,118</u>
Business-type activities										
Net investment in capital assets	\$ 41,883,000	\$ 30,411,139	\$ 25,800,807	\$ 23,338,072	\$ 22,309,361	\$ 16,818,608	\$ 19,598,349	\$ 18,011,665	\$ 16,822,172	\$ 15,837,484
Restricted	-	-	-	-	-	-	-	-	146,542	147,229
Unrestricted	<u>14,409,608</u>	<u>13,192,620</u>	<u>13,022,302</u>	<u>11,854,053</u>	<u>9,369,412</u>	<u>11,962,297</u>	<u>8,276,132</u>	<u>8,400,675</u>	<u>6,675,062</u>	<u>8,636,643</u>
Total business-type activities net position	<u>\$ 56,292,608</u>	<u>\$ 43,603,759</u>	<u>\$ 38,823,109</u>	<u>\$ 35,192,125</u>	<u>\$ 31,678,773</u>	<u>\$ 28,780,905</u>	<u>\$ 27,874,481</u>	<u>\$ 26,412,340</u>	<u>\$ 23,643,776</u>	<u>\$ 24,621,356</u>
Primary government	\$ 167,508,437	\$ 155,138,170	\$ 132,988,101	\$ 115,356,026	\$ 104,266,419	\$ 94,726,163	\$ 93,702,360	\$ 83,711,733	\$ 73,486,746	\$ 62,949,239
Net investment in capital assets	9,282,981	8,862,061	9,851,790	7,733,074	7,496,348	7,237,870	6,873,691	6,998,162	6,805,218	6,691,353
Restricted	<u>57,437,669</u>	<u>56,225,852</u>	<u>54,215,034</u>	<u>49,692,131</u>	<u>44,484,081</u>	<u>39,484,137</u>	<u>31,892,396</u>	<u>31,608,305</u>	<u>30,001,279</u>	<u>34,445,882</u>
Unrestricted										
Total primary government net position	<u>\$ 234,229,087</u>	<u>\$ 220,226,083</u>	<u>\$ 197,054,925</u>	<u>\$ 172,781,231</u>	<u>\$ 156,246,848</u>	<u>\$ 141,448,170</u>	<u>\$ 132,468,447</u>	<u>\$ 122,318,200</u>	<u>\$ 110,293,243</u>	<u>\$ 104,086,474</u>

CITY OF DEER PARK, TEXAS
CHANGES IN NET POSITION
Last Ten Years
(accrual basis of accounting)

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses										
Governmental activities										
General government	\$ 13,095,703	\$ 14,100,479	\$ 11,474,191	\$ 8,220,503	\$ 9,003,326	\$ 9,425,200	\$ 9,553,465	\$ 8,991,472	\$ 8,221,386	\$ 7,716,429
Public safety	20,835,762	18,220,142	16,534,691	13,546,411	12,975,220	14,957,915	14,483,273	12,987,761	13,054,883	12,732,761
Public works	14,392,682	13,230,699	12,681,374	10,560,616	10,111,635	9,909,662	9,063,522	7,683,728	8,112,235	8,328,808
Parks and recreation	1,946,997	1,587,949	960,653	1,042,740	489,184	563,216	440,036	398,187	351,435	371,619
Community development	12,158,165	11,573,038	10,644,274	9,905,783	9,157,470	9,663,784	11,370,036	9,649,900	9,973,129	9,942,091
Interest on long-term debt	3,960,660	7,448,511	3,041,489	1,730,555	1,097,603	692,088	772,988	908,599	1,020,878	1,183,483
Total governmental activities expenses	<u>66,389,969</u>	<u>66,160,818</u>	<u>55,336,672</u>	<u>45,006,608</u>	<u>42,834,438</u>	<u>45,211,865</u>	<u>45,683,320</u>	<u>40,619,647</u>	<u>40,733,946</u>	<u>40,275,191</u>
Business-type activities										
Water and sewer	13,427,604	13,200,268	12,978,390	11,613,629	10,801,007	11,491,912	10,653,981	9,894,062	10,006,970	9,240,162
Storm water utility	351,888	401,867	407,743	176,716	192,943	467,274	167,096	36,726	112,159	647,044
Community center	710,144	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	<u>14,489,636</u>	<u>13,602,135</u>	<u>13,386,133</u>	<u>11,790,345</u>	<u>10,993,950</u>	<u>11,959,186</u>	<u>10,821,077</u>	<u>9,930,788</u>	<u>10,119,129</u>	<u>9,887,206</u>
Total expenses	<u>\$ 80,879,605</u>	<u>\$ 79,762,953</u>	<u>\$ 68,722,805</u>	<u>\$ 56,796,953</u>	<u>\$ 53,828,388</u>	<u>\$ 57,171,051</u>	<u>\$ 56,504,397</u>	<u>\$ 50,550,435</u>	<u>\$ 50,853,075</u>	<u>\$ 50,162,397</u>
Program revenues										
Governmental activities										
Charges for services										
General government	\$ 351,946	\$ 503,081	\$ 619,358	\$ 489,476	\$ 425,813	\$ 285,776	\$ 557,271	\$ 386,289	\$ 290,859	\$ 372,307
Public safety	4,540,190	4,177,677	3,082,914	2,909,772	2,691,844	2,834,040	3,075,509	3,030,763	3,304,936	3,061,713
Public works	2,688,305	2,383,054	2,205,930	2,032,902	1,721,458	1,616,954	1,533,406	1,376,163	1,329,797	1,305,293
Parks and recreation	-	-	-	-	35,062	34,868	59,984	73,761	71,678	112,973
Community development	1,201,655	1,139,947	1,149,797	1,082,379	966,719	663,885	1,265,244	1,401,979	1,485,021	1,418,284
Operating grants and contributions	5,655,587	2,839,861	6,745,029	3,683,465	1,466,547	3,170,272	1,881,692	2,347,843	2,349,238	144,965
Capital grants and contributions	2,158,751	9,969,980	4,859,934	3,295,042	3,376,079	820,560	3,102,292	1,464,298	986,324	658,600
Total governmental activities program revenues	<u>16,596,434</u>	<u>21,013,600</u>	<u>18,662,962</u>	<u>13,493,036</u>	<u>10,683,522</u>	<u>9,426,355</u>	<u>11,475,398</u>	<u>10,081,096</u>	<u>9,817,853</u>	<u>7,074,135</u>
Business-type activities										
Charges for services										
Water and sewer	\$ 15,736,854	\$ 14,327,489	\$ 14,434,833	\$ 13,223,467	\$ 12,303,235	\$ 11,606,282	\$ 10,739,546	\$ 11,037,737	\$ 10,810,651	\$ 10,300,618
Storm water utility	466,334	454,663	464,772	374,995	367,041	361,333	346,021	337,663	301,983	278,250
Community center	177,214	-	-	-	-	-	-	-	-	-
Operating grants and contributions	381,983	-	-	-	-	-	-	-	-	-
Total business-type activities revenues	<u>16,762,385</u>	<u>14,782,152</u>	<u>14,899,605</u>	<u>13,598,462</u>	<u>12,670,276</u>	<u>11,967,615</u>	<u>11,085,567</u>	<u>11,375,400</u>	<u>11,112,634</u>	<u>10,578,868</u>
Total program revenues	<u>\$ 33,358,819</u>	<u>\$ 35,795,752</u>	<u>\$ 33,562,567</u>	<u>\$ 27,091,498</u>	<u>\$ 23,353,798</u>	<u>\$ 21,393,970</u>	<u>\$ 22,560,965</u>	<u>\$ 21,456,496</u>	<u>\$ 20,930,487</u>	<u>\$ 17,653,003</u>

