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*ANNUAL COMPREHENSIVE
FINANCIAL REPORT*

of the

CITY OF DEER PARK, TEXAS

**For the Year Ended
September 30, 2023**

**Prepared by
Finance Department**

**Nicole Ganey
Director of Finance**

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CITY OF DEER PARK, TEXAS

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INTRODUCTORY SECTION

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NICOLE GANEY
DIRECTOR OF FINANCE

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E-Mail: nganey@deerparktx.org

February 28, 2024

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, Texas (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, 2023. This report is published to provide the citizens, City Council, City management and staff, bondholders and other interested parties detailed information concerning the financial condition of the City. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To provide a reasonable basis for making these representations, the City has established a comprehensive internal control framework designed to protect the City’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City’s financial statements. I believe the data, as presented, is accurate in all material respects and that it is reported in a manner that fairly presents the financial position and results of operations of the City as measured by the financial activity of the various funds and account groups. All disclosures necessary to enable the reader to gain the maximum understanding of the City’s financial activities have been included.

The Report

In compliance with the Governmental Accounting Standards Board (“GASB”) Statement No. 34, this report includes a Management’s Discussion and Analysis (“MD&A”) which provides a narrative introduction, overview, and analysis to accompany the basic financial statements. The MD&A is located immediately following the Independent Auditors’ Report. This letter of transmittal is designed to complement the 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 33,468. 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

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are elected in even numbered years. The City Manager is responsible for the execution of City policies and ordinances, oversight of the daily operations of the City, and appointment of department heads.

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

Annual Budget

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

Factors Affecting Financial Condition

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

Local economy. Deer Park lies directly adjacent to Port Houston, which is a 25-mile-long complex of diversified public and private facilities located just a few hours by ship from the Gulf of Mexico. The Port is consistently ranked 1st in the United States in foreign waterborne tonnage; 1st in U.S. imports; 1st in U.S. export tonnage; and 2nd in the U.S. in total tonnage. Additionally, Port Houston is the nation’s leading breakbulk port, handling 65 percent of all major U.S. project cargo. The Port’s container ship traffic has recently started growing and will continue to grow over the next 10 years because of the Panama Canal widening project and the recent deepening of Houston’s ship channel. Large office/warehouse projects have been recently constructed within the Deer Park City limits in anticipation of the growth.

Port Houston owns and operates two container terminals, Barbour’s Cut Terminal and Bayport Container Terminal. Collectively, these terminals handled nearly 4 million twenty-foot equivalent units in 2022, making Port Houston the fastest-growing container port in the U.S. and the fifth largest container port in the country.

Shell Federal Credit Union is the 18th largest credit union in Texas and is headquartered in the City of Deer Park. They have recently completed construction for a 100,000 square foot administrative headquarters project, which also includes a recently completed three-story parking garage. They plan to relocate several hundred employees from other locations to Deer Park.

Bedford Capital Partners is constructing two new warehouse and office buildings at 1500 and 1504 East Boulevard. Tyndale USA has pre-leased 7,500 square feet of space at 1504 East Boulevard, which will be their retail showroom for safety apparel.

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

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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 a Capital Equipment Replacement Fund, which is used to replace rolling stock (vehicles and equipment).

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

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

Independent Audit

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

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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 annual comprehensive financial report for the fiscal year ended September 30, 2022. This was the 36th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized financial report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. I believe the City’s current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program’s requirements, and I will be submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

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

Respectfully submitted,

Nicole Ganey

Nicole Ganey
Director of Finance

CITY OF DEER PARK, TEXAS
CERTIFICATE OF ACHIEVEMENT FOR
EXCELLENCE IN FINANCIAL REPORTING



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Deer Park
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morill

Executive Director/CEO

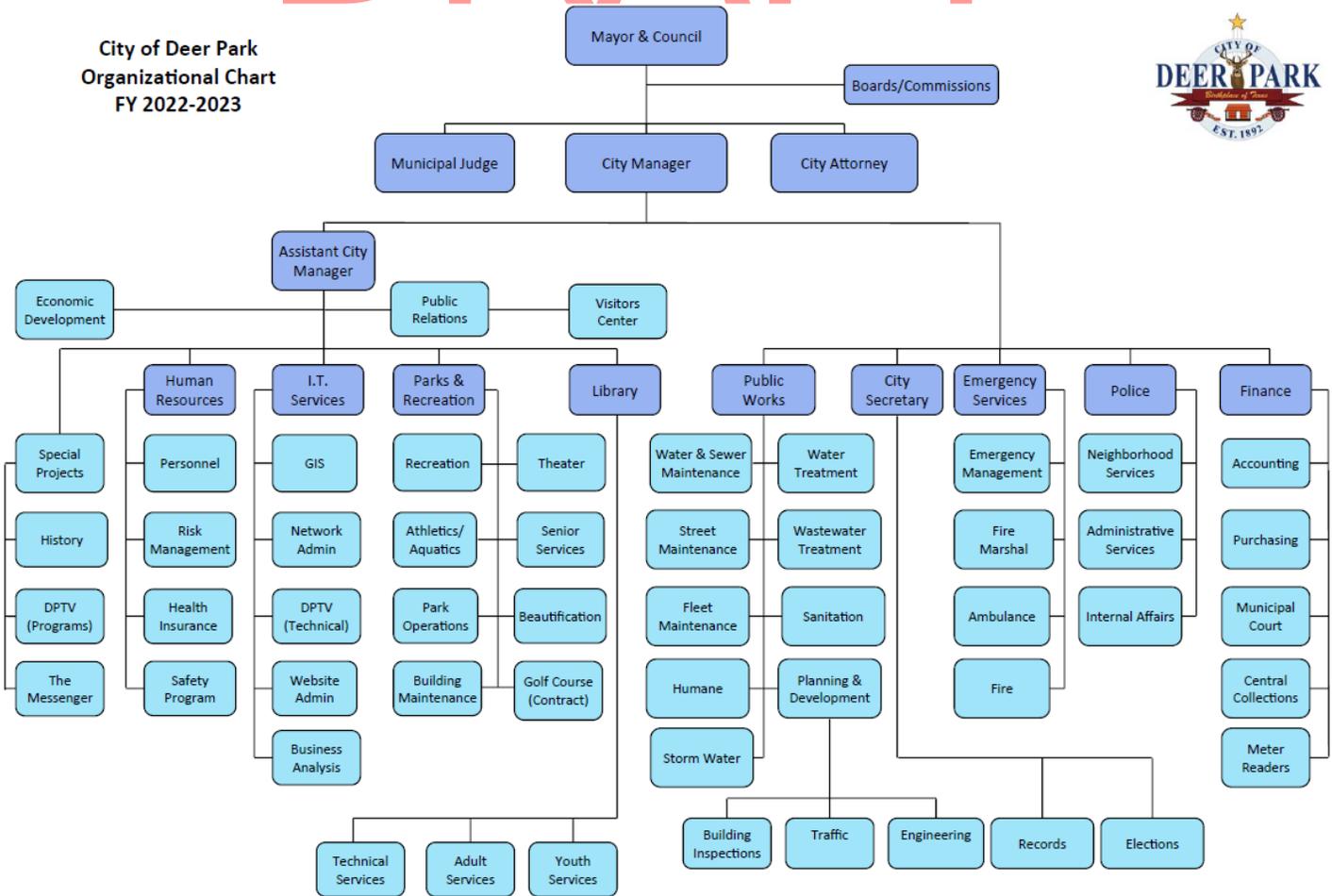
CITY OF DEER PARK, TEXAS

ORGANIZATIONAL CHART

September 30, 2023



City of Deer Park
Organizational Chart
FY 2022-2023



CITY OF DEER PARK, TEXAS
PRINCIPAL OFFICIALS
September 30, 2023

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

<u>Key Staff</u>	<u>Position</u>
James Stokes	City Manager
Sara Robinson	Assistant City Manager
Angela Smith	City Secretary
Jim Fox	City Attorney
Nicole Ganey	Director of Finance
Bill Pedersen	Director of Public Works
Greg Grigg	Chief of Police
Charlie Sandberg	Director of Parks and Recreation
Bill Philbert	Director of Human Resources
Jamie Galloway	Emergency Services Director
Rebecca Pool	Director of Library Services
James Lewis	Director of Information Technology

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Deer Park, Texas (the "City") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibility 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.

Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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, the schedules of changes in net pension and total other postemployment benefits liability and related ratios, the schedule of the City's proportionate share of the net pension liability, and the schedules of contributions, identified as Required Supplementary Information on the table of contents, be presented to supplement the basic financial statements. Such information 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 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.

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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 accompanying combining statements and schedules are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2024 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.

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BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
February 28, 2024

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

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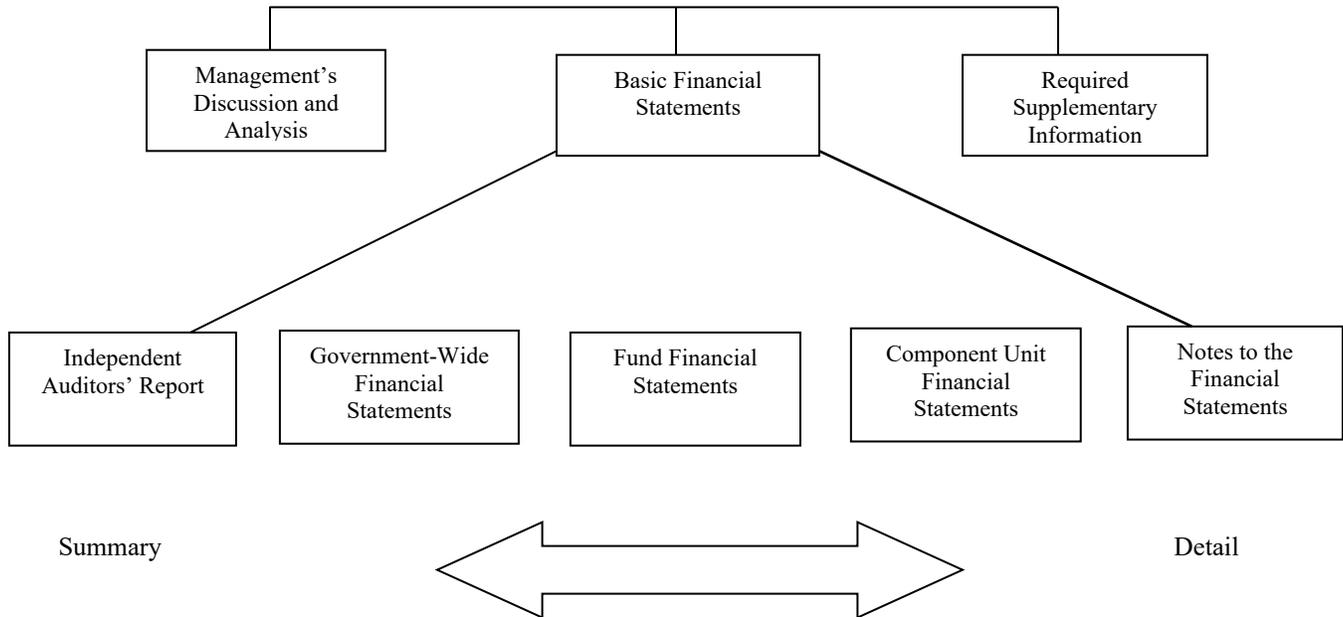
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CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023

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, 2023. 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 transmittal letter at the front of this report and the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT

Components of the Financial Section



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 of 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 in order to assess the overall health of the City.

CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2023

The Statement of Activities presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

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

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

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

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

The City maintains 18 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; grants fund; the capital project certificates of obligations and

CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2023

general obligation bonds, series 2021 funds; and the capital project certificates of obligation and general obligation bonds, series 2022 funds, which are considered to be major funds for reporting purposes.

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

Proprietary Funds

The City maintains one type of proprietary fund, enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water distribution, wastewater collection/treatment, and storm water utility operations. The proprietary funds financial statements provide separate information for the water and sewer fund and the storm water utility fund. 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 basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general fund, the schedules of changes in net pension and total other postemployment benefits (OPEB) liability and related ratios, the schedule of the City's proportionate share of the net pension liability, and the schedules of contributions. RSI can be found after the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the City, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$197,054,925 as of September 30, 2023. This compares with \$172,781,231 from the prior fiscal year. The largest portion of the City's net position, 67.49 percent, reflects its investments in capital assets (e.g., land, buildings, equipment, improvements, construction in progress, and infrastructure), less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2023

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 169,414,603	\$ 137,751,892	\$ 22,332,010	\$ 25,515,884	\$ 191,746,613	\$ 163,267,776
Capital assets, net	125,630,669	109,686,820	68,376,671	64,226,437	194,007,340	173,913,257
Total Assets	295,045,272	247,438,712	90,708,681	89,742,321	385,753,953	337,181,033
Deferred outflows - pensions	12,160,755	2,726,487	1,644,227	365,552	13,804,982	3,092,039
Deferred outflows - OPEB	4,346,580	5,316,160	602,263	751,921	4,948,843	6,068,081
Total Deferred Outflows of Resources	16,507,335	8,042,647	2,246,490	1,117,473	18,753,825	9,160,120
Long-term liabilities	128,533,871	86,997,280	49,641,399	50,971,405	178,175,270	137,968,685
Other liabilities	14,287,683	12,913,235	2,947,096	2,117,527	17,234,779	15,030,762
Total Liabilities	142,821,554	99,910,515	52,588,495	53,088,932	195,410,049	152,999,447
Deferred inflows - leases receivable	607,523	650,869	-	-	607,523	650,869
Deferred inflows - pensions	203,794	8,919,746	28,081	1,223,023	231,875	10,142,769
Deferred inflows - OPEB	9,687,920	8,411,123	1,515,486	1,355,714	11,203,406	9,766,837
Total Deferred Inflows of Resources	10,499,237	17,981,738	1,543,567	2,578,737	12,042,804	20,560,475
Net Position:						
Net investment in capital assets	107,187,294	92,017,954	25,800,807	23,338,072	132,988,101	115,356,026
Restricted	9,851,790	7,733,074	-	-	9,851,790	7,733,074
Unrestricted	41,192,732	37,838,078	13,022,302	11,854,053	54,215,034	49,692,131
Total Net Position	\$ 158,231,816	\$ 137,589,106	\$ 38,823,109	\$ 35,192,125	\$ 197,054,925	\$ 172,781,231

A portion of the City's net position, \$9,851,790 or 5.00 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$54,215,034, may be used to meet the City's ongoing obligations to citizens and creditors.

The City's total net position increased by \$24,273,694 during the current fiscal year, an increase of 14.05 percent in comparison to the prior year. Compared to the prior year, total assets increased \$48,572,920 largely due to the current year operating surplus, an increase in cash and cash equivalents from two new debt issuances, and an increase in capital assets. Deferred outflows of resources resulted in an overall increase of \$9,593,705 from the prior year, primarily due to an increase in projected and actual earnings for the pension plan. Deferred inflows decreased \$8,517,671 from the prior year mainly due to decreases in the differences between projected and actual earnings related to the pension plan and a decrease in the change in assumptions for the OPEB healthcare plan. Long-term liabilities increased \$40,206,585 compared to the prior year due primarily to increases in pension liabilities and new debt issued.

CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2023

Statement of Activities

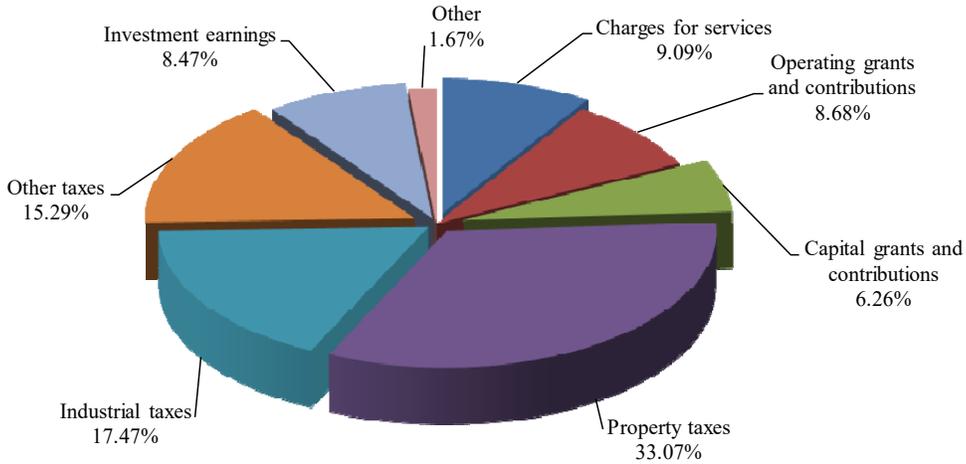
The following table provides a summary of the City's changes in net position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services	\$ 7,057,999	\$ 6,514,529	\$ 14,899,605	\$ 13,598,462	\$ 21,957,604	\$ 20,112,991
Operating grants and contributions	6,745,029	3,683,465	-	-	6,745,029	3,683,465
Capital grants and contributions	4,859,934	3,295,042	-	-	4,859,934	3,295,042
General revenues:						
Property taxes	25,690,892	23,381,834	-	-	25,690,892	23,381,834
Industrial district taxes	13,575,409	11,032,643	-	-	13,575,409	11,032,643
Other taxes and fees	11,880,908	10,699,926	-	-	11,880,908	10,699,926
Investment earnings	6,578,427	390,025	411,628	77,909	6,990,055	467,934
Other revenues	1,093,079	614,099	-	2,181	1,093,079	616,280
Gain on sale of capital assets	203,589	41,221	-	-	203,589	41,221
Total Revenues	<u>77,685,266</u>	<u>59,652,784</u>	<u>15,311,233</u>	<u>13,678,552</u>	<u>92,996,499</u>	<u>73,331,336</u>
Expenses						
General government	11,474,191	8,220,503	-	-	11,474,191	8,220,503
Public safety	16,534,691	13,546,411	-	-	16,534,691	13,546,411
Public works	12,681,374	10,560,616	-	-	12,681,374	10,560,616
Parks and recreation	960,653	1,042,740	-	-	960,653	1,042,740
Community development	10,644,274	9,905,783	-	-	10,644,274	9,905,783
Interest on long-term debt	3,041,489	1,730,555	-	-	3,041,489	1,730,555
Water and sewer	-	-	12,978,390	11,613,629	12,978,390	11,613,629
Storm water utility	-	-	407,743	176,716	407,743	176,716
Total Expenses	<u>55,336,672</u>	<u>45,006,608</u>	<u>13,386,133</u>	<u>11,790,345</u>	<u>68,722,805</u>	<u>56,796,953</u>
Increase in Net Position Before Transfers	22,348,594	14,646,176	1,925,100	1,888,207	24,273,694	16,534,383
Transfers in (out)	(1,705,884)	(1,625,145)	1,705,884	1,625,145	-	-
Change in Net Position	20,642,710	13,021,031	3,630,984	3,513,352	24,273,694	16,534,383
Beginning net position	137,589,106	124,568,075	35,192,125	31,678,773	172,781,231	156,246,848
Ending Net Position	<u>\$ 158,231,816</u>	<u>\$ 137,589,106</u>	<u>\$ 38,823,109</u>	<u>\$ 35,192,125</u>	<u>\$ 197,054,925</u>	<u>\$ 172,781,231</u>

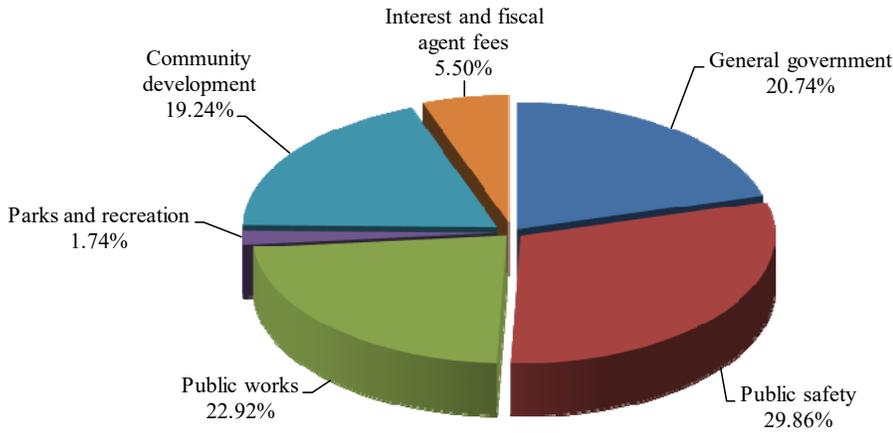
CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2023

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

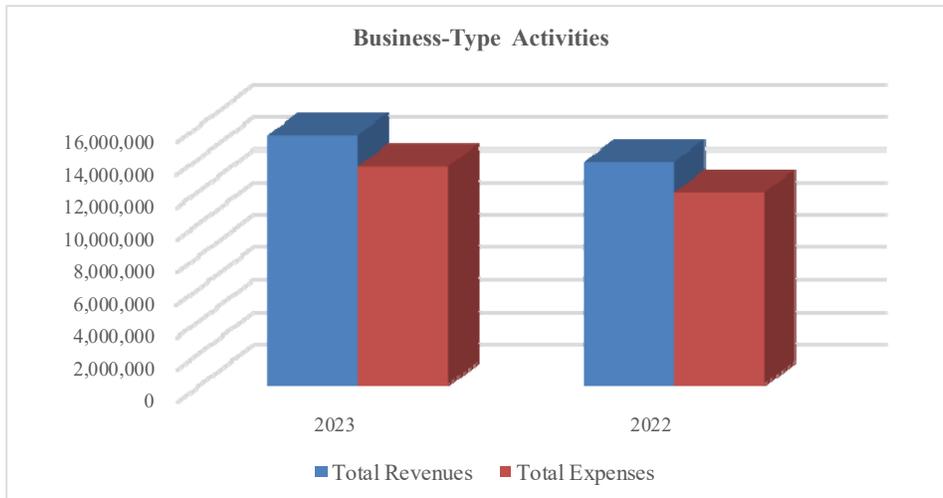
Governmental Revenues



Governmental Expenses



Business-Type Activities



CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2023

For the year ended September 30, 2023, revenues from governmental activities totaled \$77,685,266, an increase of \$18,032,482 compared to the prior year primarily due to increases in operating grants and contributions, capital grants and contributions, property taxes, industrial taxes, and investment earnings. Operating grants and contributions increased primarily from intergovernmental revenue from grants. The increase in property tax revenue was due to an increase in appraised property values. The increase in investment earnings was due to an increase in cash and cash equivalents and interest rates.

For the year ended September 30, 2023, expenses for governmental activities totaled \$55,336,672, an increase of \$10,330,064. This overall increase is mainly due to increases in personnel costs, maintenance and repairs, utilities, contracted services, and interest on long-term debt.

Total revenues for business-type activities increased by a total of \$1,632,681 compared to the prior year. This was due to an increase in water and sewer rates and an increase in water consumption in addition to an increase in investment earnings. Total expenses for business-type activities increased proportionately by \$1,595,788, which was primarily due to increases in raw water, chemicals, personnel costs, and contractual and professional services.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

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

The City's governmental funds reflect a combined fund balance of \$152,538,549. Of this, \$143,634 is nonspendable, \$84,368,759 is restricted, \$13,740,255 is assigned, and \$54,285,901 is unassigned.

There was an increase in the combined fund balance of \$32,585,251 compared to the prior year. The City's increase in combined fund balance was primarily due to the issuance of long-term debt.

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 \$54,285,901, while total fund balance reached \$58,589,789. 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 114.79 percent of total general fund expenditures, while total fund balance represents 123.89 percent of the total general fund expenditures. The general fund demonstrated an overall increase in fund balance of \$2,154,690. Revenues increased by \$8,336,085 mainly due to increases in property taxes, industrial district taxes, sales taxes, charges for services, and investment earnings. Property taxes increased due to increased property values. Industrial district taxes increased due to an increase in taxable property located within the industrial district. Sales taxes increased due to an increase in taxable sales in the City. Investment earnings increased due to increases in interest rates and an increase in cash and cash equivalents. 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 attendance of the after-school program. Expenditures increased \$5,985,509 compared to the prior year primarily due to increases in personnel costs, contracted services, repairs and maintenance projects, and capital outlay.

The debt service fund has a total fund balance of \$7,317,721, all of which is restricted for the payment of debt service. Revenues increased by \$813,786, which was the result of increases in the debt service tax rate and related revenues. Expenditures increased from the prior year by \$114,450 primarily due to an increase in interest on

CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2023

bonds outstanding. The debt service fund transferred \$1,833,870 to the water and sewer fund for debt service payments.

The City's grants fund is restricted for special projects related to information technology services, police, library, parks, park maintenance, and humane divisions. The grants fund reported cash and cash equivalents of \$9,311,902, which includes advanced funding for grant awards related to the pandemic of \$8,243,979. The advanced funding of the grant awards was reported as unearned revenue at the end of the fiscal year. The fund balance in the grants fund increased mainly due to a grant from Texas Parks and Wildlife and donations from others.

The City's capital project funds for certificates of obligation and general obligation bond series 2021 are restricted for construction, which had a combined fund balance of \$43,754,669. These funds recognized a decrease in fund balance due to spending for various capital projects during the fiscal year.

The City's capital project funds for certificates of obligation and general obligation bond series 2022 are restricted for construction, which had a combined fund balance of \$30,329,892.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The City budgeted for the use of fund balance of \$12,533,435 in the general fund. However, the net change in fund balance increased by \$2,154,690, resulting in a positive variance of \$14,688,125.

Actual general fund revenues were greater than the amended budgeted revenues by \$8,635,071 during the fiscal year. The largest positive variance was from investment earnings from an increase in cash and cash equivalents and interest rates, industrial district taxes, and sales taxes due to a better economy than expected.

Actual expenditures were less than budgeted amounts in total by \$3,550,341 for the fiscal year. The largest positive variances were in general government, planning and development, and street maintenance.

CAPITAL ASSETS

At the end of the fiscal year, the City's governmental and business-type activities had invested \$194,007,340 in a variety of capital assets, infrastructure, and right-to-use assets (net of accumulated depreciation/amortization). This represents a net increase of \$20,094,083.

Major capital asset events during the year included the following:

- Purchase of 4.80 acres of land \$548,049
- Corrugated metal pipe rehabilitation project \$816,029
- College Park drainage project \$3,261,053
- Hurricane Harvey drainage improvements – Deer Park Manor/Delo-Elaine \$1,975,288
- Deer Park Gardens Norwood Street drainage project \$423,645
- Outside alarm system replacement \$471,571
- Deer Park Soccer Complex South parking lights \$226,102

CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2023

- 2 Freightliner garbage trucks \$479,936
- Buses \$327,379
- 2023 Sanitary sewer – Kentucky/James/Ivy \$436,774
- Sanitary sewer Center Street \$207,126
- Sanitary sewer rehabilitation – Deer Meadows \$498,278
- Construction in progress additions include:
 - Bayou Bend drainage project \$3,219,392
 - Field lights for Dow Park soccer \$421,902
 - Field lights for Dow Park baseball \$456,535
 - Golf course drainage project \$265,736
 - Fire Station No. 3 fueling station \$151,437
 - Emergency Operations Center \$1,500,000
 - Community center and gym \$1,744,085
 - Deer Park Terrace Street project \$235,803
 - Fire Station No. 1 \$224,997
 - Fire Station No. 2 \$1,588,374
 - Jimmy Burke activity center \$797,150
 - Clearwell transfer pump, ground storage tank, and disinfection \$1,373,567

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

LONG-TERM DEBT

At the end of the current year, the City had total bonds and certificates of obligation outstanding of \$124,055,020. Of this amount, \$51,670,020 was general obligation debt and certificates of obligation accounted for \$72,385,000.

During the year, the City had a net increase in certificates of obligation and general obligation bonds of \$22,305,004, which included principal debt payments and refunding of bonds. The City's debt issuances include additions from certificates of obligation and general obligation bonds, series 2022.

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 \$302,706,173, which is well above the City's total general obligation debt outstanding.

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

CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2023

Current underlying ratings on debt issues are as follows:

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City budgeted for an increase in property tax revenues of \$2,849,611, which is a 12.12 percent increase from last year's budget. Property tax revenue of \$291,538 is to be raised from new property added to the tax roll.

For the 2024 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 \$6,522,358 and an increase in expenditures of \$4,432,246.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS

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CITY OF DEER PARK, TEXAS

STATEMENT OF NET POSITION

September 30, 2023

	Primary Government		Total	Component Units
	Governmental Activities	Business-Type Activities		
Assets				
Cash and cash equivalents	\$ 163,819,629	\$ 16,226,728	\$ 180,046,357	\$ 12,457,920
Restricted cash and cash equivalents	-	4,255,077	4,255,077	-
Receivables, net of allowances	4,823,024	1,850,205	6,673,229	1,562,666
Due from component units	11	-	11	-
Inventories	130,104	-	130,104	-
Prepaid items	13,530	-	13,530	-
Leases receivable	628,305	-	628,305	-
Capital assets:				
Nondepreciable/amortizable capital assets	47,169,025	11,844,464	59,013,489	207,732
Depreciable/amortizable capital assets, net	78,461,644	56,532,207	134,993,851	4,196,931
Total Assets	295,045,272	90,708,681	385,753,953	18,425,249
Deferred Outflows of Resources				
Deferred outflows of resources - pensions (TMRS)	11,630,953	1,644,227	13,275,180	762,386
Deferred outflows of resources - pensions (TESRS)	529,802	-	529,802	-
Deferred outflows of resources - OPEB (SDBF)	246,707	-	246,707	-
Deferred outflows of resources - OPEB (Health)	4,099,873	602,263	4,702,136	111,424
Total Deferred Outflows of Resources	16,507,335	2,246,490	18,753,825	873,810
Liabilities				
Accounts payable	3,925,502	1,350,415	5,275,917	2,110,570
Accrued liabilities	1,336,062	195,829	1,531,891	83,671
Customer deposits	15,792	1,117,683	1,133,475	-
Due to primary government	-	-	-	11
Other payables	673,681	283,169	956,850	-
Unearned revenue	8,336,646	-	8,336,646	-
Noncurrent liabilities:				
Due within one year	6,120,184	3,317,820	9,438,003	169,090
Due in more than one year	122,413,687	46,323,579	168,737,267	1,628,308
Total Liabilities	142,821,554	52,588,495	195,410,049	3,991,650
Deferred Inflows of Resources				
Deferred inflows of resources - leases	607,523	-	607,523	-
Deferred inflows of resources - pensions (TMRS)	198,638	28,081	226,719	13,021
Deferred inflows of resources - pensions (TESRS)	5,156	-	5,156	-
Deferred inflows of resources - OPEB (SDBF)	537,125	-	537,125	-
Deferred inflows of resources - OPEB (Health)	9,150,795	1,515,486	10,666,281	506,022
Total Deferred Inflows of Resources	10,499,237	1,543,567	12,042,804	519,043
Net Position				
Net investment in capital assets	107,187,294	25,800,807	132,988,101	4,070,896
Restricted for:				
Debt service	7,423,721	-	7,423,721	-
Enabling legislation - restricted revenues	1,142,271	-	1,142,271	-
Special projects - restricted contributions	1,182,640	-	1,182,640	10,717,470
Capital projects	103,158	-	103,158	-
Unrestricted	41,192,732	13,022,302	54,215,034	-
Total Net Position	\$ 158,231,816	\$ 38,823,109	\$ 197,054,925	\$ 14,788,366

See Notes to Financial Statements.

CITY OF DEER PARK, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 11,474,191	\$ 619,358	\$ -	\$ -
Public safety	16,534,691	3,082,914	8,191	1,957,862
Public works	12,681,374	2,205,930	-	45,861
Parks and recreation	960,653	-	35,004	150,850
Community development	10,644,274	1,149,797	6,701,834	2,705,361
Interest on long-term debt	3,041,489	-	-	-
Total Governmental Activities	55,336,672	7,057,999	6,745,029	4,859,934
Business-Type Activities				
Water and sewer	12,978,390	14,434,833	-	-
Storm water utility	407,743	464,772	-	-
Total Business-Type Activities	13,386,133	14,899,605	-	-
Total Primary Government	\$ 68,722,805	\$ 21,957,604	\$ 6,745,029	\$ 4,859,934
Component Units				
Governmental activities	\$ 11,869,984	\$ -	\$ -	\$ -
Total Component Units	\$ 11,869,984	\$ -	\$ -	\$ -
General Revenues:				
Property taxes				
Industrial district taxes				
Franchise fees				
Sales and use taxes				
Hotel occupancy taxes				
Investment earnings				
Other revenues				
Gain on sale of capital assets				
Transfers				
			Total General Revenues and Transfers	
			Change in Net Position	
Beginning net position				
			Ending Net Position	

See Notes to Financial Statements.

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Net Revenue (Expense) and Changes in Net Position

Primary Government

Governmental Activities	Business-Type Activities	Total	Component Units
\$ (10,854,833)	\$ -	\$ (10,854,833)	\$ -
(11,485,724)	-	(11,485,724)	-
(10,429,583)	-	(10,429,583)	-
(774,799)	-	(774,799)	-
(87,282)	-	(87,282)	-
(3,041,489)	-	(3,041,489)	-
(36,673,710)	-	(36,673,710)	-
-	1,456,443	1,456,443	-
-	57,029	57,029	-
-	1,513,472	1,513,472	-
(36,673,710)	1,513,472	(35,160,238)	-
-	-	-	(11,869,984)
-	-	-	(11,869,984)
25,690,892	-	25,690,892	-
13,575,409	-	13,575,409	-
1,829,438	-	1,829,438	-
9,426,845	-	9,426,845	9,430,983
624,625	-	624,625	-
6,578,427	411,628	6,990,055	108,566
1,093,079	-	1,093,079	391,000
203,589	-	203,589	-
(1,705,884)	1,705,884	-	-
57,316,420	2,117,512	59,433,932	9,930,549
20,642,710	3,630,984	24,273,694	(1,939,435)
137,589,106	35,192,125	172,781,231	16,727,801
\$ 158,231,816	\$ 38,823,109	\$ 197,054,925	\$ 14,788,366

CITY OF DEER PARK, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2023

	General	Debt Service	Grants	CPCO 2021
Assets				
Cash and cash equivalents	\$ 59,295,816	\$ 7,317,831	\$ 9,311,902	\$ 26,180,300
Receivables, net	3,753,209	106,000	398,512	-
Due from component units	11	-	-	-
Inventories	130,104	-	-	-
Prepaid items	13,530	-	-	-
Lease receivables	628,305	-	-	-
Total Assets	\$ 63,820,975	\$ 7,423,831	\$ 9,710,414	\$ 26,180,300
Liabilities				
Accounts payable	\$ 1,325,414	\$ 110	\$ 155,170	\$ 1,072,811
Accrued liabilities	1,329,293	-	-	-
Customer deposits	15,792	-	-	-
Other payables	532,230	-	-	-
Unearned revenue	92,667	-	8,243,979	-
Total Liabilities	3,295,396	110	8,399,149	1,072,811
Deferred Inflows of Resources				
Unavailable revenue - grants	-	-	128,625	-
Unavailable revenue - court fines and warrants	341,622	-	-	-
Unavailable revenue - ambulance	667,446	-	-	-
Unavailable revenue - lease receivables	607,523	-	-	-
Unavailable revenue - intergovernmental	-	-	-	-
Unavailable revenue - property taxes	319,199	106,000	-	-
Total Deferred Inflows of Resources	1,935,790	106,000	128,625	-
Fund Balances				
Nonspendable:				
Inventories	130,104	-	-	-
Prepaid items	13,530	-	-	-
Restricted for:				
Debt service	-	7,317,721	-	-
Enabling legislation restricted revenues:				
Community development	-	-	-	-
Police department	-	-	-	-
Municipal court	-	-	-	-
Information technology services, police, library, park maintenance, and humane division department special projects contributions	-	-	1,182,640	-
Capital projects	-	-	-	25,107,489
Assigned:				
Disaster response/repair	228,526	-	-	-
General government	465,523	-	-	-
Public safety	1,600,000	-	-	-
CARES Act	1,866,205	-	-	-
Capital projects	-	-	-	-
Unassigned	54,285,901	-	-	-
Total Fund Balances	58,589,789	7,317,721	1,182,640	25,107,489
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 63,820,975	\$ 7,423,831	\$ 9,710,414	\$ 26,180,300

See Notes to Financial Statements.

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<u>CPGO 2021</u>	<u>CPCO 2022</u>	<u>CPGO 2022</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$ 19,629,043	\$ 15,845,256	\$ 14,715,586	\$ 11,523,895	\$ 163,819,629
-	-	-	565,303	4,823,024
-	-	-	-	11
-	-	-	-	130,104
-	-	-	-	13,530
-	-	-	-	628,305
<u>\$ 19,629,043</u>	<u>\$ 15,845,256</u>	<u>\$ 14,715,586</u>	<u>\$ 12,089,198</u>	<u>\$ 169,414,603</u>
\$ 914,526	\$ -	\$ 230,950	\$ 226,521	\$ 3,925,502
-	-	-	6,769	1,336,062
-	-	-	-	15,792
67,337	-	-	74,114	673,681
-	-	-	-	8,336,646
<u>981,863</u>	<u>-</u>	<u>230,950</u>	<u>307,404</u>	<u>14,287,683</u>
-	-	-	-	128,625
-	-	-	-	341,622
-	-	-	-	667,446
-	-	-	-	607,523
-	-	-	417,956	417,956
-	-	-	-	425,199
-	-	-	<u>417,956</u>	<u>2,588,371</u>
-	-	-	-	130,104
-	-	-	-	13,530
-	-	-	-	7,317,721
-	-	-	840,793	840,793
-	-	-	189,822	189,822
-	-	-	111,656	111,656
-	-	-	-	1,182,640
18,647,180	15,845,256	14,484,636	641,566	74,726,127
-	-	-	-	228,526
-	-	-	-	465,523
-	-	-	-	1,600,000
-	-	-	-	1,866,205
-	-	-	9,580,001	9,580,001
-	-	-	-	54,285,901
<u>18,647,180</u>	<u>15,845,256</u>	<u>14,484,636</u>	<u>11,363,838</u>	<u>152,538,549</u>
<u>\$ 19,629,043</u>	<u>\$ 15,845,256</u>	<u>\$ 14,715,586</u>	<u>\$ 12,089,198</u>	<u>\$ 169,414,603</u>

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CITY OF DEER PARK, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2023

Total fund balances for governmental funds \$ 152,538,549

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

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

Right-to-use assets, net amortizable	1,153,572	
Capital assets, nondepreciable	47,169,025	
Capital assets, net depreciable	<u>77,308,072</u>	
		125,630,669

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 1,980,848

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

Deferred outflows - pensions (TMRS)	11,630,953	
Deferred outflows - pensions (TESRS)	529,802	
Deferred outflows - OPEB (SDBF)	246,707	
Deferred outflows OPEB (Health)	4,099,873	
Deferred inflows - pensions (TMRS)	(198,638)	
Deferred inflows - pensions (TESRS)	(5,156)	
Deferred inflows - OPEB (SDBF)	(537,125)	
Deferred inflows - OPEB (Health)	(9,150,795)	
Noncurrent liabilities due in one year	(6,120,184)	
Noncurrent liabilities due in more than one year	<u>(122,413,687)</u>	
		(121,918,250)
Net Position of Governmental Activities		<u><u>\$ 158,231,816</u></u>

See Notes to Financial Statements.