(Continued)

CITY OF DEER PARK, TEXAS
CHANGES IN NET POSITION
Last Ten Years
(accrual basis of accounting)

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Net (expense)/revenue										
Governmental activities	\$ (49,793,535)	\$ (45,147,218)	\$ (36,673,710)	\$ (31,513,572)	\$ (32,150,916)	\$ (35,785,510)	\$ (34,207,922)	\$ (30,538,551)	\$ (30,916,093)	\$ (33,201,056)
Business-type activities	2,272,749	1,180,017	1,513,472	1,808,117	1,676,326	8,429	264,490	1,444,612	993,505	691,662
Total net (expense)	<u>\$ (47,520,786)</u>	<u>\$ (43,967,201)</u>	<u>\$ (35,160,238)</u>	<u>\$ (29,705,455)</u>	<u>\$ (30,474,590)</u>	<u>\$ (35,777,081)</u>	<u>\$ (33,943,432)</u>	<u>\$ (29,093,939)</u>	<u>\$ (29,922,588)</u>	<u>\$ (32,509,394)</u>
General revenues and other changes in net position										
Governmental activities										
Taxes and fees										
Property	\$ 30,202,120	\$ 28,740,795	\$ 25,690,892	\$ 23,381,834	\$ 21,920,724	\$ 20,553,900	\$ 19,370,741	\$ 18,423,349	\$ 17,845,389	\$ 16,338,414
Industrial district	14,884,571	16,322,990	13,575,409	11,032,643	12,651,737	12,660,382	11,954,014	11,316,198	11,255,235	13,058,596
Franchise	1,680,562	1,707,293	1,829,438	2,013,149	1,833,596	1,884,424	2,089,400	2,093,316	2,095,518	2,129,053
Sales and use	10,416,522	9,142,702	9,426,845	8,120,944	7,058,578	7,086,318	7,243,047	6,639,058	6,425,345	6,553,553
Hotel occupancy	613,294	671,545	624,625	565,833	483,428	430,717	629,796	661,435	622,146	663,147
Investment earnings	6,763,998	9,626,172	6,578,427	390,025	567,435	1,391,662	1,805,996	1,210,930	601,325	202,351
Other revenues	471,260	650,123	1,093,079	614,099	749,251	406,401	504,981	260,331	306,592	276,011
Gain on sales of assets	125,712	-	203,589	41,221	-	-	-	-	42,405	102,690
Transfers in (out)	(10,542,348)	(3,323,894)	(1,705,884)	(1,625,145)	(1,213,023)	(554,995)	(701,947)	(992,107)	98,200	94,480
Total governmental activities	<u>54,615,691</u>	<u>63,537,726</u>	<u>57,316,420</u>	<u>44,534,603</u>	<u>44,051,726</u>	<u>43,858,809</u>	<u>42,896,028</u>	<u>39,612,510</u>	<u>39,292,155</u>	<u>39,418,295</u>
Business-type activities										
Investment earnings	159,680	276,739	411,628	77,909	8,519	170,480	495,704	331,845	150,971	69,166
Other revenues	126,315	-	-	2,181	-	172,520	-	-	-	-
Gain on sales of assets	45,000	-	-	-	-	-	-	-	-	-
Transfers in (out)	10,542,348	3,323,894	1,705,884	1,625,145	1,213,023	554,995	701,947	992,107	(98,200)	(94,480)
Total business-type activities	<u>10,873,343</u>	<u>3,600,633</u>	<u>2,117,512</u>	<u>1,705,235</u>	<u>1,221,542</u>	<u>897,995</u>	<u>1,197,651</u>	<u>1,323,952</u>	<u>52,771</u>	<u>(25,314)</u>
Total primary government	<u>\$ 65,489,034</u>	<u>\$ 67,138,359</u>	<u>\$ 59,433,932</u>	<u>\$ 46,239,838</u>	<u>\$ 45,273,268</u>	<u>\$ 44,756,804</u>	<u>\$ 44,093,679</u>	<u>\$ 40,936,462</u>	<u>\$ 39,344,926</u>	<u>\$ 39,392,981</u>
Changes in net position										
Governmental activities	\$ 4,822,156	\$ 18,390,508	\$ 20,642,710	\$ 13,021,031	\$ 11,900,810	\$ 8,073,299	\$ 8,688,106	\$ 9,073,959	\$ 8,376,062	\$ 6,217,239
Business-type activities	13,146,092	4,780,650	3,630,984	3,513,352	2,897,868	906,424	1,462,141	2,768,564	1,046,276	666,348
Total change in net position	<u>\$ 17,968,248</u>	<u>\$ 23,171,158</u>	<u>\$ 24,273,694</u>	<u>\$ 16,534,383</u>	<u>\$ 14,798,678</u>	<u>\$ 8,979,723</u>	<u>\$ 10,150,247</u>	<u>\$ 11,842,523</u>	<u>\$ 9,422,338</u>	<u>\$ 6,883,587</u>