CITY OF DEER PARK, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Grants</u>	<u>CPCO 2021</u>
Revenues				
Property taxes	\$ 19,268,458	\$ 6,352,616	\$ -	\$ -
Industrial district taxes	13,575,409	-	-	-
Sales taxes	9,426,845	-	-	-
Franchise fees	1,829,438	-	-	-
Hotel/motel occupancy taxes	-	-	-	-
Fees and fines	1,045,564	-	-	-
Licenses and permits	749,001	-	-	-
Intergovernmental	380,344	2,830,172	2,790,779	-
Charges for services	4,939,100	-	-	-
Donations	-	-	38,004	-
Investment earnings	3,048,098	97,257	-	1,178,671
Other	192,114	-	109,726	-
Total Revenues	<u>54,454,371</u>	<u>9,280,045</u>	<u>2,938,509</u>	<u>1,178,671</u>
Expenditures				
Current:				
General government	9,606,106	-	6,453	-
Community development	8,737,956	-	16,351	-
Public works	9,783,192	-	-	-
Parks and recreation	219,162	-	-	-
Public safety	14,619,135	-	28,009	-
Capital outlay	3,803,070	-	2,639,200	1,744,085
Debt service:				
Principal	509,075	4,211,462	-	-
Interest and other charges	15,825	3,174,343	-	-
Total Expenditures	<u>47,293,521</u>	<u>7,385,805</u>	<u>2,690,013</u>	<u>1,744,085</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,160,850</u>	<u>1,894,240</u>	<u>248,496</u>	<u>(565,414)</u>
Other Financing Sources (Uses)				
Transfers in	472,865	1,608,643	-	-
Transfers (out)	(7,614,894)	(1,833,870)	-	-
Proceeds from sale of capital assets	289,848	-	-	-
Insurance proceeds	630,899	-	-	-
Proceeds from lease	1,215,122	-	-	-
Debt issued	-	-	-	-
Premium on debt issued	-	-	-	-
Total Other Financing Sources (Uses)	<u>(5,006,160)</u>	<u>(225,227)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	2,154,690	1,669,013	248,496	(565,414)
Beginning fund balances	56,435,099	5,648,708	934,144	25,672,903
Ending Fund Balances	<u>\$ 58,589,789</u>	<u>\$ 7,317,721</u>	<u>\$ 1,182,640</u>	<u>\$ 25,107,489</u>

See Notes to Financial Statements.

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<u>CPGO 2021</u>	<u>CPCO 2022</u>	<u>CPGO 2022</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 25,621,074
-	-	-	-	13,575,409
-	-	-	-	9,426,845
-	-	-	-	1,829,438
-	-	-	624,625	624,625
-	-	-	165,568	1,211,132
-	-	-	-	749,001
-	207,579	-	-	6,208,874
-	-	-	96,708	5,035,808
-	-	-	-	38,004
974,684	633,505	625,634	20,581	6,578,430
-	-	-	160,340	462,180
974,684	841,084	625,634	1,067,822	71,360,820
-	-	-	49,454	9,662,013
-	-	-	300,610	9,054,917
-	-	-	-	9,783,192
-	-	-	-	219,162
-	-	-	145,228	14,792,372
3,918,073	-	797,150	5,167,572	18,069,150
-	-	-	-	4,720,537
-	207,579	208,631	-	3,606,378
3,918,073	207,579	1,005,781	5,662,864	69,907,721
(2,943,389)	633,505	(380,147)	(4,595,042)	1,453,099
-	-	-	7,600,000	9,681,508
(974,683)	-	(625,633)	(338,312)	(11,387,392)
-	-	-	-	289,848
-	-	-	-	630,899
-	-	-	-	1,215,122
-	14,710,000	14,860,000	-	29,570,000
-	501,751	630,416	-	1,132,167
(974,683)	15,211,751	14,864,783	7,261,688	31,132,152
(3,918,072)	15,845,256	14,484,636	2,666,646	32,585,251
22,565,252	-	-	8,697,192	119,953,298
\$ 18,647,180	\$ 15,845,256	\$ 14,484,636	\$ 11,363,838	\$ 152,538,549

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CITY OF DEER PARK, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

Net changes in fund balances - total governmental funds \$ 32,585,251

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	22,039,567
Depreciation/amortization expense	(6,009,459)
Disposals, net	(86,259)

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

Principal payments	4,720,537
Bond proceeds	(29,570,000)
Lease activity	(1,215,122)
Premium on bonds issued	(1,132,167)
Closure costs	(2,174)
Amortization of premiums on bonds	564,889
Amortization of deferred outflows - pensions (TMRS)	9,026,048
Amortization of deferred outflows - pensions (TESRS)	408,220
Amortization of deferred outflows - OPEB (SDBF)	(81,647)
Amortization of deferred outflows - OPEB (Health)	(887,933)
Amortization of deferred inflows - pensions (TMRS)	8,507,178
Amortization of deferred inflows - pensions (TESRS)	208,774
Amortization of deferred inflows - OPEB (SDBF)	(328,858)
Amortization of deferred inflows - OPEB (Health)	(947,939)
Compensated absences	(98,384)
Net pension liability (TMRS)	(18,560,285)
Net pension liability (TESRS)	(806,452)
Total OPEB liability (Health)	1,238,579
Total OPEB liability (SDBF)	391,892

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

678,454

Change in Net Position of Governmental Activities \$ 20,642,710

See Notes to Financial Statements.

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CITY OF DEER PARK, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2023

	Business-Type Activities		
	Water and Sewer	Storm Water Utility	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 15,151,154	\$ 1,075,574	\$ 16,226,728
Restricted cash and cash equivalents	4,255,077	-	4,255,077
Accounts receivable, net	1,806,520	43,685	1,850,205
Total Current Assets	<u>21,212,751</u>	<u>1,119,259</u>	<u>22,332,010</u>
Noncurrent assets:			
Capital assets:			
Land	591,397	-	591,397
Buildings	4,795,184	-	4,795,184
Utility system	94,674,826	-	94,674,826
Machinery and equipment	5,212,815	-	5,212,815
Construction in progress	11,253,067	-	11,253,067
Less: accumulated depreciation	(48,150,618)	-	(48,150,618)
Total Noncurrent Assets	<u>68,376,671</u>	<u>-</u>	<u>68,376,671</u>
Total Assets	<u>89,589,422</u>	<u>1,119,259</u>	<u>90,708,681</u>
Deferred Outflows of Resources			
Deferred outflows of resources - pensions (TMRS)	1,579,455	64,772	1,644,227
Deferred outflows of resources - OPEB (Health)	576,703	25,560	602,263
Total Deferred Outflows of Resources	<u>2,156,158</u>	<u>90,332</u>	<u>2,246,490</u>
Liabilities			
Current liabilities:			
Accounts payable	1,348,276	2,139	1,350,415
Accrued liabilities	190,447	5,382	195,829
Customer deposits	1,117,683	-	1,117,683
Other payables	283,169	-	283,169
OPEB liability - current	43,315	-	43,315
Compensated absences	157,781	4,365	162,146
Bonds payable - current	3,112,359	-	3,112,359
Total Current Liabilities	<u>6,253,030</u>	<u>11,886</u>	<u>6,264,916</u>
Noncurrent liabilities:			
Net pension liability (TMRS)	2,122,269	87,032	2,209,301
Total OPEB liability (Health)	2,264,712	41,739	2,306,451
Compensated absences	17,532	485	18,017
Bonds payable, net of deferred charges	41,789,810	-	41,789,810
Total Noncurrent Liabilities	<u>46,194,323</u>	<u>129,256</u>	<u>46,323,579</u>
Total Liabilities	<u>52,447,353</u>	<u>141,142</u>	<u>52,588,495</u>
Deferred Inflows of Resources			
Deferred inflows of resources - pensions (TMRS)	26,975	1,106	28,081
Deferred inflows of resources - OPEB (Health)	1,476,834	38,652	1,515,486
Total Deferred Inflows of Resources	<u>1,503,809</u>	<u>39,758</u>	<u>1,543,567</u>
Net Position			
Net investment in capital assets	25,800,807	-	25,800,807
Unrestricted	11,993,611	1,028,691	13,022,302
Total Net Position	<u>\$ 37,794,418</u>	<u>\$ 1,028,691</u>	<u>\$ 38,823,109</u>

See Notes to Financial Statements.

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

For the Year Ended September 30, 2023

	Business-Type Activities		
	Water and Sewer	Storm Water Utility	Total
<u>Operating Revenues</u>			
Charges for services	\$ 14,434,833	\$ 462,067	\$ 14,896,900
Miscellaneous	-	2,705	2,705
Total Operating Revenues	14,434,833	464,772	14,899,605
<u>Operating Expenses</u>			
Personnel services	4,052,365	181,029	4,233,394
Contractual services	1,203,725	33,168	1,236,893
Repairs and maintenance	675,150	193,372	868,522
Other supplies and expenses	3,156,168	174	3,156,342
Depreciation	2,649,758	-	2,649,758
Total Operating Expenses	11,737,166	407,743	12,144,909
Operating Income	2,697,667	57,029	2,754,696
<u>Nonoperating Revenues (Expenses)</u>			
Investment earnings	411,628	-	411,628
Interest and fiscal agent fees	(1,241,224)	-	(1,241,224)
Total Nonoperating (Expenses)	(829,596)	-	(829,596)
Income Before Transfers	1,868,071	57,029	1,925,100
<u>Transfers</u>			
Transfers in	1,833,870	29,788	1,863,658
Transfers (out)	(157,774)	-	(157,774)
Total Transfers	1,676,096	29,788	1,705,884
Change in Net Position	3,544,167	86,817	3,630,984
Beginning net position	34,250,251	941,874	35,192,125
Ending Net Position	\$ 37,794,418	\$ 1,028,691	\$ 38,823,109

See Notes to Financial Statements.

CITY OF DEER PARK, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 1 of 2)
For the Year Ended September 30, 2023

	Business-Type Activities		
	Water and Sewer	Storm Water Utility	Total
<u>Cash Flows from Operating Activities</u>			
Receipts from customers and users	\$ 13,762,360	\$ 458,198	\$ 14,220,558
Payments to suppliers for goods and services	(4,288,205)	(226,725)	(4,514,930)
Payments to employees for services	(3,813,853)	(147,330)	(3,961,183)
Net Cash Provided by Operating Activities	5,660,302	84,143	5,744,445
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfer from other funds	1,833,870	29,788	1,863,658
Transfer to other funds	(157,774)	-	(157,774)
Net Cash Provided by Noncapital Financing Activities	1,676,096	29,788	1,705,884
<u>Cash Flows from Capital and Related Financing Activities</u>			
Acquisition and construction of capital assets	(6,799,992)	-	(6,799,992)
Principal paid on capital debt	(3,053,534)	-	(3,053,534)
Interest and fiscal agent fees paid	(1,522,097)	-	(1,522,097)
Net Cash (Used) by Capital and Related Financing Activities	(11,375,623)	-	(11,375,623)
<u>Cash Flows from Investing Activities</u>			
Earnings on investments	411,628	-	411,628
Net Cash Provided by Investing Activities	411,628	-	411,628
Net Increase (Decrease) in Cash and Cash Equivalents	(3,627,597)	113,931	(3,513,666)
Beginning cash and cash equivalents	23,033,828	961,643	23,995,471
Ending Cash and Cash Equivalents	\$ 19,406,231	\$ 1,075,574	\$ 20,481,805
Ending Cash and Cash Equivalents			
Unrestricted cash and cash equivalents	\$ 15,151,154	\$ 1,075,574	\$ 16,226,728
Restricted cash and cash equivalents	4,255,077	-	4,255,077
	\$ 19,406,231	\$ 1,075,574	\$ 20,481,805

CITY OF DEER PARK, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 2 of 2)
For the Year Ended September 30, 2023

	Business-Type Activities		
	Water and Sewer	Storm Water Utility	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income	\$ 2,697,667	\$ 57,029	\$ 2,754,696
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	2,649,758	-	2,649,758
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in Assets:			
Accounts receivable	(755,215)	(6,574)	(761,789)
Deferred outflows of resources - pensions and OPEB	(1,079,306)	(49,711)	(1,129,017)
Increase (Decrease) in Liabilities:			
Accounts payable	639,735	(346)	639,389
Accrued liabilities	42,773	335	43,108
Other payables	64,330	-	64,330
Compensated absences	1,135	2,723	3,858
Net pension liability	2,556,212	128,401	2,684,613
Deferred inflows of resources - pensions and OPEB	(991,175)	(43,995)	(1,035,170)
Total OPEB liability	(248,354)	(3,719)	(252,073)
Customer deposits	82,742	-	82,742
Net Cash Provided by Operating Activities	\$ 5,660,302	\$ 84,143	\$ 5,744,445

See Notes to Financial Statements.

CITY OF DEER PARK, TEXAS
STATEMENT OF NET POSITION
FIDUCIARY FUND
 September 30, 2023

	<u>Senior Citizens Trust</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 124,504
	\$ 124,504
	Total Assets
<u>Net Position</u>	
Restricted	\$ 124,504
	\$ 124,504
	Total Net Position

See Notes to Financial Statements.

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

For the Year Ended September 30, 2023

	<u>Senior Citizens Trust</u>
<u>Additions</u>	
Investment earnings	\$ 5,502
Total Additions	<u>5,502</u>
<u>Deductions</u>	
Administrative expenses	<u>170</u>
Total Deductions	<u>170</u>
Change in Net Position	5,332
Beginning net position	<u>119,172</u>
Ending Net Position	<u><u>\$ 124,504</u></u>

See Notes to Financial Statements.

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CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

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

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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 2016, the voters approved the continuation of the CCPD for a period of 10 years. In the event of dissolution, the net position of the CCPD shall be conveyed to the City.

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

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

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

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

Deer Park Community Development Corporation

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

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

C. Basis of Presentation – Government-Wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

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

The City reports the following governmental funds:

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

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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

The *special revenue funds* are used to account for proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes. The grants fund is used to account for the receipt of grant funds from the state or federal government, as governed by the terms of the grant and is considered a major fund for reporting purposes. The remaining special revenue funds are considered nonmajor funds for reporting purposes.

The *capital projects funds* are used to account for the expenditures of resources accumulated from the sale of long-term debt and related interest earnings for capital improvement projects. The capital project funds for certificates of obligation and general obligation bonds, series 2021 are considered major funds for reporting purposes. The certificates of obligation and general obligation bonds, series 2022 funds did not meet the requirement to be considered major funds, but the City elected to report them as major due to their significance. The remaining capital project funds are considered nonmajor funds for reporting purposes.

The City reports the following proprietary funds:

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

Additionally, the City reports the following fiduciary fund type:

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

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

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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

E. Measurement Focus and Basis of Accounting

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

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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

1. Cash and Cash Equivalents

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

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

2. Investments

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

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

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

3. Inventories and Prepaid Items

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

4. Restricted Assets

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

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

5. Capital Assets

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

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

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

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

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Infrastructure	20 to 40 years
Buildings and improvements	10 to 40 years
Vehicles and equipment	5 to 20 years
Furniture and fixtures	5 to 10 years

6. 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.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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 and is amortized over the terms of the leases.

7. Compensated Absences

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

8. Long-Term Obligations

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

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

9. 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.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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

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

10. Subscription-Based Information Technology Arrangements

The City has noncancellable subscription-based information technology arrangements (SBITAs) to finance the use of information technology software. The City would recognize a liability (the “subscription liability”) and an intangible, right-to-use subscription asset (the “subscription asset”) in the government-wide financial statements. The City’s SBITAs to report are immaterial to the financial statements as a whole and are not recognized as a subscription liability or a subscription asset.

11. Net Position Flow Assumption

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

12. 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.

13. 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.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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

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

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

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

14. Estimates

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

15. Pensions

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and the Texas Emergency Services Retirement System (TESRS) and additions to/deductions from TMRS's and TESRS's fiduciary net position have been determined on the same basis as they are reported by TMRS and TESRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

16. Other Postemployment 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.

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

II. 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, 2023.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2023, the City had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
TexSTAR	\$ 3,521,794	0.08
TexPool	62,913,853	0.07
Texas CLASS	35,972,890	0.20
Certificates of deposit	20,235,951	0.87
Federal Farm Credit Bank	3,956,104	0.43
Federal Home Loan Bank	15,359,107	0.50
Treasury notes	17,706,781	0.52
Total Value	\$ 159,666,480	
Portfolio weighted average maturity		0.30

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.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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

As of September 30, 2023, the City had the following recurring fair value measurements:

	September 30, 2023	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)
Investments by Fair Value Level				
<u>U.S. Government Agency Bonds/Notes</u>				
Federal Home Loan Bank	\$ 15,359,107	\$ 15,359,107	\$ -	\$ -
Federal Farm Credit Bank	3,956,104	3,956,104	-	-
Treasury Notes	17,706,781	17,706,781	-	-
Total	\$ 37,021,992	\$ 37,021,992	\$ -	\$ -

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

Credit risk. The City’s investment policy limits investments in public fund investment pools rated as to investment quality not less than ‘AAA’ or ‘AAAm’, or at an equivalent rating by at least one nationally recognized rating service. As of September 30, 2023, the City’s investments in investment pools were rated ‘AAAm’ by Standard & Poor’s.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of September 30, 2023, the combined balances of FDIC insurance, collateral pledged, and letters of credit exceeded the City’s bank balances. As of September 30, 2023, the discretely presented component units’ bank balances were collateralized with securities held by the pledging financial institution or covered by FDIC insurance.

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

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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.

B. Receivables

Amounts recorded as receivable as of September 30, 2023 for the City’s individual major and aggregate nonmajor funds as well as the component units, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Grants</u>	<u>Nonmajor Governmental</u>	<u>Water and Sewer</u>	<u>Storm Water Utility</u>	<u>Component Units</u>
Taxes	\$ 1,278,790	\$ 424,001	\$ -	\$ -	\$ -	\$ -	\$ 1,562,666
Accounts	3,587,160	-	398,512	565,303	2,191,004	53,588	-
Ambulance	1,728,894	-	-	-	-	-	-
Less allowance	<u>(2,841,635)</u>	<u>(318,001)</u>	<u>-</u>	<u>-</u>	<u>(384,484)</u>	<u>(9,903)</u>	<u>-</u>
Total	<u>\$ 3,753,209</u>	<u>\$ 106,000</u>	<u>\$ 398,512</u>	<u>\$ 565,303</u>	<u>\$ 1,806,520</u>	<u>\$ 43,685</u>	<u>\$ 1,562,666</u>

C. Leases Receivable

The City has entered into several lease agreements (the “Agreements”) as a lessor for the use of their towers located throughout the City with the lessee mounting communication signals on the towers. The Agreements range from 111 to 252 months after extension options in which it is reasonably certain that these options will be exercised. As of September 30, 2023, the value of the lease receivables is \$628,305. 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 2023 was \$52,809, which consists of the interest payments on the leases receivable of \$9,463 and the amortization of the deferred inflow of resources from leases of \$43,346.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

The remaining principal and interest payments along with the amortization of the deferred inflow of resources from the Agreements are as follows:

Fiscal Year Ending Sep 30	Lease Receipts			Amortization of Deferred Inflows
	Principal	Interest	Total	
2024	\$ 33,398	\$ 9,034	\$ 42,432	\$ 43,346
2025	34,783	8,585	43,368	43,346
2026	37,662	8,117	45,779	43,346
2027	39,180	7,611	46,791	43,346
2028	40,760	7,084	47,844	43,346
2029-2033	181,917	27,190	209,107	178,136
2034-2038	196,858	14,031	210,889	146,560
2039-2043	63,747	1,692	65,439	66,097
Total	\$ 628,305	\$ 83,344	\$ 711,649	\$ 607,523

D. Restricted Assets

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

	Water and Sewer
Restricted for:	
Customer deposits	\$ 1,117,683
Bond funded capital projects	3,137,394
Total Restricted Assets	\$ 4,255,077

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

E. Capital Assets

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

	Primary Government			Ending Balance
	Beginning Balance	Increases	(Decreases)/ Reclassifications	
Governmental Activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 26,900,489	\$ 548,049	\$ -	\$ 27,448,538
Construction in progress	10,641,481	15,984,351	(6,905,345)	19,720,487
Total capital assets not being depreciated/amortized	37,541,970	16,532,400	(6,905,345)	47,169,025
Other capital assets:				
Buildings	47,970,872	449,172	-	48,420,044
Improvements	87,962,442	8,268,071	(90,799)	96,139,714
Machinery and equipment	24,140,283	2,480,147	(912,514)	25,707,916
Right-to-use assets	211,970	1,215,122	-	1,427,092
Total other capital assets	160,285,567	12,412,512	(1,003,313)	171,694,766
Less accumulated depreciation/amortization for:				
Buildings	(17,427,269)	(1,344,876)	-	(18,772,145)
Improvements	(51,556,630)	(2,916,110)	4,540	(54,468,200)
Machinery and equipment	(19,080,814)	(1,550,957)	912,514	(19,719,257)
Right-to-use assets	(76,004)	(197,516)	-	(273,520)
Total accumulated depreciation/amortization	(88,140,717)	(6,009,459)	917,054	(93,233,122)
Other capital assets, net Governmental Activities	72,144,850	6,403,053	(86,259)	78,461,644
Capital Assets, Net	\$ 109,686,820	\$ 22,935,453	\$ (6,991,604)	125,630,669
			Less associated debt	(93,066,344)
			Plus unspent bond proceeds	74,622,969
			Net Investment in Capital Assets	\$ 107,187,294

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

Depreciation/amortization was charged to governmental functions as follows:

General government	\$	675,465
Public safety		766,591
Public works		2,582,858
Parks and recreation		741,491
Community development		1,243,054
Total Governmental Activities Depreciation and Amortization		\$ 6,009,459

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

Project Description	Authorized Contract	Contract Expenditures	Remaining Contract
Glenwood Park Bridge B - Baseball	\$ 151,400	\$ 74,820	\$ 76,580
Traffic Pod - Pasadena Boulevard at Center Street	13,521	9,377	4,144
Field Lights for Dow Park Baseball	596,629	456,535	140,094
New Fire Station No. 2	425,000	105,074	319,926
Jimmy Burke Activity Center	3,054,725	837,012	2,217,713
Traffic POD - Pasadena Boulevard at Georgia Avenue and 13th Street	27,601	10,800	16,801
Fueling Station - Fire Station No. 3	208,457	151,437	57,020
Community Center and Gym	41,977,542	3,889,762	38,087,780
Hike and Bike Trails - Type B	893,288	494,385	398,903
Deer Park Terrace Street Project	518,028	489,725	28,303
Fire Station No. 1	494,300	492,762	1,538
Fire Station No. 2	11,542,000	1,588,374	9,953,626
Bayou Bend Detention Project	3,092,450	2,771,891	320,559
Drill Field Training Center	180,000	153,299	26,701
Detention Pond - Luella at 8th	240,375	177,306	63,069
Total	\$ 63,415,316	\$ 11,702,559	\$ 51,712,757

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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

	Primary Government			Ending Balance
	Beginning Balance	Increases	(Decreases)/ Reclassifications	
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 591,397	\$ -	\$ -	\$ 591,397
Construction in progress	6,052,312	5,699,043	(498,288)	11,253,067
Total capital assets not being depreciated	6,643,709	5,699,043	(498,288)	11,844,464
Other capital assets:				
Buildings	4,795,184	-	-	4,795,184
Improvements	93,180,703	1,494,123	-	94,674,826
Machinery and equipment	5,127,653	105,114	(19,952)	5,212,815
Total other capital assets	103,103,540	1,599,237	(19,952)	104,682,825
Less accumulated depreciation for:				
Buildings	(1,790,021)	(119,433)	-	(1,909,454)
Improvements	(39,400,208)	(2,291,263)	-	(41,691,471)
Machinery and equipment	(4,330,583)	(239,062)	19,952	(4,549,693)
Total accumulated depreciation	(45,520,812)	(2,649,758)	19,952	(48,150,618)
Other capital assets, net	57,582,728	(1,050,521)	-	56,532,207
Business-Type Activities Capital Assets, Net	\$ 64,226,437	\$ 4,648,522	\$ (498,288)	68,376,671
			Less associated debt	(44,902,169)
			Plus unspent bond proceeds	2,326,305
			Net Investment in Capital Assets	\$ 25,800,807

Depreciation was charged to business-type functions as follows:

Water and sewer	\$ 2,649,758
Total Business-Type Activities Depreciation Expense	\$ 2,649,758

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

Project Description	Authorized Contract	Contract Expenditures	Remaining Contract
Wastewater Treatment Plant - Lagoon Project	\$ 486,000	\$ 750	\$ 485,250
Blower No. 6 - Wastewater Treatment Plant	81,700	65,848	15,852
Blower No. 4 and Blower No. 5	163,376	65,460	97,916
Wastewater Treatment Plant - Digester Structure and Improvement Evaluation	101,199	40,479	60,720
SCADA - Surface Water Treatment Plant	35,800	30,695	5,105
Wastewater Treatment Plant - Solids Handling	4,949,033	4,683,116	265,917
Clearwell Transfer Pump, Ground Storage Tank, and Disinfection 2nd Payment	6,908,800	6,317,254	591,546
Total	\$ 12,725,908	\$ 11,203,602	\$ 1,522,306

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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

	Component Units			
	Beginning Balance	Increases	(Decreases)/ Reclassifications	Ending Balance
Discretely presented component units:				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 207,732	\$ -	\$ 207,732
Total capital assets not being depreciated	-	207,732	-	207,732
Other capital assets:				
Building	2,073,921	-	-	2,073,921
Improvements	923,857	-	-	923,857
Machinery and equipment	5,683,999	416,068	-	6,100,067
Total other capital assets	8,681,777	416,068	-	9,097,845
Less accumulated depreciation for:				
Building	(219,464)	(52,677)	-	(272,141)
Improvements	(284,438)	(60,187)	-	(344,625)
Machinery and equipment	(3,836,036)	(448,112)	-	(4,284,148)
Total accumulated depreciation	(4,339,938)	(560,976)	-	(4,900,914)
Other capital assets, net	4,341,839	(144,908)	-	4,196,931
Discretely Presented Component Units Capital Assets, Net	\$ 4,341,839	\$ 62,824	\$ -	4,404,663
			Less associated debt	(333,767)
			Net Investment in Capital Assets	\$ 4,070,896

Depreciation was charged to component units as follows:

Crime control and prevention district	\$ 363,376
Fire control, prevention, and emergency medical services district	197,600
Total Component Units Depreciation Expense	\$ 560,976

Construction in progress and remaining commitments under related construction contracts for projects funded by component units at year end are as follows:

Project Description	Authorized Contract	Contract Expenditures	Remaining Contract
Emergency Operation Center Project*	\$ 7,438,685	\$ 2,035,617	\$ 5,403,068
Dispatch Radio Console System - MCC7500E	299,532	207,732	91,800
Total	\$ 7,738,217	\$ 2,243,349	\$ 5,494,868

*Recognized as governmental activities asset.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

F. 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, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
General obligation bonds	\$ 29,924,750	\$ 14,860,000	\$ (1,991,462)	\$ 42,793,288 *	\$ 2,277,661
Certificates of obligation	24,025,000	14,710,000	(1,510,000)	37,225,000 *	1,205,000
Certificates of obligation from direct borrowings/placements	2,915,000	-	(710,000)	2,205,000 *	725,000
Notes payable	1,054,368	-	(297,421)	756,947 *	169,389
Premium on bond issuance	8,380,290	1,132,167	(564,889)	8,947,568 *	-
Leases payable	135,073	1,215,122	(211,654)	1,138,541 *	167,224
Compensated absences	1,338,699	1,576,934	(1,478,550)	1,437,083	1,293,375
Net pension liability					
TMRS	-	15,628,189	-	15,628,189	-
TESRS	218,890	806,452	-	1,025,342	-
Total OPEB liability					
SDBF	1,343,183	-	(391,892)	951,291	25,596
Health	17,601,636	-	(1,238,579)	16,363,057	256,939
Closure costs	60,391	2,174	-	62,565	-
Total Governmental Activities	<u>\$ 86,997,280</u>	<u>\$ 49,931,038</u>	<u>\$ (8,394,447)</u>	<u>\$ 128,533,871</u>	<u>\$ 6,120,184</u>
				<u>\$ 122,413,687</u>	
				<u>\$ 93,066,344</u>	

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

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business-Type Activities:					
General obligation bonds	\$ 10,440,266	\$ -	\$ (1,563,534)	\$ 8,876,732	** \$ 1,167,359
Certificates of obligation	34,445,000	-	(1,490,000)	32,955,000	** 1,945,000
Premium on bond issuance	3,351,310	-	(280,873)	3,070,437	** -
Net pension liability - TMRS	-	2,209,301	-	2,209,301	-
Total OPEB liability - Health	2,558,524	-	(208,758)	2,349,766	43,315
Compensated absences	176,305	200,297	(196,439)	180,163	162,146
Total Business-Type Activities	<u>\$ 50,971,405</u>	<u>\$ 2,409,598</u>	<u>\$ (3,739,604)</u>	<u>\$ 49,641,399</u>	<u>\$ 3,317,820</u>
				<u>\$ 46,323,579</u>	
				<u>\$ 44,902,169</u>	

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, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Discretely Presented Component Units:					
Notes payable	\$ 483,006	\$ -	\$ (149,239)	\$ 333,767	*** \$ 152,252
Net pension liability - TMRS	-	1,024,397	-	1,024,397	-
Total OPEB liability - Health	520,422	-	(81,188)	439,234	16,838
Total Discretely Presented Component Units	<u>\$ 1,003,428</u>	<u>\$ 1,024,397</u>	<u>\$ (230,427)</u>	<u>\$ 1,797,398</u>	<u>\$ 169,090</u>
				<u>\$ 1,628,308</u>	
				<u>\$ 333,767</u>	

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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

Description	Interest Rates	Balance
Governmental Activities		
General Obligation Bonds		
2014 General Obligation Bonds	3.00-4.00%	\$ 630,000
2014 General Obligation Refunding Bonds	3.00-4.00%	287,037
2016 Limited Tax Refunding Bonds	2.25-4.00%	3,425,000
2019 Limited Tax Refunding Bonds	4.00-5.00%	3,055,000
2020 Limited Tax Refunding Bonds	2.00-4.00%	836,251
2021 General Obligation Bonds	3.00-5.00%	19,700,000
2022 General Obligation Bonds	4.00-5.00%	14,860,000
Total General Obligation Bonds		42,793,288
Certificates of Obligation		
2015 Certificates of Obligation	2.00-4.00%	1,635,000
2016 Certificates of Obligation	1.59%	2,205,000
2021 Certificates of Obligation	3.00-5.00%	20,880,000
2022 Certificates of Obligation	5.00%	14,710,000
Total Certificates of Obligation		39,430,000
Notes Payable		
2021 Pierce Velocity Pumper Truck	1.41%	729,346
2021 Battleground Golf Carts	5.13%	27,601
Total Notes Payable		756,947
Leases Payable		
Golf Equipment	2.342%	57,975
Medical Equipment	2.342%	1,080,566
Total Leases Payable		1,138,541
Total Governmental Activities Long-Term Debt		\$ 84,118,776

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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

<u>Description</u>	<u>Interest Rates</u>	<u>Balance</u>
<u>Business-Type Activities</u>		
General Obligation Bonds		
2014 General Obligation Refunding Bonds	3.00-4.00%	\$ 462,982
2020 Limited Tax Refunding Bonds	2.00-4.00%	3,623,750
2021 Limited Tax Refunding Bonds	2.00-4.00%	4,790,000
Total General Obligation Bonds		8,876,732
Certificates of Obligation		
2014 Certificates of Obligation	3.00-4.00%	4,360,000
2015-A Certificates of Obligation	2.00-3.50%	5,415,000
2016-A Certificates of Obligation	2.00-4.00%	5,595,000
2017-A Certificates of Obligation	2.00-3.00%	4,115,000
2018 Certificates of Obligation	3.25-5.00%	5,385,000
2019 Certificates of Obligation	3.00-5.00%	3,610,000
2020 Certificates of Obligation	3.00-4.00%	4,475,000
Total Certificates of Obligation		32,955,000
Total Business-Type Activities Long-Term Debt		\$ 41,831,732

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 Rates</u>	<u>Balance</u>
<u>Component Unit</u>		
Notes Payable		
2018 Pierce Velocity	2.00%	\$ 333,767
Total Component Unit Notes Payable		\$ 333,767

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

Annual debt service requirements for governmental activities are as follows:

Fiscal Year Ending Sep 30	Governmental Activities				
	General Obligation Bonds		Certificates of Obligation		Total
	Principal	Interest	Principal	Interest	
2024	\$ 2,277,661	\$ 1,739,918	\$ 1,205,000	\$ 1,476,156	\$ 6,698,735
2025	2,208,438	1,653,938	1,255,000	1,431,006	6,548,382
2026	2,716,250	1,556,069	450,000	1,396,681	6,119,000
2027	2,835,938	1,435,844	1,040,000	1,359,431	6,671,213
2028	2,092,813	1,319,106	1,090,000	1,306,181	5,808,100
2029-2033	10,617,188	5,048,113	6,340,000	5,649,981	27,655,282
2034-2038	11,150,000	2,750,675	7,895,000	4,093,931	25,889,606
2039-2043	8,895,000	636,775	9,485,000	2,506,122	21,522,897
2044-2048	-	-	8,465,000	701,587	9,166,587
Total	\$ 42,793,288	\$ 16,140,438	\$ 37,225,000	\$ 19,921,076	\$ 116,079,802

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

Fiscal Year Ending Sep 30	Governmental Activities		
	Certificates of Obligation		
	Principal	Interest	Total
2024	\$ 725,000	\$ 29,296	\$ 754,296
2025	735,000	17,689	752,689
2026	745,000	5,923	750,923
Total	\$ 2,205,000	\$ 52,908	\$ 2,257,908

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

Fiscal Year Ending Sep 30	Business-Type Activities				
	General Obligation Bonds		Certificates of Obligation		Total
	Principal	Interest	Principal	Interest	
2024	\$ 1,167,359	\$ 315,869	\$ 1,945,000	\$ 1,100,286	\$ 4,528,514
2025	741,563	280,006	2,000,000	1,035,593	4,057,162
2026	778,750	249,600	2,065,000	965,693	4,059,043
2027	819,063	217,644	2,135,000	891,418	4,063,125
2028	862,188	186,319	2,205,000	810,468	4,063,975
2029-2033	4,507,809	404,788	12,200,000	2,785,532	19,898,129
2034-2038	-	-	9,455,000	801,818	10,256,818
2039-2040	-	-	950,000	25,750	975,750
Total	\$ 8,876,732	\$ 1,654,226	\$ 32,955,000	\$ 8,416,558	\$ 51,902,516

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 \$353,476,545. The net indebtedness subject to the debt limit is \$50,770,372 resulting in a legal debt margin of \$302,706,173.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

General Obligation Bonds

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

During the fiscal year, the City issued \$14,860,000 of general obligation bonds, series 2022 (the "Bonds") the financing the design, construction, acquisition, and equipment of streets and sidewalks, including related storm drainage and paving improvements, and the new Jimmy Burke Activity Center, which will include a visitor center and museum. The Bonds carry an interest rate of 4.00 to 5.00 percent and will mature in 2042.

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 \$14,710,000 of certificates of obligation, series 2022 (the "Certificates") for financing the design, construction, improvement and equipment of parks and recreational facilities, including a community and recreation center and associated pool house. The Certificates carry an interest rate of 5.00 percent and will mature in 2048.

Deer Park Community Development Corporation

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

Notes Payable

The City has entered into financing agreements for the acquisition of vehicles and equipment. The notes payable bear interest rates ranging from 1.41 percent to 5.13 percent and have remaining maturity dates ranging from 2024 to 2028.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

Annual requirements to satisfy these obligations are as follows:

Fiscal Year Ending Sep 30	Governmental Activities		
	Notes Payable		
	Principal	Interest	Total
2024	\$ 169,389	\$ 9,666	\$ 179,055
2025	143,799	7,358	151,157
2026	145,840	5,317	151,157
2027	147,910	3,247	151,157
2028	150,009	1,148	151,157
Total	\$ 756,947	\$ 26,736	\$ 783,683

Fiscal Year Ending Sep 30	Component Units		
	Notes Payable		
	Principal	Interest	Total
2024	\$ 152,252	\$ 5,285	\$ 157,537
2025	155,325	2,212	157,537
2026	26,190	66	26,256
Total	\$ 333,767	\$ 7,563	\$ 341,330

Leases Payable

The City has entered into lease agreements as lessee for the acquisition and use of golf carts and medical equipment. As of September 30, 2023, the value of the lease liability was \$1,138,541. The lease interest rates are 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 \$1,427,092 and had accumulated amortization of \$273,520. The future principal and interest lease payments as of September 30, 2023 were as follows:

Fiscal Year Ending Sep 30	Governmental Activities		
	Leases Payable		
	Principal	Interest	Total
2024	\$ 167,224	\$ 25,379	\$ 192,603
2025	111,808	22,748	134,556
2026	114,426	20,130	134,556
2027	117,106	17,450	134,556
2028	119,849	14,707	134,556
2029-2032	508,128	30,095	538,223
Total	\$ 1,138,541	\$ 130,509	\$ 1,269,050

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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.