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

	Fiscal Year									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General fund										
Nonspendable	\$ 141,811	\$ 143,212	\$ 143,634	\$ 144,221	\$ 123,931	\$ 117,676	\$ 437,936	\$ 119,183	\$ 111,479	\$ 121,649
Assigned	4,986,009	5,135,049	4,160,254	3,396,748	1,306,003	1,137,757	969,365	969,365	2,341,465	5,491,532
Committed	-	-	-	-	-	-	-	-	3,000,000	3,000,000
Unassigned	<u>49,672,728</u>	<u>46,919,021</u>	<u>54,285,901</u>	<u>52,894,130</u>	<u>51,450,491</u>	<u>45,719,398</u>	<u>40,499,324</u>	<u>37,258,884</u>	<u>31,067,855</u>	<u>29,891,673</u>
Total general fund	<u>\$ 54,800,548</u>	<u>\$ 52,197,282</u>	<u>\$ 58,589,789</u>	<u>\$ 56,435,099</u>	<u>\$ 52,880,425</u>	<u>\$ 46,974,831</u>	<u>\$ 41,906,625</u>	<u>\$ 38,347,432</u>	<u>\$ 36,520,799</u>	<u>\$ 38,504,854</u>
All other governmental funds										
Restricted	\$ 38,754,895	\$ 80,281,943	\$ 84,368,759	\$ 56,498,689	\$ 58,341,100	\$ 8,479,899	\$ 9,368,226	\$ 15,218,654	\$ 26,850,130	\$ 29,066,724
Assigned	<u>26,051,986</u>	<u>23,098,600</u>	<u>9,580,001</u>	<u>7,019,510</u>	<u>9,932,431</u>	<u>7,887,983</u>	<u>6,754,218</u>	<u>6,675,667</u>	<u>8,114,128</u>	<u>4,728,864</u>
Total all other governmental funds	<u>\$ 64,806,881</u>	<u>\$ 103,380,543</u>	<u>\$ 93,948,760</u>	<u>\$ 63,518,199</u>	<u>\$ 68,273,531</u>	<u>\$ 16,367,882</u>	<u>\$ 16,122,444</u>	<u>\$ 21,894,321</u>	<u>\$ 34,964,258</u>	<u>\$ 33,795,588</u>