G. Interfund Receivables, Payables, and Transfers

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

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amounts</u>
Water and sewer	Debt service	\$ 1,833,870
Debt service	CPGO 22	625,633
Debt service	CPGO 21	974,683
Debt service	Nonmajor governmental	8,327
General	Water and sewer	142,880
Storm water utility	General	14,894
Storm water utility	Water and sewer	14,894
Nonmajor governmental	General	7,600,000
General	Nonmajor governmental	329,985
		<u>\$ 11,545,166</u>

Amounts transferred between funds relate to the following activities:

- Transfers to the debt service fund were made to transfer interest earned from bond funds for the repayment of debt service and debt service related expenditures in accordance with applicable ordinances and federal regulations.
- The general fund transferred \$7,600,000 to nonmajor funds to fund current and future capital outlay.
- Transfers to the general fund were made by the water and sewer fund and the nonmajor governmental funds, which included the hotel/motel occupancy tax fund and the municipal court fund, as contributions to the general fund for various governmental expenditures.
- Transfers to the water and sewer fund were made by the debt service fund for current year debt service payments.
- Transfers to the storm water utility fund were made by the general fund and the water and sewer fund as additional funding for various projects.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

H. Fund Equity

As of September 30, 2023, \$1,142,271 of the City’s total fund balance is restricted by enabling legislation.

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City participates along with 2,800 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.

B. Contingent Liabilities

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

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

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

C. Pension Plans

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

	<u>TMRS</u>	<u>TESRS</u>	<u>Total</u>
Pension liability	\$ 17,837,490	\$ 1,025,342	\$ 18,862,832
Deferred outflows of resources	13,275,180	529,802	13,804,982
Deferred inflows of resources	226,719	5,156	231,875
Pension expense	4,543,060	216,653	4,759,713

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

1. Texas Municipal Retirement System

Plan Description

The City participates as one of 919 plans in the defined benefit cash-balance plan administered by TMRS. TMRS is a statewide public retirement plan created by the State and administered in accordance with the Texas Government Code, Title 8, Subtitle G (the “TMRS Act”) as an agent multiple-employer retirement system for municipal employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees (the “Board”); however, TMRS is not fiscally dependent 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.

Benefits Provided

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

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

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

	<u>2023</u>	<u>2022</u>
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/hrs 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

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

Employees Covered by Benefit Terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

	Primary Government	Component Units
Inactive employees or beneficiaries currently receiving benefits	206	12
Inactive employees entitled to, but not yet receiving, benefits	174	10
Active employees	300	17
Total	680	39

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 13.22% and 13.70% in calendar years 2023 and 2022, respectively. The City’s contributions to TMRS for the fiscal year ended September 30, 2023 were \$3,277,067, which were more than the required contributions.

Net Pension Liability/(Asset)

The City’s Net Pension Liability/(Asset) (NPL(A)) was measured as of December 31, 2022, 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, 2022 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

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. The assumptions were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for the annuity purchase rates is based on the mortality experience investigation study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation, as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

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 public equity	35%	7.7%
Core fixed income	6%	4.9%
Non-core fixed income	20%	8.7%
Other public and private markets	12%	8.1%
Real estate	12%	5.8%
Hedge funds	5%	6.9%
Private equity	10%	11.8%
Total	<u>100%</u>	

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability/(Asset) (A) - (B)
Changes for the year:			
Service cost	\$ 3,724,366	\$ -	\$ 3,724,366
Interest	9,785,793	-	9,785,793
Difference between expected and actual experience	1,292,371	-	1,292,371
Contributions - employer	-	3,019,752	(3,019,752)
Contributions - employee	-	1,499,170	(1,499,170)
Net investment income	-	(10,936,279)	10,936,279
Benefit payments, including refunds of employee contributions	(6,441,377)	(6,441,377)	-
Administrative expense	-	(94,693)	94,693
Other changes	-	112,997	(112,997)
Net Changes	8,361,153	(12,840,430)	21,201,583
Balance at December 31, 2021	152,977,036	156,341,129	(3,364,093)
Balance at December 31, 2022	\$ 161,338,189	\$ 143,500,699	\$ 17,837,490

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

	Component Units		
	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability/(Asset) (A) - (B)
Changes for the year:			
Service cost	\$ 261,171	\$ -	\$ 261,171
Interest	686,227	-	686,227
Difference between expected and actual experience	90,627	-	90,627
Contributions - employer	-	211,760	(211,760)
Contributions - employee	-	105,129	(105,129)
Net investment income	-	(766,904)	766,904
Benefit payments, including refunds of employee contributions	(451,700)	(451,700)	-
Administrative expense	-	(6,640)	6,640
Other changes	-	7,923	(7,923)
Net Changes	586,325	(900,432)	1,486,757
Balance at December 31, 2021	3,617,773	4,080,133	(462,360)
Balance at December 31, 2022	\$ 4,204,098	\$ 3,179,701	\$ 1,024,397

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%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Primary Government's Net Pension Liability/(Asset)	\$ 39,099,873	\$ 17,837,490	\$ 290,279
Component Units' Net Pension Liability/(Asset)	\$ 2,245,484	\$ 1,024,397	\$ 16,671

Pension Plan Fiduciary Net Position

Detailed information about TMRS's fiduciary net position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at tmrs.com.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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

For the fiscal year ended September 30, 2023, the City recognized pension expense of \$4,543,060 for the primary government and \$318,581 for the component units.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,402,635	\$ 226,719
Changes in actuarial assumptions	80,048	-
Difference between projected and actual investment earnings	9,573,500	-
Contributions subsequent to the measurement date	2,218,997	-
Total	\$ 13,275,180	\$ 226,719

	Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 80,553	\$ 13,021
Changes in actuarial assumptions	4,597	-
Difference between projected and actual investment earnings	549,801	-
Contributions subsequent to the measurement date	127,435	-
Total	\$ 762,386	\$ 13,021

\$2,218,997 for the primary government and \$127,435 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30	Pension Expense	
	Primary Government	Component Units
2024	\$ 736,171	\$ 42,278
2025	2,789,420	160,195
2026	2,819,794	161,939
2027	4,484,079	257,518
Total	\$ 10,829,464	\$ 621,930

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

2. Texas Emergency Services Retirement System

Plan Description

The City participates in a cost-sharing multiple employer pension plan that has a special funding situation. The plan is administered by the Texas Emergency Services Retirement System (TESRS) and established and administered by the State of Texas (the “State”) to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. At August 31, 2022, there were 239 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, 2022, the pension system membership consisted of:

Retirees and beneficiaries currently receiving benefits	3,991
Terminated members entitled to, but not yet receiving, benefits	1,813
Active participants	3,379

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.

Benefits Provided

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

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

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

Funding Policy

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

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

The Board rule defining contributions was amended effective July 27, 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the State are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percentage of the Part One portion (not to exceed 15 percent), is to be actuarially adjusted near the end of each even-numbered calendar year based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2022, the Part Two contributions are not required for an adequate contribution arrangement.

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

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

Contributions

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by Board rule, and there is no maximum contribution rate. For the measurement year ending August 31, 2022, total contributions (dues, prior service, and interest on prior service financing) of \$121,582 were paid by the City. The State appropriated \$1,262,763 for the measurement year ending August 31, 2022 to the plan as a whole.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

Actuarial Assumptions

The total pension liability in the August 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	August 31, 2022
Actuarial cost method	Entry age
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Market value smoothed by a 5-year deferred recognition method with an 80%/120% corridor on market value
Actuarial assumptions:	
Investment rate of return*	7.50%
Projected salary increases	N/A
*Includes inflation at	3.00%
Cost-of-living adjustments	None

Mortality rates were based on the 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 4.61%) and by adding expected inflation (3.00%). In addition, the final 7.50% assumption was selected by rounding down. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Net Real Rate of Return</u>
Equities:		
Large cap domestic	20%	5.83%
Small/mid cap domestic	10%	5.94%
Developed international	15%	6.17%
Emerging markets	5%	7.36%
Global infrastructure	5%	6.61%
Real estate	10%	4.48%
Multi asset income	5%	3.86%
Fixed income	30%	1.95%
Cash	0%	0.00%
Total	100%	
Weighted average		4.61%

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. No projection of cash flows was used to determine the discount rate because the August 31, 2022 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. Because of the 30-year amortization period with the conservative amortization method and with a lower value of assets, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
City's proportionate share of the net pension liability/(asset)	\$ 1,608,483	\$ 1,025,342	\$ 553,122

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

At September 30, 2023, the City reported a liability of \$1,025,342 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	\$ 1,025,342
*State's proportionate share that is associated with the City	266,158
Total	\$ 1,291,500

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

The TPL used to calculate the NPL was determined by an actuarial valuation as of August 31, 2022. GASB Statement No. 68 requires the net pension liability to be measured as of a date no earlier than the end of the employer's prior fiscal year. TESRS did not roll forward (nor did they provide the necessary information for the participants to roll forward) the NPL to be measured as of a date no earlier than the end of the City's prior fiscal year. While the City acknowledges that the measurement date does not fall within this 12-month period, the City elected to honor the conservatism principle and report a NPL measured as of August 31, 2022. The City used the assumption that any differences in the NPL measured as of August 31, 2022 versus September 30, 2022 would be immaterial. The employer's proportion of the NPL was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2021 thru September 30, 2022.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

At September 30, 2023, the employer's proportion of the collective NPL was 2.499%, which was an increase of 0.456% from its proportion measured as of September 30, 2022.

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

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

For the measurement year ended August 31, 2022, the City recognized pension expense of \$216,653. The City recognized on-behalf revenues of \$8,191 calculated by taking the State's total contributions to TESRS multiplied by the City's proportionate share.

At September 30, 2023, 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	\$ 378,130	\$ -
Changes in assumptions	-	5,156
Differences between expected and actual experience	39,031	-
Contributions paid to TESRS subsequent to the measurement date	112,641	-
Total	<u>\$ 529,802</u>	<u>\$ 5,156</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.

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:

<u>Fiscal Year Ended September 30</u>	<u>Pension Expense</u>
2024	\$ 118,881
2025	73,799
2026	77,054
2027	142,271
Total	<u>\$ 412,005</u>

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

D. Other Postemployment Benefits

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

	Retiree Healthcare Plan	TMRS SDBF	Total
OPEB liability	\$ 18,712,823	\$ 951,291	\$ 19,664,114
Deferred outflows of resources	4,702,136	246,707	4,948,843
Deferred inflows of resources	10,666,281	537,125	11,203,406
OPEB expense	1,013,454	48,221	1,061,675

1. Healthcare Plan

Plan Description

The City provides medical benefits to eligible retirees through an unfunded single-employer defined benefit plan (the “Plan”). The City pays a portion of the current monthly contribution rate for individual medical benefits for retirees meeting certain eligibility requirements. All active employees who retire directly from the City and meet the eligibility criteria may participate which is discussed under benefits. There is no City subsidy for dependent coverage and the cost of elected dependent coverage is paid entirely by the retiree. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits other than Pensions* (GASB 75).

Benefits

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

Grandfathered employees include:

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

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

- 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, 2023 is summarized below:

	Primary Government	Component Units
Inactive employees or beneficiaries currently receiving benefits	54	3
Inactive employees entitled to, but not yet receiving, benefits	-	-
Active employees	291	16
Total	345	19

Total OPEB Liability

The City’s total OPEB liability of \$18,712,823 for the primary government and \$439,234 for the component units were determined by an actuarial valuation as of December 31, 2022.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate*	4.63% as of September 30, 2023
Health care trend rate	Pre-65: Initial rate of 6.10% declining to an ultimate rate of 4.25% after 11 years; Post-65: Initial rate of 6.30% declining to an ultimate rate of 4.25% after 13 years
Actuarial cost method	Individual entry-age normal
Demographic assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the TMRS.
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables published through 2019 to account for future mortality improvements.
Participation rates	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 4.40% as of September 30, 2022 to 4.63% as of September 30, 2023. Additionally, the health care trend assumption was modified.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>	
	<u>Primary Government</u>	<u>Component Units</u>
Changes for the year:		
Service cost	\$ 601,096	\$ 33,718
Interest	867,898	48,684
Changes of assumptions	(244,573)	(13,719)
Difference between expected and actual experience	(2,356,270)	(132,174)
Benefit payments	(315,488)	(17,697)
Net Changes	(1,447,337)	(81,188)
Balance at September 30, 2022	20,160,160	520,422
Balance at September 30, 2023	\$ 18,712,823	\$ 439,234

Change of assumptions reflected a change in the discount rate from 4.40% as of September 30, 2022 to 4.63% percent as of September 30, 2023 and updates to the healthcare trend assumption.

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

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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

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

	1% Decrease in Discount Rate (3.63%)	Discount Rate (4.63%)	1% Increase in Discount Rate (5.63%)
Primary Government's Total OPEB Liability	\$ 21,991,768	\$ 18,712,823	\$ 16,082,077
Component Units' Total OPEB Liability	\$ 501,896	\$ 439,234	\$ 386,539

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:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Primary Government's Total OPEB Liability	\$ 15,609,177	\$ 18,712,823	\$ 22,739,590
Component Units' Total OPEB Liability	\$ 378,111	\$ 439,234	\$ 513,922

OPEB Expense and Deferred Outflows/Inflows of Resources

For the year ended September 30, 2023, the City recognized OPEB expense of \$1,013,454 for the primary government and \$56,849 for the component units.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

At September 30, 2023, the City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 3,555,532	\$ 7,503,080
Difference between expected and actual experience	1,146,604	3,163,201
Total	\$ 4,702,136	\$ 10,666,281
	Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 84,254	\$ 355,956
Difference between expected and actual experience	27,170	150,066
Total	\$ 111,424	\$ 506,022

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

Fiscal Year Ended	OPEB Expense	
Year Ended September 30	Primary Government	Component Units
2024	\$ (451,237)	\$ (29,855)
2025	(451,237)	(29,855)
2026	(451,237)	(29,855)
2027	(606,197)	(40,107)
2028	(1,147,347)	(75,910)
Thereafter	(2,856,890)	(189,016)
Total	\$ (5,964,145)	\$ (394,598)

2. TMRS Supplemental Death Benefits

Plan Description

The City participates in an OPEB plan administered by TMRS. TMRS administers the defined benefit group-term life insurance plan known as the 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.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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, 2022 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	161
Inactive employees entitled to, but not yet receiving, benefits	36
Active employees	317
Total	<u><u>514</u></u>

Total OPEB Liability

The City's total OPEB liability of \$951,291 was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate*	4.05%
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. The rates are projected on a fully generational basis with scale UMP.
Mortality rates-disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018. Due to the higher mortality rates associated with the global pandemic, the TMRS Board adopted changes to the assumptions and methodology used for calculating 2023 and 2024 rates as determined in the December 31, 2021 and December 31, 2022 actuarial valuations, respectively.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Changes for the year:	
Service cost	\$ 59,588
Interest	25,031
Difference between expected and actual experience	1,969
Changes of assumptions	(453,270)
Benefit payments*	(25,210)
	<u>Net Changes</u>
	(391,892)
Balance at December 31, 2021	1,343,183
	<u><u>Balance at December 31, 2022</u></u>
	\$ 951,291

*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.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

The discount rate increased from 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022. 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 Rate (3.05%)	Discount Rate (4.05%)	1% Increase in Discount Rate (5.05%)
City's Total OPEB Liability	\$ 1,126,529	\$ 951,291	\$ 813,260

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

For the year ended September 30, 2023, the City recognized OPEB expense of \$48,221. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 197,300	\$ 399,854
Difference between expected and actual experience	27,060	137,271
Contributions subsequent to the measurement date	22,347	-
	\$ 246,707	\$ 537,125

\$22,347 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, 2024.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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

<u>Fiscal Year Ended</u> <u>September 30</u>	<u>OPEB</u> <u>Expense</u>
2024	\$ (42,045)
2025	(51,458)
2026	(51,738)
2027	(56,967)
2028	(70,782)
Thereafter	(39,775)
Total	\$ (312,765)

3. Deferred Compensation Plan

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

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

E. Industrial District Contracts

A significant portion of the City's revenue is derived from separate contractual agreements (the "Contracts") with 26 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. 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 \$13,575,409 related to these Contracts.

F. Transfer Station Closure Cost

The City operates a municipal solid waste transfer station (the "Transfer Station"), which is currently permitted for 200 tons per day of municipal solid waste transfer. Transfer stations are facilities 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, 2023, the total estimated closure costs for the City's Transfer Station are \$62,565. The reported liability represents 100 percent of the closure costs for the Transfer Station. The liability is based on an engineering study performed in March 2002 that estimated the total closure costs. The estimated closure costs are adjusted annually using the Implicit Price Deflator for Gross National Product published by the United States Department of Commerce. The actual cost may differ from the estimate due to inflation, changes in technology, or regulatory changes.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

G. Chapter 380 Economic Development Agreement

Chapter 380, *Miscellaneous Provisions Relating to Municipal Planning and Development*, of the Texas Local Government Code provides the authority to the governing body of a municipality to establish and provide for the administration of one or more programs, including programs to promote state or local economic development and to stimulate business and commercial activity in the municipality. The City has entered into a Chapter 380 Economic Development Agreement (the “Agreement”) with one developer (the “Developer”). The term of this Agreement is for a period of 16 years. This Developer agreed to make real property improvements as part of a retail development project (the “Project”), including the construction of water and sanitary sewer facilities and traffic and roadway improvements to support the Project. The Developer also agreed to employ and maintain a minimum number of full-time equivalent employment positions working at the Project. Between the years ending 2019 through 2022, the City has agreed to reimburse the Developer \$1,000 for each job created/retained up to a maximum of \$465,000 over the four-year period. 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. 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. No payments were made in fiscal year 2023 related to this Agreement.

H. Subsequent Events

In November 2023, 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 must repay the taxes to the State in the amount of \$2,049,428. The City entered into an agreement with the State to repay the balance in sixty-three monthly installments of \$32,530.

Discretely presented component units of the City must also repay sales tax related to this taxpayer accrual. The Deer Park Crime Control and Prevention District and the Deer Park Fire Control, Prevention, and Emergency Medical Services District must each repay \$391,122 to the State, totaling \$782,244 for both component units. Each component unit will repay the balances in sixty-three monthly installments of \$6,208, totaling \$12,416 per month for both component units.

The City issued general obligation bonds, series 2023 (the “Bonds”) dated November 1, 2023, in the amount of \$24,950,000. Proceeds from the bonds will be used for the design, construction, acquisition, and equipment of fire facilities, including a fire station and training center and a new Jimmy Burke Activity Center, which will include a visitor center and museum. The Bonds carry an interest rate of 5.00% and will mature in 2043.