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
Taxes and fees	\$ 57,745,420	\$ 56,458,605	\$ 51,077,391	\$ 45,184,049	\$ 43,844,200	\$ 42,587,990	\$ 41,304,148	\$ 39,094,063	\$ 38,321,196	\$ 38,637,863
Licenses and permits	390,359	565,847	749,001	653,787	587,583	414,973	709,531	530,559	451,948	569,766
Fines and fees	1,403,197	1,412,394	1,211,132	1,268,711	1,240,481	1,177,347	1,504,517	1,626,796	1,900,229	1,869,286
Charges for services	6,945,281	6,221,541	5,035,808	4,573,522	4,177,455	3,705,953	4,042,729	4,052,062	4,110,702	3,864,460
Intergovernmental	5,834,212	9,792,094	6,208,874	3,858,708	4,834,805	3,904,559	2,260,891	3,121,812	3,301,475	243,093
Donations	35,400	101,215	38,004	832,082	-	-	-	-	-	-
Investment earnings	6,763,998	9,626,172	6,578,430	390,025	567,435	1,391,662	1,805,996	1,210,930	601,325	202,351
Other revenues	361,979	406,909	462,180	398,966	504,265	406,401	486,085	260,331	271,353	195,711
Total revenues	79,479,846	84,584,777	71,360,820	57,159,850	55,756,224	53,588,885	52,113,897	49,896,553	48,958,228	45,582,530
Expenditures										
General government	10,286,355	10,282,599	9,662,013	8,267,483	7,349,893	7,739,572	7,794,398	7,878,655	7,787,658	7,179,021
Community development	10,512,143	10,302,118	9,054,917	9,160,232	7,652,217	7,831,651	9,456,596	8,523,341	8,511,067	8,463,417
Public works	10,930,727	10,397,101	9,783,192	8,794,520	8,128,432	7,740,277	7,025,048	6,318,066	6,336,588	6,039,369
Parks and recreation	397,767	292,646	219,162	324,371	164,851	484,251	58,989	63,211	55,861	386,318
Public safety	18,818,119	17,333,954	14,792,372	13,926,012	13,056,251	14,455,336	13,010,347	12,088,868	11,273,797	10,972,864
Debt service										
Principal	5,348,141	4,934,634	4,720,537	5,439,249	4,187,827	4,119,703	4,099,355	4,689,692	5,552,620	3,327,539
Payments to escrow account	-	-	-	-	-	-	-	-	-	-
Interest	4,645,854	4,630,187	3,606,378	2,244,626	1,230,014	839,298	900,209	1,008,736	1,110,542	1,270,664
Capital outlay	58,480,960	46,521,797	18,069,150	8,749,533	5,813,505	5,815,550	11,533,206	20,101,738	12,492,735	4,390,702
Total expenditures	119,420,066	104,695,036	69,907,721	56,906,026	47,582,990	49,025,638	53,878,148	60,672,307	53,120,868	42,029,894
Excess (deficiency) of revenues over (under) expenditures	(39,940,220)	(20,110,259)	1,453,099	253,824	8,173,234	4,563,247	(1,764,251)	(10,775,754)	(4,162,640)	3,552,636
Other financing sources (uses)										
Proceeds from issuance of debt	5,955,000	24,950,000	29,570,000	-	43,906,875	4,240,000	-	-	2,700,000	15,710,000
Proceeds from leases	-	-	1,215,122	-	232,236	1,436,693	-	418,825	471,411	178,500
Proceeds from sale of capital assets	142,960	58,614	289,848	64,104	51,486	81,830	52,184	105,732	42,405	102,690
Premium on issuance of bonds	319,552	1,381,430	1,132,167	-	7,850,571	731,083	-	-	-	540,737
Payments to escrow account	-	-	-	-	(1,385,747)	(4,913,313)	-	-	-	(6,710,040)
Proceeds from insurance recovery	73,881	83,385	630,899	215,133	195,611	-	18,896	-	35,239	80,300
Transfers in	10,702,143	18,441,668	9,681,508	3,117,455	2,956,008	3,394,816	5,402,175	5,048,822	9,141,408	4,424,273
Transfers (out)	(13,223,712)	(21,765,562)	(11,387,392)	(4,851,174)	(4,169,031)	(4,220,712)	(6,104,122)	(6,040,929)	(9,043,208)	(4,329,793)
Total other financing sources (uses)	3,969,824	23,149,535	31,132,152	(1,454,482)	49,638,009	750,397	(630,867)	(467,550)	3,347,255	9,996,667
Net change in fund balances	\$ (35,970,396)	\$ 3,039,276	\$ 32,585,251	\$ (1,200,658)	\$ 57,811,243	\$ 5,313,644	\$ (2,395,118)	\$ (11,243,304)	\$ (815,385)	\$ 13,549,303
Debt service as a percentage of noncapital expenditures	16.60%	17.27%	17.40%	16.94%	12.92%	11.87%	12.27%	13.88%	16.60%	12.53%

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Residential property	\$ 2,945,621,123	\$ 2,851,446,104	\$ 2,424,428,462	\$ 2,306,132,080	\$ 2,389,656,442	\$ 2,041,833,692	\$ 1,901,082,802	\$ 1,837,484,616	\$ 1,700,369,650	\$ 1,565,085,837
Commercial property	2,055,108,190	2,028,559,921	1,713,157,328	1,681,638,550	1,610,888,444	1,518,563,814	1,399,737,286	1,295,797,510	1,255,053,340	1,180,302,082
Industrial property	497,577,976	374,174,679	298,513,061	262,779,889	277,677,433	247,148,258	242,617,495	235,922,222	254,575,118	246,351,857
Less: tax exempt property	<u>(1,060,153,105)</u>	<u>(1,037,158,407)</u>	<u>(901,333,397)</u>	<u>(891,150,560)</u>	<u>(862,802,965)</u>	<u>(837,774,536)</u>	<u>(789,815,256)</u>	<u>(743,456,319)</u>	<u>(716,019,833)</u>	<u>(683,610,501)</u>
Total taxable assessed value	<u>\$ 4,438,154,184</u>	<u>\$ 4,217,022,297</u>	<u>\$ 3,534,765,454</u>	<u>\$ 3,359,399,959</u>	<u>\$ 3,415,419,354</u>	<u>\$ 2,969,771,228</u>	<u>\$ 2,753,622,327</u>	<u>\$ 2,625,748,029</u>	<u>\$ 2,493,978,275</u>	<u>\$ 2,308,129,275</u>
Total direct tax rate	\$ 0.720000	\$ 0.720000	\$ 0.720000	\$ 0.720000	\$ 0.720000	\$ 0.720000	\$ 0.720000	\$ 0.720000	\$ 0.720000	\$ 0.720000

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

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

	Fiscal Year									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Approximate taxable value *	\$ 3,198,861,662	\$ 3,487,930,609	\$ 2,946,485,256	\$ 2,394,236,814	\$ 2,745,602,743	\$ 2,747,478,663	\$ 2,635,364,638	\$ 2,494,752,646	\$ 2,486,112,079	\$ 3,033,027,646
Industrial district % taxable per contract	65.00%	65.00%	64.00%	65.00%	64.00%	64.00%	63.00%	63.00%	63.00%	63.00%
Approximate adjusted taxable value *	\$ 2,079,260,080	\$ 2,267,154,895	\$ 1,885,750,564	\$ 1,532,311,561	\$ 1,757,185,756	\$ 1,758,386,344	\$ 1,660,279,722	\$ 1,571,694,167	\$ 1,566,250,610	\$ 1,910,707,417
Tax rate	\$ 0.720000	\$ 0.720000	\$ 0.720000	\$ 0.720000	\$ 0.720000	\$ 0.720000	\$ 0.720000	\$ 0.720000	\$ 0.720000	\$ 0.714532
Amount billed	\$ 14,917,467	\$ 16,323,515	\$ 13,577,404	\$ 11,032,643	\$ 12,651,737	\$ 12,660,382	\$ 11,965,014	\$ 11,316,198	\$ 11,277,005	\$ 13,058,614
Amount collected	\$ 14,884,571	\$ 16,322,990	\$ 13,575,409	\$ 11,032,643	\$ 12,651,737	\$ 12,660,382	\$ 11,954,014	\$ 11,316,198	\$ 11,276,238	\$ 13,058,596
% collected	99.78%	100.00%	99.99%	100.00%	100.00%	100.00%	100.00%	100.00%	99.99%	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.

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
City of Deer Park by fund										
General	\$ 0.505386	\$ 0.510553	\$ 0.540247	\$ 0.559216	\$ 0.568794	\$ 0.561659	\$ 0.549389	\$ 0.533514	\$ 0.519943	\$ 0.515711
Debt service	0.214614	0.209447	0.179753	0.160784	0.151206	0.158341	0.170611	0.186486	0.200057	0.198641
Total direct rates	<u>\$ 0.720000</u>	<u>\$ 0.720000</u>	<u>\$ 0.720000</u>	<u>\$ 0.720000</u>	<u>\$ 0.720000</u>	<u>\$ 0.720000</u>	<u>\$ 0.720000</u>	<u>\$ 0.720000</u>	<u>\$ 0.720000</u>	<u>\$ 0.714352</u>
Deer Park Independent										
School District	\$ 1.121300	\$ 1.121300	\$ 1.282200	\$ 1.349600	\$ 1.349600	\$ 1.415100	\$ 1.538700	\$ 1.556700	\$ 1.556700	\$ 1.556700
Harris County	0.385290	0.385290	0.343730	0.376930	0.391160	0.407130	0.418580	0.418010	0.416560	0.419230
Harris County Department of Education	0.004799	0.004799	0.004900	0.004990	0.004993	0.005000	0.005190	0.005195	0.005200	0.005422
Harris County Flood Control District	0.048970	0.048970	0.030550	0.033490	0.031420	0.027920	0.028770	0.028310	0.028290	0.027330
Harris County Hospital District	0.163480	0.163480	0.148310	0.162210	0.166710	0.165910	0.171080	0.171100	0.171790	0.170000
Harris County Port of Houston Authority	0.006150	0.006150	0.007990	0.008720	0.009910	0.010740	0.011550	0.012560	0.013340	0.013420
San Jacinto Community College District	0.154868	0.154868	0.155605	0.167967	0.169358	0.178169	0.179329	0.183335	0.182379	0.175783
Total direct and overlapping rates	<u>\$ 2.604857</u>	<u>\$ 2.604857</u>	<u>\$ 2.693285</u>	<u>\$ 2.823907</u>	<u>\$ 2.843151</u>	<u>\$ 2.929969</u>	<u>\$ 3.073199</u>	<u>\$ 3.095210</u>	<u>\$ 3.094259</u>	<u>\$ 3.082237</u>

Source: Harris Central Appraisal District

Note:

Tax rates are per \$100 of assessed valuation.

CITY OF DEER PARK, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

Property Tax Payer	2025			2016		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
CenterPoint Energy, Inc.	\$ 78,017,385	1	1.76%	\$ 19,157,804	4	0.83%
BCI IV Monument BP LP	63,020,949	2	1.42%	-	N/A	0.00%
Shell Federal Credit Union	56,452,894	3	1.27%	-	N/A	0.00%
Ibiza Deer Park, LLC	50,170,039	4	1.13%	-	N/A	0.00%
Lex Houston 4600 LP	41,897,466	5	0.94%	-	N/A	0.00%
Dresser LLC	39,689,528	6	0.89%	16,057,747	6	0.70%
HPC Industrial Services LLC	37,663,887	7	0.85%	-	N/A	0.00%
CH AZ Victory LP	36,219,955	8	0.82%	-	N/A	0.00%
USA Debusk	35,222,916	9	0.79%	-	N/A	0.00%
Genox Transportation LLC	30,289,887	10	0.68%	-	N/A	0.00%
Quarter Turn Resources, Inc.	-	N/A	0.00%	23,164,181	1	1.00%
Deer Park Apts. LLC	-	N/A	0.00%	22,896,077	2	0.99%
Wal-Mart	-	N/A	0.00%	20,381,431	3	0.88%
Siemens Energy LLC	-	N/A	0.00%	17,216,140	5	0.75%
GSL Constructors Ltd.	-	N/A	0.00%	13,801,339	7	0.60%
Hydrochem Industrial Services, Inc.	-	N/A	0.00%	13,088,542	8	0.57%
Partnership Underwood LP	-	N/A	0.00%	12,727,756	9	0.55%
Clay Partners - 405 Deerwood Glen LP	-	N/A	0.00%	11,472,373	10	0.50%
Subtotal	468,644,906		10.55%	169,963,390		7.37%
Other taxpayers	3,969,509,278		89.45%	2,138,165,885		92.63%
Total	\$ 4,438,154,184		100.00%	\$ 2,308,129,275		100.00%