DRAFT

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DEER PARK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (Page 1 of 2)
For the Year Ended September 30, 2023

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 18,720,150	\$ 18,720,150	\$ 19,268,458	\$ 548,308
Industrial district taxes	11,800,000	11,800,000	13,575,409	1,775,409
Sales taxes	7,000,000	7,000,000	9,426,845	2,426,845
Franchise fees	1,829,000	1,829,000	1,829,438	438
Fees and fines	1,091,600	1,091,600	1,045,564	(46,036)
Licenses and permits	559,600	559,600	749,001	189,401
Intergovernmental	88,000	88,000	380,344	292,344
Charges for services	4,185,450	4,185,450	4,939,100	753,650
Investment earnings	400,000	400,000	3,048,098	2,648,098
Other	145,500	145,500	192,114	46,614
Total Revenues	45,819,300	45,819,300	54,454,371	8,635,071
Expenditures				
Current:				
General Government:				
Mayor and council	58,600	58,600	35,654	22,946
City manager	1,219,575	1,219,575	1,173,081	46,494
Boards and commissions	15,408	15,408	14,675	733
Municipal court	539,205	539,205	521,424	17,781
General government	4,461,050	4,307,050	3,155,805	1,151,245
Legal services	160,000	160,000	113,229	46,771
Human resources	482,767	482,767	460,304	22,463
Information technology services	1,977,019	2,016,019	1,835,642	180,377
Finance	742,268	754,268	753,788	480
City secretary	537,503	537,503	452,526	84,977
Warehouse	91,475	91,475	89,785	1,690
Total General Government	10,284,870	10,181,870	9,606,106	575,764
Community Development:				
Planning and development	1,611,796	1,611,796	1,249,048	362,748
Administration	928,055	1,065,555	923,899	141,656
Beautification	30,000	30,000	5,725	24,275
Park maintenance	1,449,060	2,479,060	2,284,383	194,677
Recreation	841,644	841,644	624,446	217,198
Athletics and aquatics	1,155,563	1,155,563	943,977	211,586
Senior services	615,338	615,338	613,687	1,651
After-school program	478,998	478,998	371,077	107,921
Drama	517,886	517,886	495,896	21,990
Library	1,399,328	1,399,628	1,225,818	173,810
Total Community Development	9,027,668	10,195,468	8,737,956	1,457,512

CITY OF DEER PARK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (Page 2 of 2)
For the Year Ended September 30, 2023

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Public Works:				
Building maintenance	\$ 1,265,423	\$ 1,265,423	\$ 998,006	\$ 267,417
Sanitation	4,853,625	5,168,625	5,143,939	24,686
Street maintenance	2,413,056	2,413,056	1,988,851	424,205
Fleet maintenance	762,043	762,043	663,487	98,556
Traffic	618,103	589,153	583,367	5,786
Humane division	409,314	409,314	405,542	3,772
Total Public Works	<u>10,321,564</u>	<u>10,607,614</u>	<u>9,783,192</u>	<u>824,422</u>
Public Safety:				
Police	11,775,752	11,833,752	11,651,924	181,828
Emergency management	507,114	507,114	416,247	90,867
Fire department	855,608	721,194	699,178	22,016
Emergency medical services	1,774,771	1,774,771	1,650,701	124,070
Fire marshal	199,215	199,215	201,085	(1,870) *
Total Public Safety	<u>15,112,460</u>	<u>15,036,046</u>	<u>14,619,135</u>	<u>416,911</u>
Parks and Recreation:				
Golf course lease	312,000	312,000	219,162	92,838
Total Parks and Recreation	<u>312,000</u>	<u>312,000</u>	<u>219,162</u>	<u>92,838</u>
Debt service:				
Principal	572,875	303,525	509,075	(205,550) *
Interest and other charges	15,825	15,825	15,825	-
Total Debt Service	<u>588,700</u>	<u>319,350</u>	<u>524,900</u>	<u>(205,550)</u>
Capital outlay	<u>2,080,642</u>	<u>4,191,514</u>	<u>3,803,070</u>	<u>388,444</u>
Total Expenditures	<u>47,727,904</u>	<u>50,843,862</u>	<u>47,293,521</u>	<u>3,550,341</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,908,604)</u>	<u>(5,024,562)</u>	<u>7,160,850</u>	<u>12,185,412</u>
Other Financing Sources (Uses)				
Transfers in	1,332,721	2,289,721	472,865	(1,816,856)
Transfers (out)	(960,594)	(9,808,594)	(7,614,894)	2,193,700
Proceeds from sale of capital assets	10,000	10,000	289,848	279,848
Insurance proceeds	-	-	630,899	630,899
Lease proceeds	-	-	1,215,122	1,215,122
Total Other Financing Sources (Uses)	<u>382,127</u>	<u>(7,508,873)</u>	<u>(5,006,160)</u>	<u>2,502,713</u>
Net Change in Fund Balance	<u>\$ (1,526,477)</u>	<u>\$ (12,533,435)</u>	<u>2,154,690</u>	<u>\$ 14,688,125</u>
Beginning fund balance			56,435,099	
Ending Fund Balance			<u>\$ 58,589,789</u>	

Notes to Required Supplementary Information:

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

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CITY OF DEER PARK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GRANTS FUND
For the Year Ended September 30, 2023

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Intergovernmental	\$ 3,052,200	\$ 3,052,200	\$ 2,790,779	\$ (261,421)
Donations	-	-	38,004	38,004
Other	-	-	109,726	109,726
Total Revenues	<u>3,052,200</u>	<u>3,052,200</u>	<u>2,938,509</u>	<u>(113,691)</u>
Expenditures				
Current:				
General Government:				
Information technology services	-	-	6,453	(6,453) *
Total General Government	<u>-</u>	<u>-</u>	<u>6,453</u>	<u>(6,453)</u>
Community Development:				
Recreation	-	-	16,351	(16,351) *
Total Community Development	<u>-</u>	<u>-</u>	<u>16,351</u>	<u>(16,351)</u>
Public Safety:				
Police	-	-	28,009	(28,009) *
Total Public Safety	<u>-</u>	<u>-</u>	<u>28,009</u>	<u>(28,009)</u>
Capital outlay	<u>3,052,200</u>	<u>3,052,200</u>	<u>2,639,200</u>	<u>413,000</u>
Total Capital Outlay	<u>3,052,200</u>	<u>3,052,200</u>	<u>2,639,200</u>	<u>413,000</u>
Total Expenditures	<u>3,052,200</u>	<u>3,052,200</u>	<u>2,690,013</u>	<u>362,187</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>248,496</u>	<u>\$ 248,496</u>
Beginning fund balance			<u>934,144</u>	
Ending Fund Balance			<u>\$ 1,182,640</u>	

Notes to Required Supplementary Information:

- Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- *Expenditures did not exceed appropriations at the legal level of control as the grants fund includes two sub-funds. Only one of the sub-funds has an adopted budget. The variances noted above are expenditures from the special projects fund from restricted contributions, which does not have an adopted budget.

CITY OF DEER PARK, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
For the Year Ended September 30, 2023

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

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

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Measurement Year*				
2018	2019	2020	2021	2022
\$ 3,355,488	\$ 3,559,467	\$ 3,922,261	\$ 3,778,035	\$ 3,985,537
8,688,403	8,997,803	9,413,404	9,974,952	10,472,020
(1,674,357)	(979,655)	970,715	(61,224)	1,382,998
-	460,845	-	-	-
(5,510,116)	(6,265,529)	(5,860,082)	(5,970,003)	(6,893,077)
<u>4,859,418</u>	<u>5,772,931</u>	<u>8,446,298</u>	<u>7,721,760</u>	<u>8,947,478</u>
<u>129,794,402</u>	<u>134,653,820</u>	<u>140,426,751</u>	<u>148,873,049</u>	<u>156,594,809</u>
<u>\$ 134,653,820</u>	<u>\$ 140,426,751</u>	<u>\$ 148,873,049</u>	<u>\$ 156,594,809</u>	<u>\$ 165,542,287</u>
\$ 2,800,763	\$ 2,901,070	\$ 3,180,213	\$ 3,052,417	\$ 3,231,512
1,357,712	1,440,247	1,578,828	1,515,544	1,604,299
(3,687,499)	18,239,872	10,183,361	18,665,823	(11,703,183)
(5,510,116)	(6,265,529)	(5,860,082)	(5,970,003)	(6,893,077)
(71,286)	(103,096)	(65,929)	(86,403)	(101,333)
(3,724)	(3,097)	(2,572)	591	120,920
<u>(5,114,150)</u>	<u>16,209,467</u>	<u>9,013,819</u>	<u>17,177,969</u>	<u>(13,740,862)</u>
<u>123,134,157</u>	<u>118,020,007</u>	<u>134,229,474</u>	<u>143,243,293</u>	<u>160,421,262</u>
<u>\$ 118,020,007</u>	<u>\$ 134,229,474</u>	<u>\$ 143,243,293</u>	<u>\$ 160,421,262</u>	<u>\$ 146,680,400</u>
<u>\$ 16,633,813</u>	<u>\$ 6,197,277</u>	<u>\$ 5,629,756</u>	<u>\$ (3,826,453)</u>	<u>\$ 18,861,887</u>
87.65%	95.59%	96.22%	102.44%	88.61%
\$ 19,395,882	\$ 20,574,955	\$ 22,554,692	\$ 21,650,633	\$ 22,918,557
85.76%	30.12%	24.96%	-17.67%	82.30%

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, 2023

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

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

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

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

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

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Measurement Year*				
2018	2019	2020	2021	2022
2.14%	2.76%	2.06%	2.04%	2.50%
\$ 463,753	\$ 781,487	\$ 520,353	\$ 218,890	\$ 1,025,342
<u>168,353</u>	<u>231,810</u>	<u>148,337</u>	<u>60,600</u>	<u>266,160</u>
<u>\$ 632,106</u>	<u>\$ 1,013,297</u>	<u>\$ 668,690</u>	<u>\$ 279,490</u>	<u>\$ 1,291,502</u>
65	77	64	64	73
\$ 7,152	\$ 10,149	\$ 8,131	\$ 3,420	\$ 14,046
84.30%	80.20%	83.20%	93.10%	75.20%

CITY OF DEER PARK, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
For the Year Ended September 30, 2023

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

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

Notes to Required Supplementary Information:

1. Valuation Date:

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

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	23 years (longest amortization ladder)
Asset valuation method	10 year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period December 31, 2014 to December 31, 2018.
Mortality	Post retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

3. Other Information:

There were no benefit changes during the year.

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Fiscal Year

<u>2018</u>	<u>2019</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>	<u>2023*</u>
\$ 2,767,719	\$ 2,881,927	\$ 2,998,530	\$ 2,943,160	\$ 3,076,013	\$ 3,176,749
<u>2,767,719</u>	<u>2,881,927</u>	<u>3,051,477</u>	<u>3,027,005</u>	<u>3,173,464</u>	<u>3,277,067</u>
\$ -	\$ -	\$ (52,947)	\$ (83,845)	\$ (97,451)	\$ (100,318)
<u>\$ 19,192,732</u>	<u>\$ 20,322,430</u>	<u>\$ 21,641,689</u>	<u>\$ 21,470,405</u>	<u>\$ 22,506,858</u>	<u>\$ 23,790,224</u>
14.42%	14.18%	14.10%	14.10%	14.10%	13.77%

CITY OF DEER PARK, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS)
For the Year Ended September 30, 2023

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

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

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Fiscal Year

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 102,714	\$ 139,438	\$ 114,679	\$ 119,328	\$ 121,582	\$ 112,641
<u>102,714</u>	<u>139,438</u>	<u>114,679</u>	<u>119,328</u>	<u>121,582</u>	<u>112,641</u>
<u>\$ -</u>					
71	77	64	66	68	73
\$ 1,447	\$ 1,811	\$ 1,792	\$ 1,808	\$ 1,788	\$ 1,543

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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, 2023

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

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

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

Notes to Required Supplementary Information:

1. Valuation Date:

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

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Inflation	2.0%
Salary increases	3.50% to 11.50% including inflation
Discount rate*	4.05%
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. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

3. 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 Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial study for the period December 31, 2014 to December 31, 2018.

There were no benefit changes during the year.

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Measurement Year*	
2021	2022
\$ 49,796	\$ 59,588
26,532	25,031
(61,479)	1,969
39,622	(453,270)
(25,981)	(25,210)
<u>28,490</u>	<u>(391,892)</u>
<u>1,314,693</u>	<u>1,343,183</u>
<u>\$ 1,343,183</u>	<u>\$ 951,291</u>
\$ 21,650,633	\$ 22,918,557
6.20%	4.15%

CITY OF DEER PARK, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
RETIREE HEALTH PLAN
For the Year Ended September 30, 2023

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

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

Notes to Required Supplementary Information:

1. Changes in assumptions:

Changes of assumptions reflect a change in discount rate from 4.40% to 4.63% and updates to the healthcare trend rates.

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.

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Measurement Year*	
2022	2023
\$ 1,313,960	\$ 634,814
646,147	916,581
(181,846)	(2,488,444)
(9,794,610)	(258,292)
(300,999)	(333,184)
<u>(8,317,348)</u>	<u>(1,528,525)</u>
<u>28,997,930</u>	<u>20,680,582</u>
<u>\$ 20,680,582</u>	<u>\$ 19,152,057</u>
\$ 20,249,031	\$ 20,035,360
102.13%	95.59%

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***COMBINING STATEMENTS
AND SCHEDULES***

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CITY OF DEER PARK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended September 30, 2023

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Property taxes	\$ 6,529,000	\$ 6,529,000	\$ 6,352,616	\$ (176,384)
Intergovernmental	2,828,479	2,828,479	2,830,172	1,693
Investment earnings	2,000	2,000	97,257	95,257
Total Revenues	<u>9,359,479</u>	<u>9,359,479</u>	<u>9,280,045</u>	<u>(79,434)</u>
Expenditures				
Debt service:				
Principal	5,312,734	5,312,734	4,211,462	1,101,272
Interest and other charges	3,978,218	3,978,218	3,174,343	803,875
Total Expenditures	<u>9,290,952</u>	<u>9,290,952</u>	<u>7,385,805</u>	<u>1,905,147</u>
Excess of Revenues Over Expenditures	<u>68,527</u>	<u>68,527</u>	<u>1,894,240</u>	<u>1,825,713</u>
Other Financing Sources (Uses)				
Transfers in	54,000	54,000	1,608,643	1,554,643
Transfers (out)	-	-	(1,833,870)	(1,833,870) *
Total Other Financing Sources (Uses)	<u>54,000</u>	<u>54,000</u>	<u>(225,227)</u>	<u>(279,227)</u>
Net Change in Fund Balance	<u>\$ 122,527</u>	<u>\$ 122,527</u>	<u>1,669,013</u>	<u>\$ 1,546,486</u>
Beginning fund balance			<u>5,648,708</u>	
Ending Fund Balance			<u>\$ 7,317,721</u>	

Notes to Supplementary Information:

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

CITY OF DEER PARK, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2023
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.

CITY OF DEER PARK, TEXAS
NONMAJOR GOVERNMENTAL FUNDS (Continued)
September 30, 2023
CAPITAL PROJECTS FUNDS

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

1997 Streets Fund

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

Streets Fund

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

General Obligations Series 2005 Fund

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

Capital Improvements Bond Fund 2007

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

Capital Improvements Bond Fund 2015

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

Capital Improvements Bond Fund 2016

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

Capital Improvement Fund

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

Capital Replacement Fund

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

CITY OF DEER PARK, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)
September 30, 2023

	<u>Special Revenue Funds</u>			<u>Capital Projects Funds</u>
	<u>Hotel/Motel Occupancy Tax</u>	<u>Police Forfeiture</u>	<u>Municipal Court</u>	<u>1997 Streets</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 705,152	\$ 189,822	\$ 113,703	\$ -
Accounts receivable	142,612	-	4,735	-
Total Assets	\$ 847,764	\$ 189,822	\$ 118,438	\$ -
<u>Liabilities</u>				
Accounts payable	\$ 6,971	\$ -	\$ 13	\$ -
Accrued liabilities	-	-	6,769	-
Other payables	-	-	-	-
Total Liabilities	6,971	-	6,782	-
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - intergovernmental	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
<u>Fund balances</u>				
Restricted				
Community development	840,793	-	-	-
Public safety	-	189,822	-	-
Municipal court	-	-	111,656	-
Capital projects	-	-	-	-
Assigned				
Capital projects	-	-	-	-
Total Fund Balances	840,793	189,822	111,656	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 847,764	\$ 189,822	\$ 118,438	\$ -

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Capital Projects Funds

<u>Streets</u>	<u>General Obligation Series 2005</u>	<u>CIBF 2007</u>	<u>CIBF 2015</u>	<u>CIBF 2016</u>	<u>Capital Improvement</u>
\$ 103,158	\$ 209,537	\$ 53,033	\$ 116,639	\$ 165,632	\$ 7,643,580
-	-	-	-	-	417,956
<u>\$ 103,158</u>	<u>\$ 209,537</u>	<u>\$ 53,033</u>	<u>\$ 116,639</u>	<u>\$ 165,632</u>	<u>\$ 8,061,536</u>
\$ -	\$ -	\$ -	\$ -	\$ 6,433	\$ 213,104
-	-	-	-	-	-
-	-	-	-	-	74,114
-	-	-	-	6,433	287,218
-	-	-	-	-	417,956
-	-	-	-	-	417,956
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
103,158	209,537	53,033	116,639	159,199	-
-	-	-	-	-	7,356,362
<u>103,158</u>	<u>209,537</u>	<u>53,033</u>	<u>116,639</u>	<u>159,199</u>	<u>7,356,362</u>
<u>\$ 103,158</u>	<u>\$ 209,537</u>	<u>\$ 53,033</u>	<u>\$ 116,639</u>	<u>\$ 165,632</u>	<u>\$ 8,061,536</u>

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CITY OF DEER PARK, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)
September 30, 2023

	Capital Projects Funds	Total Nonmajor Governmental Funds
	Capital Replacement	Funds
<u>Assets</u>		
Cash and cash equivalents	\$ 2,223,639	\$ 11,523,895
Accounts receivable	-	565,303
Total Assets	\$ 2,223,639	\$ 12,089,198
<u>Liabilities</u>		
Accounts payable	\$ -	\$ 226,521
Accrued liabilities	-	6,769
Other payables	-	74,114
Total Liabilities	-	307,404
<u>Deferred Inflows of Resources</u>		
Unavailable revenue - intergovernmental	-	417,956
Total Deferred Inflows of Resources	-	417,956
<u>Fund balances</u>		
Restricted		
Community development	-	840,793
Public safety	-	189,822
Municipal court	-	111,656
Capital projects	-	641,566
Assigned		
Capital projects	2,223,639	9,580,001
Total Fund Balances	2,223,639	11,363,838
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,223,639	\$ 12,089,198

CITY OF DEER PARK, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)
For the Year Ended September 30, 2023

	<u>Special Revenue Funds</u>			<u>Capital Projects Funds</u>
	<u>Hotel/Motel Occupancy Tax</u>	<u>Police Forfeiture</u>	<u>Municipal Court</u>	<u>1997 Streets</u>
<u>Revenues</u>				
Hotel/motel taxes	\$ 624,625	\$ -	\$ -	\$ -
Fees and fines	-	-	165,568	-
Charges for services	-	-	96,708	-
Investment earnings	-	1,807	-	-
Other	-	70,340	-	-
Total Revenues	624,625	72,147	262,276	-
<u>Expenditures</u>				
Current:				
General government	-	-	49,394	60
Community development	300,610	-	-	-
Public safety	-	32,961	112,267	-
Capital outlay	42,313	-	-	-
Total Expenditures	342,923	32,961	161,661	60
Excess (Deficiency) of Revenues Over (Under) Expenditures	281,702	39,186	100,615	(60)
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	-	-	-
Transfers (out)	(215,844)	-	(114,141)	-
Total Other Financing Sources (Uses)	(215,844)	-	(114,141)	-
Net Change in Fund Balances	65,858	39,186	(13,526)	(60)
Beginning fund balances	774,935	150,636	125,182	60
Ending Fund Balances	\$ 840,793	\$ 189,822	\$ 111,656	\$ -

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Capital Projects Funds

Streets	General Obligation Series 2005	CIBF 2007	CIBF 2015	CIBF 2016	Capital Improvement
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
3,689	-	2,694	5,634	-	6,757
-	-	-	-	40,000	50,000
<u>3,689</u>	<u>-</u>	<u>2,694</u>	<u>5,634</u>	<u>40,000</u>	<u>56,757</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	3,416	-	25,577	3,328,647
-	-	3,416	-	25,577	3,328,647
<u>3,689</u>	<u>-</u>	<u>(722)</u>	<u>5,634</u>	<u>14,423</u>	<u>(3,271,890)</u>
-	-	-	-	-	6,000,000
-	-	(2,693)	(5,634)	-	-
-	-	(2,693)	(5,634)	-	6,000,000
3,689	-	(3,415)	-	14,423	2,728,110
<u>99,469</u>	<u>209,537</u>	<u>56,448</u>	<u>116,639</u>	<u>144,776</u>	<u>4,628,252</u>
<u>\$ 103,158</u>	<u>\$ 209,537</u>	<u>\$ 53,033</u>	<u>\$ 116,639</u>	<u>\$ 159,199</u>	<u>\$ 7,356,362</u>

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CITY OF DEER PARK, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)
For the Year Ended September 30, 2023

	Capital Projects Funds	Total Nonmajor Governmental Funds
	Capital Replacement	Funds
<u>Revenues</u>		
Hotel/motel taxes	\$ -	\$ 624,625
Fees and fines	-	165,568
Charges for services	-	96,708
Investment earnings	-	20,581
Other	-	160,340
	-	1,067,822
Total Revenues	-	1,067,822
<u>Expenditures</u>		
Current:		
General government	-	49,454
Community development	-	300,610
Public safety	-	145,228
Capital outlay	1,767,619	5,167,572
	1,767,619	5,662,864
Total Expenditures	1,767,619	5,662,864
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,767,619)	(4,595,042)
<u>Other Financing Sources (Uses)</u>		
Transfers in	1,600,000	7,600,000
Transfers (out)	-	(338,312)
	1,600,000	7,261,688
Total Other Financing Sources (Uses)	1,600,000	7,261,688
Net Change in Fund Balances	(167,619)	2,666,646
Beginning fund balances	2,391,258	8,697,192
Ending Fund Balances	\$ 2,223,639	\$ 11,363,838

CITY OF DEER PARK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2023

	Hotel/Motel Occupancy Tax			
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Hotel/motel occupancy taxes	\$ 600,000	\$ 600,000	\$ 624,625	\$ 24,625
Total Revenues	600,000	600,000	624,625	24,625
Expenditures				
Current:				
Community development	408,330	408,330	300,610	107,720
Capital outlay	27,000	27,000	42,313	(15,313) *
Total Expenditures	435,330	435,330	342,923	92,407
Excess of Revenues Over Expenditures	164,670	164,670	281,702	117,032
Other Financing Sources (Uses)				
Transfers (out)	(230,000)	(230,000)	(215,844)	14,156
Total Other Financing (Uses)	(230,000)	(230,000)	(215,844)	14,156
Net Change in Fund Balance	\$ (65,330)	\$ (65,330)	65,858	\$ 131,188
Beginning fund balance			774,935	
Ending Fund Balance			\$ 840,793	

*Expenditures did not exceed appropriations at the legal level of control as expenditures are budgeted at the department level but presented as capital outlay for reporting purposes.

	Police Forfeiture			
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Investment earnings	\$ 100	\$ 100	\$ 1,807	\$ 1,707
Other	10,000	10,000	70,340	60,340
Total Revenues	10,100	10,100	72,147	62,047
Expenditures				
Current:				
Public safety	46,112	46,112	32,961	13,151
Total Expenditures	46,112	46,112	32,961	13,151
Net Change in Fund Balance	\$ (36,012)	\$ (36,012)	39,186	\$ 75,198
Beginning fund balance			150,636	
Ending Fund Balance			\$ 189,822	

Notes to Supplementary Information:

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

CITY OF DEER PARK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
For the Year Ended September 30, 2023

Municipal Court				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Fees and fines	\$ 189,875	\$ 189,875	\$ 165,568	\$ (24,307)
Charges for services	100,000	100,000	96,708	(3,292)
Total Revenues	289,875	289,875	262,276	(27,599)
<u>Expenditures</u>				
Current:				
General government	58,513	58,513	49,394	9,119
Public safety	117,390	117,390	112,267	5,123
Total Expenditures	175,903	175,903	161,661	14,242
Excess of Revenues Over Expenditures	113,972	113,972	100,615	(13,357)
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	(114,141)	(114,141)	(114,141)	-
Total Other Financing (Uses)	(114,141)	(114,141)	(114,141)	-
Net Change in Fund Balance	\$ (169)	\$ (169)	(13,526)	\$ (13,357)
Beginning fund balance			125,182	
Ending Fund Balance			\$ 111,656	

Notes to Supplementary Information:

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

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

September 30, 2023

	Governmental Activities			Total
	Crime Control & Prevention District	Fire Control, Prevention, & EMS District	Deer Park Community Development Corporation	
Assets				
Current assets:				
Cash and cash equivalents	\$ 3,845,531	\$ 1,164,060	\$ 7,448,329	\$ 12,457,920
Accounts receivable, net	392,446	392,082	778,138	1,562,666
Noncurrent assets:				
Construction in progress	207,732	-	-	207,732
Building	1,986,280	87,641	-	2,073,921
Improvements	808,675	115,182	-	923,857
Machinery and equipment	2,993,625	3,106,442	-	6,100,067
Less: accumulated depreciation	(2,966,177)	(1,934,737)	-	(4,900,914)
Total Assets	7,268,112	2,930,670	8,226,467	18,425,249
Deferred Outflows of Resources				
Deferred outflows of resources - pensions (TMRS)	299,075	463,311	-	762,386
Deferred outflows of resources - OPEB (Health)	47,733	63,691	-	111,424
Total Deferred Outflows of Resources	346,808	527,002	-	873,810
Liabilities				
Current liabilities:				
Accounts payable	1,581,111	33,060	496,399	2,110,570
Due to primary government	5	6	-	11
Accrued liabilities	39,091	44,580	-	83,671
OPEB liability - due within one year	-	16,838	-	16,838
Leases payable	-	152,252	-	152,252
Noncurrent liabilities:				
Leases payable	-	181,515	-	181,515
Net pension liability (TMRS)	401,859	622,538	-	1,024,397
Total OPEB liability (Health)	137,426	284,970	-	422,396
Total Liabilities	2,159,492	1,335,759	496,399	3,991,650
Deferred Inflows of Resources				
Deferred inflows of resources - pensions (TMRS)	5,108	7,913	-	13,021
Deferred inflows of resources - OPEB (Health)	199,382	306,640	-	506,022
Total Deferred Inflows of Resources	204,490	314,553	-	519,043
Net Position				
Net investment in capital assets	3,030,135	1,040,761	-	4,070,896
Restricted for:				
Special projects - restricted contributions	2,220,803	766,599	7,730,068	10,717,470
Total Net Position	\$ 5,250,938	\$ 1,807,360	\$ 7,730,068	\$ 14,788,366

See Notes to Financial Statements.

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, 2023

	Governmental Activities			Total
	Crime Control & Prevention District	Fire Control, Prevention, & EMS District	Deer Park Community Development Corporation	
<u>Operating Revenues</u>				
Sales taxes	\$ 2,356,505	\$ 2,352,423	\$ 4,722,055	\$ 9,430,983
Total Operating Revenues	<u>2,356,505</u>	<u>2,352,423</u>	<u>4,722,055</u>	<u>9,430,983</u>
<u>Operating Expenses</u>				
Personnel services	945,617	1,320,979	-	2,266,596
Contractual services	41,894	104,096	2,000	147,990
Repairs and maintenance	2,542,329	183,710	2,705,361	5,431,400
Other supplies and expenses	104,957	311,564	3,038,204	3,454,725
Depreciation	363,376	197,600	-	560,976
Total Operating Expenses	<u>3,998,173</u>	<u>2,117,949</u>	<u>5,745,565</u>	<u>11,861,687</u>
Operating Income (Loss)	<u>(1,641,668)</u>	<u>234,474</u>	<u>(1,023,510)</u>	<u>(2,430,704)</u>
<u>Nonoperating Revenues (Expenses)</u>				
Investment earnings	32,689	10,182	65,695	108,566
Intergovernmental revenue	350,000	41,000	-	391,000
Interest and fiscal agent fees	-	(8,297)	-	(8,297)
Total Nonoperating Revenues	<u>382,689</u>	<u>42,885</u>	<u>65,695</u>	<u>491,269</u>
Change in Net Position	<u>(1,258,979)</u>	<u>277,359</u>	<u>(957,815)</u>	<u>(1,939,435)</u>
Beginning net position	<u>6,509,917</u>	<u>1,530,001</u>	<u>8,687,883</u>	<u>16,727,801</u>
Ending Net Position	<u>\$ 5,250,938</u>	<u>\$ 1,807,360</u>	<u>\$ 7,730,068</u>	<u>\$ 14,788,366</u>

See Notes to Financial Statements.

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STATISTICAL SECTION

This part of the City’s Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and Required Supplementary Information says about the City’s overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	140
<i>These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.</i>	
Revenue Capacity	150
<i>These schedules contain information to help the reader assess the City’s most significant local revenue source, property tax.</i>	
Debt Capacity	160
<i>These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.</i>	
Demographic and Economic Information	170
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.</i>	
Operating Information	173
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.</i>	

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

	Fiscal Year			
	2014	2015	2016	2017
Governmental Activities				
Net investment in capital assets	\$ 41,639,757	\$ 44,597,669	\$ 47,111,755	\$ 56,664,574
Restricted	5,508,456	5,487,510	6,544,124	6,658,676
Unrestricted	19,126,447	23,162,700	25,809,239	23,326,217
Total Governmental Activities Net Position	<u><u>\$ 66,274,660</u></u>	<u><u>\$ 73,247,879</u></u>	<u><u>\$ 79,465,118</u></u>	<u><u>\$ 86,649,467</u></u>
Business-Type Activities				
Net investment in capital assets	\$ 16,377,808	\$ 15,978,461	\$ 15,837,484	\$ 16,822,172
Restricted	152,344	147,896	147,229	146,542
Unrestricted	6,877,343	7,828,651	8,636,643	6,675,062
Total Business-Type Activities Net Position	<u><u>\$ 23,407,495</u></u>	<u><u>\$ 23,955,008</u></u>	<u><u>\$ 24,621,356</u></u>	<u><u>\$ 23,643,776</u></u>
Primary Government				
Net investment in capital assets	\$ 58,017,565	\$ 60,576,130	\$ 62,949,239	\$ 73,486,746
Restricted	5,660,800	5,635,406	6,691,353	6,805,218
Unrestricted	26,003,790	30,991,351	34,445,882	30,001,279
Total Primary Government Net Position	<u><u>\$ 89,682,155</u></u>	<u><u>\$ 97,202,887</u></u>	<u><u>\$ 104,086,474</u></u>	<u><u>\$ 110,293,243</u></u>

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Fiscal Year

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 65,700,068	\$ 74,104,011	\$ 77,907,555	\$ 81,957,058	\$ 92,017,954	\$ 107,187,294
6,998,162	6,873,691	7,237,870	7,496,348	7,733,074	9,851,790
23,207,630	23,616,264	27,521,840	35,114,669	37,838,078	41,192,732
<u>\$ 95,905,860</u>	<u>\$ 104,593,966</u>	<u>\$ 112,667,265</u>	<u>\$ 124,568,075</u>	<u>\$ 137,589,106</u>	<u>\$ 158,231,816</u>
\$ 18,011,665	\$ 19,598,349	\$ 16,818,608	\$ 22,309,361	\$ 23,338,072	\$ 25,800,807
-	-	-	-	-	-
8,400,675	8,276,132	11,962,297	9,369,412	11,854,053	13,022,302
<u>\$ 26,412,340</u>	<u>\$ 27,874,481</u>	<u>\$ 28,780,905</u>	<u>\$ 31,678,773</u>	<u>\$ 35,192,125</u>	<u>\$ 38,823,109</u>
\$ 83,711,733	\$ 93,702,360	\$ 94,726,163	\$ 104,266,419	\$ 115,356,026	\$ 132,988,101
6,998,162	6,873,691	7,237,870	7,496,348	7,733,074	9,851,790
31,608,305	31,892,396	39,484,137	44,484,081	49,692,131	54,215,034
<u>\$ 122,318,200</u>	<u>\$ 132,468,447</u>	<u>\$ 141,448,170</u>	<u>\$ 156,246,848</u>	<u>\$ 172,781,231</u>	<u>\$ 197,054,925</u>

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

	Fiscal Year			
	2014	2015	2016	2017
Expenses				
Governmental activities				
General government	\$ 6,875,093	\$ 7,431,081	\$ 7,716,429	\$ 8,221,386
Public safety	11,085,867	11,607,606	12,732,761	13,054,883
Public works	7,167,383	7,826,672	8,328,808	8,112,235
Parks and recreation	879,371	712,949	371,619	351,435
Community development	8,093,613	8,799,109	9,942,091	9,973,129
Interest on long-term debt	1,042,305	1,143,350	1,183,483	1,020,878
Total Governmental Activities Expenses	<u>35,143,632</u>	<u>37,520,767</u>	<u>40,275,191</u>	<u>40,733,946</u>
Business-type activities				
Water and sewer	8,403,676	8,787,474	9,240,162	10,006,970
Storm water utility	72,824	488,127	647,044	112,159
Total Business-Type Activities Expenses	<u>8,476,500</u>	<u>9,275,601</u>	<u>9,887,206</u>	<u>10,119,129</u>
Total Expenses	<u>\$ 43,620,132</u>	<u>\$ 46,796,368</u>	<u>\$ 50,162,397</u>	<u>\$ 50,853,075</u>
Program Revenues				
Governmental activities				
Charges for services:				
General government	\$ 369,003	\$ 416,554	\$ 372,307	\$ 290,859
Public safety	2,595,857	2,546,299	3,061,713	3,304,936
Public works	1,086,752	1,283,358	1,305,293	1,329,797
Parks and recreation	787,249	922,879	112,973	71,678
Community development	473,884	483,288	1,418,284	1,485,021
Operating grants and contributions	62,772	68,991	144,965	2,349,238
Capital grants and contributions	874,867	447,810	658,600	986,324
Total Governmental Activities Program Revenues	<u>6,250,384</u>	<u>6,169,179</u>	<u>7,074,135</u>	<u>9,817,853</u>
Business-type activities				
Charges for services:				
Water and sewer	9,341,087	9,628,146	10,300,618	10,810,651
Storm water utility	275,336	275,453	278,250	301,983
Total Business-Type Activities Program Revenues	<u>9,616,423</u>	<u>9,903,599</u>	<u>10,578,868</u>	<u>11,112,634</u>
Total Program Revenues	<u>\$ 15,866,807</u>	<u>\$ 16,072,778</u>	<u>\$ 17,653,003</u>	<u>\$ 20,930,487</u>
Net (Expense)/Revenue				
Governmental activities	\$ (28,893,248)	\$ (31,351,588)	\$ (33,201,056)	\$ (30,916,093)
Business-type activities	1,139,923	627,998	691,662	993,505
Total Net (Expense)	<u>\$ (27,753,325)</u>	<u>\$ (30,723,590)</u>	<u>\$ (32,509,394)</u>	<u>\$ (29,922,588)</u>

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Fiscal Year

2018	2019	2020	2021	2022	2023
\$ 8,991,472	\$ 9,553,465	\$ 9,425,200	\$ 9,003,326	\$ 8,220,503	\$ 11,474,191
12,987,761	14,483,273	14,957,915	12,975,220	13,546,411	16,534,691
7,683,728	9,063,522	9,909,662	10,111,635	10,560,616	12,681,374
398,187	440,036	563,216	489,184	1,042,740	960,653
9,649,900	11,370,036	9,663,784	9,157,470	9,905,783	10,644,274
908,599	772,988	692,088	1,097,603	1,730,555	3,041,489
<u>40,619,647</u>	<u>45,683,320</u>	<u>45,211,865</u>	<u>42,834,438</u>	<u>45,006,608</u>	<u>55,336,672</u>
9,894,062	10,653,981	11,491,912	10,801,007	11,613,629	12,978,390
36,726	167,096	467,274	192,943	176,716	407,743
<u>9,930,788</u>	<u>10,821,077</u>	<u>11,959,186</u>	<u>10,993,950</u>	<u>11,790,345</u>	<u>13,386,133</u>
<u>\$ 50,550,435</u>	<u>\$ 56,504,397</u>	<u>\$ 57,171,051</u>	<u>\$ 53,828,388</u>	<u>\$ 56,796,953</u>	<u>\$ 68,722,805</u>
\$ 386,289	\$ 557,271	\$ 285,776	\$ 425,813	\$ 489,476	\$ 619,358
3,030,763	3,075,509	2,834,040	2,691,844	2,909,772	3,082,914
1,376,163	1,533,406	1,616,954	1,721,458	2,032,902	2,205,930
73,761	59,984	34,868	35,062	-	-
1,401,979	1,265,244	663,885	966,719	1,082,379	1,149,797
2,347,843	1,881,692	3,170,272	1,466,547	3,683,465	6,745,029
1,464,298	3,102,292	820,560	3,376,079	3,295,042	4,859,934
<u>10,081,096</u>	<u>11,475,398</u>	<u>9,426,355</u>	<u>10,683,522</u>	<u>13,493,036</u>	<u>18,662,962</u>
11,037,737	10,739,546	11,606,282	12,303,235	13,223,467	14,434,833
337,663	346,021	361,333	367,041	374,995	464,772
<u>11,375,400</u>	<u>11,085,567</u>	<u>11,967,615</u>	<u>12,670,276</u>	<u>13,598,462</u>	<u>14,899,605</u>
<u>\$ 21,456,496</u>	<u>\$ 22,560,965</u>	<u>\$ 21,393,970</u>	<u>\$ 23,353,798</u>	<u>\$ 27,091,498</u>	<u>\$ 33,562,567</u>
\$ (30,538,551)	\$ (34,207,922)	\$ (35,785,510)	\$ (32,150,916)	\$ (31,513,572)	\$ (36,673,710)
1,444,612	264,490	8,429	1,676,326	1,808,117	1,513,472
<u>\$ (29,093,939)</u>	<u>\$ (33,943,432)</u>	<u>\$ (35,777,081)</u>	<u>\$ (30,474,590)</u>	<u>\$ (29,705,455)</u>	<u>\$ (35,160,238)</u>

CITY OF DEER PARK, TEXAS

CHANGES IN NET POSITION (Continued)

Last Ten Years
(accrual basis of accounting)

	Fiscal Year			
	2014	2015	2016	2017
General Revenues and Other				
Changes in Net Position				
Governmental activities				
Taxes and fees:				
Property	\$ 14,219,581	\$ 15,143,994	\$ 16,338,414	\$ 17,845,389
Industrial district	14,250,173	13,649,200	13,058,596	11,255,235
Franchise	2,338,146	2,321,036	2,129,053	2,095,518
Sales and use	5,201,364	6,246,868	6,553,553	6,425,345
Hotel occupancy	679,646	711,406	663,147	622,146
Investment earnings	23,014	30,502	202,351	601,325
Other revenues	53,644	86,050	276,011	306,592
Gain on sales of assets	214,571	44,411	102,690	42,405
Transfers in (out)	84,509	91,340	94,480	98,200
Total Governmental Activities	<u>37,064,648</u>	<u>38,324,807</u>	<u>39,418,295</u>	<u>39,292,155</u>
Business-type activities				
Investment earnings	4,702	10,855	69,166	150,971
Other revenues	-	-	-	-
Transfers in (out)	(84,509)	(91,340)	(94,480)	(98,200)
Total Business-Type Activities	<u>(79,807)</u>	<u>(80,485)</u>	<u>(25,314)</u>	<u>52,771</u>
Total Primary Government	<u>\$ 36,984,841</u>	<u>\$ 38,244,322</u>	<u>\$ 39,392,981</u>	<u>\$ 39,344,926</u>
Change in Net Position				
Governmental activities	\$ 8,171,400	\$ 6,973,219	\$ 6,217,239	\$ 8,376,062
Business-type activities	1,060,116	547,513	666,348	1,046,276
Total Change in Net Position	<u>\$ 9,231,516</u>	<u>\$ 7,520,732</u>	<u>\$ 6,883,587</u>	<u>\$ 9,422,338</u>