Source: Harris Central 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>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax levy	\$ 30,292,868	\$ 28,748,931	\$ 25,864,399	\$ 23,175,017	\$ 22,230,056	\$ 20,780,196	\$ 19,298,489	\$ 18,401,462	\$ 17,598,722	\$ 16,363,090
Current tax collected	\$ 29,677,859	\$ 28,299,682	\$ 25,435,505	\$ 22,801,819	\$ 21,607,462	\$ 20,476,479	\$ 19,070,066	\$ 18,119,939	\$ 17,443,588	\$ 16,035,281
Percentage of current tax collections	97.97%	98.44%	98.34%	98.39%	97.20%	98.54%	98.82%	98.47%	99.12%	98.00%
Delinquent tax collections	<u>161,669</u>	<u>25,321</u>	<u>-</u>	<u>136,795</u>	<u>528,257</u>	<u>204,383</u>	<u>175,698</u>	<u>241,259</u>	<u>122,959</u>	<u>269,917</u>
Total tax collections	<u>\$ 29,839,528</u>	<u>\$ 28,325,003</u>	<u>\$ 25,435,505</u>	<u>\$ 22,938,614</u>	<u>\$ 22,135,719</u>	<u>\$ 20,680,862</u>	<u>\$ 19,245,764</u>	<u>\$ 18,361,198</u>	<u>\$ 17,566,547</u>	<u>\$ 16,305,198</u>
Total collections as of percentage of current levy	98.50%	98.53%	98.34%	98.98%	99.58%	99.52%	99.73%	99.78%	99.82%	99.65%

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

CITY OF DEER PARK, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities										
General obligation bonds	\$ 68,461,684	\$ 71,525,852	\$ 47,913,915	\$ 34,787,720	\$ 36,699,503	\$ 14,304,047	\$ 11,063,762	\$ 12,676,107	\$ 14,053,513	\$ 16,239,210
Certificates of obligation	45,212,016	41,134,811	43,256,941	30,457,320	34,109,820	10,165,155	17,452,935	19,690,033	22,769,126	23,243,219
Notes payable	443,759	587,558	756,947	1,054,368	1,366,508	1,537,428	504,540	900,933	868,776	743,670
Leases payable	859,509	971,317	1,138,541	135,073	211,970	-	-	-	-	-
Business-type activities										
General obligation bonds	7,985,627	8,862,088	10,174,178	11,896,104	7,349,603	1,987,809	2,681,585	3,382,329	3,938,036	4,560,455
Certificates of obligation	29,408,320	31,528,126	34,727,991	36,340,472	44,077,154	46,742,209	43,835,960	38,917,927	34,891,757	28,464,920
Water revenue bonds	-	-	-	-	-	-	-	-	250,000	500,000
Notes payable	-	-	-	-	-	22,707	112,518	200,722	361,489	534,382
Total primary government	<u>\$ 152,370,915</u>	<u>\$ 154,609,752</u>	<u>\$ 137,968,513</u>	<u>\$ 114,671,057</u>	<u>\$ 123,814,558</u>	<u>\$ 74,759,355</u>	<u>\$ 75,651,300</u>	<u>\$ 75,768,051</u>	<u>\$ 77,132,697</u>	<u>\$ 74,285,856</u>
Debt as a percentage of personal income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Debt per capita	\$ 4,505	\$ 4,660	\$ 4,122	\$ 3,324	\$ 3,498	\$ 2,117	\$ 2,143	\$ 2,148	\$ 2,214	\$ 2,147

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.

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

	Fiscal Year									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General obligations bonds (1)	\$ 76,447,311	\$ 80,387,940	\$ 58,088,093	\$ 46,683,824	\$ 44,049,106	\$ 16,291,856	\$ 13,745,347	\$ 16,058,436	\$ 17,991,549	\$ 20,799,665
Less: amounts restricted to repaying principal	<u>(6,269,003)</u>	<u>(6,239,312)</u>	<u>(7,317,721)</u>	<u>(5,638,708)</u>	<u>(6,158,254)</u>	<u>(5,766,586)</u>	<u>(5,181,426)</u>	<u>(4,634,050)</u>	<u>(3,736,160)</u>	<u>(3,351,483)</u>
Total	<u>\$ 70,178,308</u>	<u>\$ 74,148,628</u>	<u>\$ 50,770,372</u>	<u>\$ 41,045,116</u>	<u>\$ 37,890,852</u>	<u>\$ 10,525,270</u>	<u>\$ 8,563,921</u>	<u>\$ 11,424,386</u>	<u>\$ 14,255,389</u>	<u>\$ 17,448,182</u>
Percentage of actual taxable value of property	1.58%	1.76%	1.44%	1.22%	1.11%	0.35%	0.31%	0.54%	0.74%	0.88%
Net bonded debt per capita	<u>\$ 2,075</u>	<u>\$ 2,235</u>	<u>\$ 1,517</u>	<u>\$ 1,189</u>	<u>\$ 1,072</u>	<u>\$ 226</u>	<u>\$ 308</u>	<u>\$ 383</u>	<u>\$ 493</u>	<u>\$ 538</u>

Notes:

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

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

CITY OF DEER PARK, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2025

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of District and Overlapping Debt</u>
Debt repaid with property taxes			
Deer Park Independent School District	\$ 348,370,000	20.45%	\$ 71,241,665
Harris County	2,257,734,736	0.65%	14,675,276
Harris County Department of Education	28,960,000	0.65%	188,240
Harris County Flood Control District	937,165,000	0.65%	6,091,573
Harris County Hospital District	867,820,000	0.65%	5,640,830
La Porte Independent School District	398,620,000	8.36%	33,324,632
Port of Houston Authority of Harris County	406,509,397	0.65%	2,642,311
San Jacinto Community College District	505,569,308	5.46%	<u>27,604,084</u>
Subtotal, overlapping debt			161,408,611
City direct debt	\$ 114,976,968	100.00%	<u>114,976,968</u>
Total direct and overlapping debt			<u><u>\$ 276,385,579</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									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Debt limit	\$ 443,815,418	\$ 421,702,230	\$ 353,476,545	\$ 335,939,996	\$ 341,541,935	\$ 296,977,123	\$ 275,362,233	\$ 262,574,803	\$ 249,397,828	\$ 230,812,928
Total net debt applicable to limit	<u>70,178,308</u>	<u>74,148,628</u>	<u>50,770,372</u>	<u>41,035,116</u>	<u>37,890,852</u>	<u>10,133,602</u>	<u>7,978,761</u>	<u>10,877,010</u>	<u>13,357,499</u>	<u>17,063,505</u>
Legal debt margin	<u>\$ 373,637,110</u>	<u>\$ 347,553,602</u>	<u>\$ 302,706,173</u>	<u>\$ 294,904,880</u>	<u>\$ 303,651,083</u>	<u>\$ 286,843,521</u>	<u>\$ 267,383,472</u>	<u>\$ 251,697,793</u>	<u>\$ 236,040,329</u>	<u>\$ 213,749,423</u>
Total net debt applicable to the limit as a percentage of debt limit	15.81%	17.58%	14.36%	12.22%	11.09%	3.41%	2.90%	4.14%	5.36%	7.39%

Legal debt margin calculation for fiscal year 2025

Assessed value	\$ 4,438,154,184
Debt limit (10% of assessed value)	443,815,418
Debt applicable to limit:	
General obligation bonds	76,447,311
Less: amount set aside for repayment of general obligation debt	<u>(6,269,003)</u>
Total net debt applicable to limit	<u>70,178,308</u>
Legal debt margin	<u>\$ 373,637,110</u>

CITY OF DEER PARK, TEXAS
 PLEDGED REVENUE COVERAGE
 Last Ten Years

	Fiscal Year									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Utility service charges	\$ 15,736,854	\$ 14,323,777	\$ 14,899,605	\$ 13,600,643	\$ 12,303,235	\$ 11,606,282	\$ 10,739,546	\$ 11,369,582	\$ 10,810,651	\$ 10,300,618
Less: operating expenses (1)	<u>9,104,266</u>	<u>9,048,431</u>	<u>9,495,151</u>	<u>7,709,575</u>	<u>7,319,941</u>	<u>8,244,388</u>	<u>7,245,690</u>	<u>6,676,372</u>	<u>6,931,288</u>	<u>6,421,511</u>
Net available revenue	<u>\$ 6,632,588</u>	<u>\$ 5,275,346</u>	<u>\$ 5,404,454</u>	<u>\$ 5,891,068</u>	<u>\$ 4,983,294</u>	<u>\$ 3,361,894</u>	<u>\$ 3,493,856</u>	<u>\$ 4,693,210</u>	<u>\$ 3,879,363</u>	<u>\$ 3,879,107</u>
Debt service requirements (2)										
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000	\$ 250,000
Interest	-	-	-	-	-	-	-	-	12,625	20,750
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 262,625</u>	<u>\$ 270,750</u>
Coverage	-	-	-	-	-	-	-	-	14.77	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.

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

<u>Calendar Year*</u>	<u>Population</u>	<u>Per Capita Income</u>	<u>Personal Income</u>	<u>Unemployment Rate</u>	<u>School Enrollment</u>
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	N/A	N/A	4.2%	12,850
2023	33,468	35,093	N/A	5.5%	12,345
2024	33,176	42,156	N/A	4.5%	12,108
2025	33,823	42,376	N/A	5.4%	12,243

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

<u>Employer</u>	<u>2025</u>		<u>2016</u>	
	<u>Employees</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Deer Park ISD	2,704	12.02%	1,850	8.92%
Shell Deer Park	1,500	6.67%	3,100	14.94%
Pemex Refinery	1,500	6.67%	-	0.00%
Universal Plant Services	1,100	4.89%	1,364	6.57%
Lubrizol Specialty Chemicals	1,000	4.44%	1,300	6.27%
USA DeBusk	750	3.33%	-	0.00%
Dow Chemical Co.	700	3.11%	1,330	6.41%
Mistras Group	580	2.58%	700	3.37%
Clean Harbors	520	2.31%	-	0.00%
City of Deer Park	466	2.07%	411	1.98%
Minh Foods, Inc.	-	0.00%	400	1.93%
Wal-Mart	-	0.00%	425	2.05%
Siemens Energy	-	0.00%	350	1.69%
Total	<u>10,820</u>	<u>48.09%</u>	<u>11,230</u>	<u>54.13%</u>
Estimated total jobs in the City	<u>22,500</u>		<u>20,746</u>	

Source: City of Deer Park Economic Development Administrator

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

	Fiscal Year									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
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	11.0	8.5	8.5	8.5	8.5	8.0	12.0	12.0	12.0	13.0
Other	35.0	35.0	33.0	33.0	33.0	33.0	33.0	35.5	35.0	35.5
Police										
Officer	72.0	72.0	65.0	65.0	65.0	65.0	64.0	61.0	61.0	61.0
Civilians	27.5	27.5	26.5	26.5	26.5	26.0	26.5	26.0	26.0	26.0
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	19.0	19.0	19.0	19.0	18.0	18.0	18.0	18.0	15.0	13.0
Sanitation	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0
Other public works										
Engineering	3.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0
Other public works	34.0	36.0	35.0	35.0	35.0	35.0	30.0	29.0	29.0	29.0
Parks and recreation	87.0	88.5	86.5	86.5	86.5	86.5	86.5	82.5	77.0	77.0
Library	13.5	13.5	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0
Water	16.5	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
Wastewater	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Total	<u>361.5</u>	<u>363.0</u>	<u>350.5</u>	<u>350.5</u>	<u>349.5</u>	<u>348.5</u>	<u>348.0</u>	<u>342.0</u>	<u>333.0</u>	<u>332.5</u>

Source: Adopted City Budget

CITY OF DEER PARK, TEXAS
OPERATING INDICATORS BY FUNCTION
Last Ten Years

Function/program	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General government										
Annual permits	2,421	2,128	3,231	2,309	2,071	2,030	2,224	2,187	2,420	2,644
Annual inspections	3,671	3,080	4,338	3,371	2,987	2,903	3,200	3,219	3,855	4,932
Police										
Physical arrests	2,409	2,621	2,096	2,096	2,007	1,995	3,323	3,309	4,050	3,445
Parking violations	19	47	17	59	33	54	36	58	71	92
Traffic violations	6,929	8,479	8,113	8,945	9,361	10,014	11,107	12,354	16,826	14,322
Fire										
Emergency ambulance responses	3,889	3,835	3,442	4,172	3,560	3,109	3,126	2,211	2,761	2,467
Fire responses	615	640	583	583	567	558	591	687	790	775
Fire inspections	517	314	1,216	1,145	876	455	1,574	1,650	1,862	1,676
Sanitation										
Refuse collected (tons per day)	98	135	95	91	92	97	84	84	83	82
Recyclables collected (tons per day)	6	6	6	6	6	6	4	4	4	4
Streets										
Street resurfacing (miles)*	0	0	0	0	0	0	0	0	1	0
Potholes repaired	77	70	65	62	63	60	65	62	60	65
Parks and recreation										
Community center admissions	9,253	0	8,496	10,732	10,506	11,601	9,173	4,611	N/A	N/A
Program enrollments	5,029	9,236	7,320	14,416	15,233	8,781	18,293	17,077	21,262	21,034
Library										
Volumes in collection	91,631	99,392	99,363	96,526	96,601	94,977	94,253	104,738	101,960	90,408
Total volumes borrowed	157,256	165,471	119,439	93,443	79,271	81,401	149,921	146,943	157,902	157,955
Water										
New connections	16	21	22	25	31	37	42	31	100	137
Water main breaks	38	45	71	36	33	35	85	18	39	32
Sewer main breaks	21	19	28	29	29	28	37	29	N/A	N/A
Average daily consumption (gallons)	3,431,763	3,462,620	3,792,422	3,425,380	3,733,900	3,876,800	3,873,700	3,985,508	3,995,225	3,893,750
Peak daily consumption (gallons)	4,480,000	4,674,000	5,786,000	5,485,000	6,582,000	5,701,000	5,162,000	5,931,000	5,541,000	5,281,000
Wastewater										
Average daily sewage treatment (thousands of gallons)	3,776	3,836	3,454	3,256	4,000	3,167	3,358	3,201	3,082	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.

CITY OF DEER PARK, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Years

Function/program	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	63	63	61	54	51	51	51	47	44	44
Animal shelters	1	1	1	0	0	0	0	0	0	0
Humane vehicles	3	3	3	0	0	0	0	0	0	0
Fire										
Stations	4	4	4	4	4	4	3	3	3	3
Sanitation										
Collection trucks	6	6	6	6	6	6	6	6	6	6
Streets										
Streets (miles)	145	145	111	111	111	111	111	111	111	111
Streetlights	2,726	2,720	2,720	2,720	2,720	2,720	2,710	2,709	2,709	2,694
Traffic signals	45	45	45	45	45	45	45	45	44	44
Parks and recreation										
Acreage	831	825	825	825	355	355	355	355	279	270
Parks with play structures	19	19	18	18	20	20	20	20	20	19
Baseball/softball diamonds	23	23	23	23	23	23	23	23	21	20
Soccer/football fields	9	9	9	9	9	9	9	9	8	7
Golf course	1	1	1	1	1	1	1	1	1	1
Community centers	7	6	7	7	7	7	7	7	7	7
Water										
Water lines (miles)	142	108	142	142	142	142	141	140	139	138
Fire hydrants	1,200	735	1,001	1,001	993	987	984	976	958	950
Storage capacity (millions of gallons)										
three ground wells @ 3,560 gpm total	2	3	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
three elevated tanks @ .5 M gallons each	3	3	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
two ground storage tanks @ 1M gallons each	5	5	5.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Wastewater										
Sanitary sewers (miles)	133	133	132	132	132	132	131	131	130	130
Storm sewers (miles)	95	88	100	100	70	70	70	70	70	70
Treatment capacity (millions of gallons)	6	6	6	6	6	6	6	6	6	6

Source: Various city departments



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