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Fiscal Year

	2018	2019	2020	2021	2022	2023
\$	18,423,349	\$ 19,370,741	\$ 20,553,900	\$ 21,920,724	\$ 23,381,834	\$ 25,690,892
	11,316,198	11,954,014	12,660,382	12,651,737	11,032,643	13,575,409
	2,093,316	2,089,400	1,884,424	1,833,596	2,013,149	1,829,438
	6,639,058	7,243,047	7,086,318	7,058,578	8,120,944	9,426,845
	661,435	629,796	430,717	483,428	565,833	624,625
	1,210,930	1,805,996	1,391,662	567,435	390,025	6,578,427
	260,331	504,981	406,401	749,251	614,099	1,093,079
	-	-	-	-	41,221	203,589
	(992,107)	(701,947)	(554,995)	(1,213,023)	(1,625,145)	(1,705,884)
	<u>39,612,510</u>	<u>42,896,028</u>	<u>43,858,809</u>	<u>44,051,726</u>	<u>44,534,603</u>	<u>57,316,420</u>
	331,845	495,704	170,480	8,519	77,909	411,628
	-	-	172,520	-	2,181	-
	992,107	701,947	554,995	1,213,023	1,625,145	1,705,884
	<u>1,323,952</u>	<u>1,197,651</u>	<u>897,995</u>	<u>1,221,542</u>	<u>1,705,235</u>	<u>2,117,512</u>
\$	<u>40,936,462</u>	<u>44,093,679</u>	<u>44,756,804</u>	<u>45,273,268</u>	<u>46,239,838</u>	<u>59,433,932</u>
\$	9,073,959	\$ 8,688,106	\$ 8,073,299	\$ 11,900,810	\$ 13,021,031	\$ 20,642,710
	2,768,564	1,462,141	906,424	2,897,868	3,513,352	3,630,984
\$	<u>11,842,523</u>	<u>10,150,247</u>	<u>8,979,723</u>	<u>14,798,678</u>	<u>16,534,383</u>	<u>24,273,694</u>

CITY OF DEER PARK, TEXAS

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years

	Fiscal Year			
	2014	2015	2016	2017
General Fund				
Nonspendable	\$ 144,805	\$ 119,159	\$ 121,649	\$ 111,479
Assigned	1,304,600	5,491,532	5,491,532	2,341,465
Committed	2,500,000	2,500,000	3,000,000	3,000,000
Unassigned	26,052,496	26,433,452	29,891,673	31,067,855
Total General Fund	<u>\$ 30,001,901</u>	<u>\$ 34,544,143</u>	<u>\$ 38,504,854</u>	<u>\$ 36,520,799</u>
All Other Governmental Funds				
Restricted	\$ 14,754,786	\$ 20,899,783	\$ 29,066,724	\$ 26,850,130
Assigned	2,877,003	3,307,213	4,728,864	8,114,128
Total All Other Governmental Funds	<u>\$ 17,631,789</u>	<u>\$ 24,206,996</u>	<u>\$ 33,795,588</u>	<u>\$ 34,964,258</u>

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Fiscal Year

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 119,183	\$ 437,936	\$ 117,676	\$ 123,931	\$ 144,221	\$ 143,634
969,365	969,365	1,137,757	1,306,003	3,396,748	4,160,254
-	-	-	-	-	-
37,258,884	40,499,324	45,719,398	51,450,491	52,894,130	54,285,901
<u>\$ 38,347,432</u>	<u>\$ 41,906,625</u>	<u>\$ 46,974,831</u>	<u>\$ 52,880,425</u>	<u>\$ 56,435,099</u>	<u>\$ 58,589,789</u>
\$ 15,218,654	\$ 9,368,226	\$ 8,479,899	\$ 58,341,100	\$ 56,498,689	\$ 84,368,759
6,675,667	6,754,218	7,887,983	9,932,431	7,019,510	9,580,001
<u>\$ 21,894,321</u>	<u>\$ 16,122,444</u>	<u>\$ 16,367,882</u>	<u>\$ 68,273,531</u>	<u>\$ 63,518,199</u>	<u>\$ 93,948,760</u>

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

	Fiscal Year			
	2014	2015	2016	2017
Revenues				
Taxes and fees	\$ 36,666,969	\$ 38,051,387	\$ 38,637,863	\$ 38,321,196
Licenses and permits	513,697	531,262	569,766	451,948
Fines and fees	1,540,650	1,416,195	1,869,286	1,900,229
Charges for services	3,212,842	3,643,881	3,864,460	4,110,702
Intergovernmental	937,639	106,319	243,093	3,301,475
Donations	-	-	-	-
Investment earnings	23,013	30,502	202,351	601,325
Other revenues	54,333	86,050	195,711	271,353
Total Revenues	42,949,143	43,865,596	45,582,530	48,958,228
Expenditures				
General government	6,253,704	6,940,527	7,179,021	7,787,658
Community development	7,500,975	8,226,493	8,463,417	8,511,067
Public works	5,648,506	6,083,080	6,039,369	6,336,588
Parks and recreation	87,990	98,108	386,318	55,861
Public safety	10,275,560	10,626,031	10,972,864	11,273,797
Debt service:				
Principal	3,006,105	3,160,253	3,327,539	5,552,620
Payments to escrow account	-	781,027	-	-
Interest	1,077,422	1,208,254	1,270,664	1,110,542
Capital outlay	4,448,943	5,430,507	4,390,702	12,492,735
Total Expenditures	38,299,205	42,554,280	42,029,894	53,120,868
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,649,938	1,311,316	3,552,636	(4,162,640)
Other Financing Sources (Uses)				
Proceeds from issuance of debt	-	9,047,901	15,710,000	2,700,000
Proceeds from leases	-	103,455	178,500	471,411
Proceeds from sale of capital assets	331,415	93,629	102,690	42,405
Premium on issuance of bonds	-	469,809	540,737	-
Payments to escrow account	-	-	(6,710,040)	-
Proceeds from insurance recovery	-	-	80,300	35,239
Transfers in	1,443,425	2,333,636	4,424,273	9,141,408
Transfers (out)	(1,358,916)	(2,242,296)	(4,329,793)	(9,043,208)
Total Other Financing Sources (Uses)	415,924	9,806,134	9,996,667	3,347,255
Net Change in Fund Balances	\$ 5,065,862	\$ 11,117,450	\$ 13,549,303	\$ (815,385)
Debt service as a percentage of noncapital expenditures	12.29%	11.81%	12.53%	16.60%

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Fiscal Year

2018	2019	2020	2021	2022	2023
\$ 39,094,063	\$ 41,304,148	\$ 42,587,990	\$ 43,844,200	\$ 45,184,049	\$ 51,077,391
530,559	709,531	414,973	587,583	653,787	749,001
1,626,796	1,504,517	1,177,347	1,240,481	1,268,711	1,211,132
4,052,062	4,042,729	3,705,953	4,177,455	4,573,522	5,035,808
3,121,812	2,260,891	3,904,559	4,834,805	3,858,708	6,208,874
-	-	-	-	832,082	38,004
1,210,930	1,805,996	1,391,662	567,435	390,025	6,578,430
260,331	486,085	406,401	504,265	398,966	462,180
<u>49,896,553</u>	<u>52,113,897</u>	<u>53,588,885</u>	<u>55,756,224</u>	<u>57,159,850</u>	<u>71,360,820</u>
7,878,655	7,794,398	7,739,572	7,349,893	8,267,483	9,662,013
8,523,341	9,456,596	7,831,651	7,652,217	9,160,232	9,054,917
6,318,066	7,025,048	7,740,277	8,128,432	8,794,520	9,783,192
63,211	58,989	484,251	164,851	324,371	219,162
12,088,868	13,010,347	14,455,336	13,056,251	13,926,012	14,792,372
4,689,692	4,099,355	4,119,703	4,187,827	5,439,249	4,720,537
-	-	-	-	-	-
1,008,736	900,209	839,298	1,230,014	2,244,626	3,606,378
20,101,738	11,533,206	5,815,550	5,813,505	8,749,533	18,069,150
<u>60,672,307</u>	<u>53,878,148</u>	<u>49,025,638</u>	<u>47,582,990</u>	<u>56,906,026</u>	<u>69,907,721</u>
<u>(10,775,754)</u>	<u>(1,764,251)</u>	<u>4,563,247</u>	<u>8,173,234</u>	<u>253,824</u>	<u>1,453,099</u>
-	-	4,240,000	43,906,875	-	29,570,000
418,825	-	1,436,693	232,236	-	1,215,122
105,732	52,184	81,830	51,486	64,104	289,848
-	-	731,083	7,850,571	-	1,132,167
-	-	(4,913,313)	(1,385,747)	-	-
-	18,896	-	195,611	215,133	630,899
5,048,822	5,402,175	3,394,816	2,956,008	3,117,455	9,681,508
<u>(6,040,929)</u>	<u>(6,104,122)</u>	<u>(4,220,712)</u>	<u>(4,169,031)</u>	<u>(4,851,174)</u>	<u>(11,387,392)</u>
<u>(467,550)</u>	<u>(630,867)</u>	<u>750,397</u>	<u>49,638,009</u>	<u>(1,454,482)</u>	<u>31,132,152</u>
<u>\$ (11,243,304)</u>	<u>\$ (2,395,118)</u>	<u>\$ 5,313,644</u>	<u>\$ 57,811,243</u>	<u>\$ (1,200,658)</u>	<u>\$ 32,585,251</u>
13.88%	12.27%	11.87%	12.92%	16.94%	17.40%

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

	Fiscal Year			
	2014	2015	2016	2017
Residential Property	\$ 1,340,643,775	\$ 1,433,044,472	\$ 1,565,085,837	\$ 1,700,369,650
Commercial Property	1,000,810,663	1,089,149,570	1,180,302,082	1,255,053,340
Industrial Property	249,479,757	234,654,586	246,351,857	254,575,118
Less: Tax Exempt Property	<u>(630,145,444)</u>	<u>(653,703,145)</u>	<u>(683,610,501)</u>	<u>(716,019,833)</u>
Total Taxable Assessed Value	<u>\$ 1,960,788,751</u>	<u>\$ 2,103,145,483</u>	<u>\$ 2,308,129,275</u>	<u>\$ 2,493,978,275</u>
Total Direct Tax Rate	\$ 0.720000	\$ 0.720000	\$ 0.714352	\$ 0.720000

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

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Fiscal Year

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 1,837,484,616	\$ 1,901,082,802	\$ 2,041,833,692	\$ 2,389,656,442	\$ 2,306,132,080	\$ 2,424,428,462
1,295,797,510	1,399,737,286	1,518,563,814	1,610,888,444	1,681,638,550	1,713,157,328
235,922,222	242,617,495	247,148,258	277,677,433	262,779,889	298,513,061
<u>(743,456,319)</u>	<u>(789,815,256)</u>	<u>(837,774,536)</u>	<u>(862,802,965)</u>	<u>(891,150,560)</u>	<u>(901,333,397)</u>
<u>\$ 2,625,748,029</u>	<u>\$ 2,753,622,327</u>	<u>\$ 2,969,771,228</u>	<u>\$ 3,415,419,354</u>	<u>\$ 3,359,399,059</u>	<u>\$ 3,534,765,454</u>
\$ 0.720000	\$ 0.720000	\$ 0.720000	\$ 0.720000	\$ 0.720000	\$ 0.720000

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

	Fiscal Year			
	2014	2015	2016	2017
Approximate Taxable Value*	\$ 3,141,572,531	\$ 3,009,235,229	\$ 3,033,027,646	\$ 2,486,112,079
Industrial District % Taxable Per Contract	63.00%	63.00%	63.00%	63.00%
Approximate Adjusted Taxable Value *	\$ 1,979,190,695	\$ 1,895,818,194	\$ 1,910,807,417	\$ 1,566,250,610
Tax Rate	\$ 0.720000	\$ 0.720000	\$ 0.714532	\$ 0.720000
Amount Billed	\$ 14,250,173	\$ 13,649,891	\$ 13,058,614	\$ 11,277,005
Amount Collected	\$ 14,250,173	\$ 13,628,122	\$ 13,058,596	\$ 11,276,238
% Collected	100.00%	99.84%	100.00%	99.99%

* 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.

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Fiscal Year

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 2,494,752,646	\$ 2,635,364,638	\$ 2,747,478,663	\$ 2,745,602,743	\$ 2,394,236,814	\$ 2,946,485,256
63.00%	63.00%	64.00%	64.00%	64.00%	64.00%
\$ 1,571,694,167	\$ 1,660,279,722	\$ 1,758,386,344	\$ 1,757,185,756	\$ 1,532,311,561	\$ 1,885,750,564
\$ 0.720000	\$ 0.720000	\$ 0.720000	\$ 0.720000	\$ 0.720000	\$ 0.720000
\$ 11,316,198	\$ 11,954,014	\$ 12,660,382	\$ 12,651,737	\$ 11,032,643	\$ 13,577,404
\$ 11,316,198	\$ 11,954,014	\$ 12,660,382	\$ 12,651,737	\$ 11,032,643	\$ 13,575,409
100.00%	100.00%	100.00%	100.00%	100.00%	99.99%

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

	Fiscal Year			
	2014	2015	2016	2017
City of Deer Park by fund:				
General	\$ 0.498100	\$ 0.518000	\$ 0.515711	\$ 0.519943
Debt service	0.221900	0.202000	0.198641	0.200057
Total Direct Rates	\$ 0.720000	\$ 0.720000	\$ 0.714352	\$ 0.720000
Deer Park Independent School District	\$ 1.556700	\$ 1.556700	\$ 1.556700	\$ 1.556700
Harris County	0.414550	0.417310	0.419230	0.416560
Harris County Department of Education	0.006358	0.005999	0.005422	0.005200
Harris County Flood Control District	0.028270	0.027360	0.027330	0.028290
Harris County Hospital District	0.170000	0.170000	0.170000	0.171790
Harris County Port of Houston Authority	0.017160	0.015310	0.013420	0.013340
San Jacinto Community College District	0.185602	0.185602	0.175783	0.182379
Total Direct and Overlapping Rates	\$ 3.098640	\$ 3.098281	\$ 3.082237	\$ 3.094259

Source: Harris Central Appraisal District

Note:

Tax rates are per \$100 of assessed valuation.

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Fiscal Year

2018	2019	2020	2021	2022	2023
\$ 0.533514	\$ 0.549389	\$ 0.561659	\$ 0.568794	\$ 0.559216	\$ 0.540247
0.186486	0.170611	0.158341	0.151206	0.160784	0.179753
\$ 0.720000	\$ 0.720000	\$ 0.720000	\$ 0.720000	\$ 0.720000	\$ 0.720000
\$ 1.556700	\$ 1.538700	\$ 1.415100	\$ 1.349600	\$ 1.349600	\$ 1.282200
0.418010	0.418580	0.407130	0.391160	0.376930	0.343730
0.005195	0.005190	0.005000	0.004993	0.004990	0.004900
0.028310	0.028770	0.027920	0.031420	0.033490	0.030550
0.171100	0.171080	0.165910	0.166710	0.162210	0.148310
0.012560	0.011550	0.010740	0.009910	0.008720	0.007990
0.183335	0.179329	0.178169	0.169358	0.167967	0.155605
\$ 3.095210	\$ 3.073199	\$ 2.929969	\$ 2.843151	\$ 2.823907	\$ 2.693285

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

Property Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
BCI IV Monument BP LP	\$ 56,196,718	1	1.59%	\$ -		0.00%
HPC Industrial Services LLC	46,521,863	2	1.32%	-		0.00%
CenterPoint Energy, Inc.	40,503,457	3	1.15%	19,489,059	3	0.99%
Shell Federal Credit Union	39,487,817	4	1.12%	-		0.00%
Lex Houston 4600 LP	36,578,563	5	1.03%	-		0.00%
GLS Constructors LTD	32,253,523	6	0.91%	13,011,402	8	0.66%
Parktown SPE LLC	31,175,366	7	0.88%	-		0.00%
CH AZ Victory LP	31,042,635	8	0.88%	-		0.00%
Dresser LLC	29,910,102	9	0.85%	12,758,580	9	0.65%
Songwon International Americas Ltd.	29,453,676	10	0.83%	-		0.00%
Quarter Turn Resources, Inc.	-		0.00%	20,024,991	1	1.02%
Zeon Chemical LP	-		0.00%	19,860,447	2	1.01%
Wal-Mart	-		0.00%	18,955,263	4	0.97%
Deer Park Apts. LLC	-		0.00%	18,302,720	5	0.93%
Siemens Energy LLC	-		0.00%	17,576,920	6	0.90%
Aquilex Hydrochem, Inc.	-		0.00%	13,779,149	7	0.70%
Partnership Underwood LP	-		0.00%	11,686,191	10	0.60%
Subtotal	<u>373,123,720</u>		<u>10.56%</u>	<u>165,444,722</u>		<u>8.43%</u>
Other Taxpayers	<u>3,161,641,734</u>		<u>89.44%</u>	<u>1,795,344,029</u>		<u>91.57%</u>
Total	<u><u>\$ 3,534,765,454</u></u>		<u><u>100.00%</u></u>	<u><u>\$ 1,960,788,751</u></u>		<u><u>100.00%</u></u>

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

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	Fiscal Year			
	2014	2015	2016	2017
Tax levy	\$ 14,063,714	\$ 14,991,306	\$ 16,363,090	\$ 17,598,722
Current tax collected	\$ 13,863,961	\$ 14,858,925	\$ 16,035,281	\$ 17,443,588
Percentage of current tax collections	98.58%	99.12%	98.00%	99.12%
Delinquent tax collections	160,192	83,360	269,917	122,959
Total Tax Collections	\$ 14,024,153	\$ 14,942,285	\$ 16,305,198	\$ 17,566,547
Total collections as a percentage of current levy	99.72%	99.67%	99.65%	99.82%

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

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Fiscal Year

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 18,401,462	\$ 19,298,489	\$ 20,780,196	\$ 22,230,056	\$ 23,175,017	\$ 25,864,399
\$ 18,119,939	\$ 19,070,066	\$ 20,476,479	\$ 21,607,462	\$ 22,801,819	\$ 25,435,505
98.47%	98.82%	98.54%	97.20%	98.39%	98.34%
<u>241,259</u>	<u>175,698</u>	<u>204,383</u>	<u>528,257</u>	<u>136,795</u>	<u>-</u>
<u><u>\$ 18,361,198</u></u>	<u><u>\$ 19,245,764</u></u>	<u><u>\$ 20,680,862</u></u>	<u><u>\$ 22,135,719</u></u>	<u><u>\$ 22,938,614</u></u>	<u><u>\$ 25,435,505</u></u>
99.78%	99.73%	99.52%	99.58%	98.98%	98.34%

CITY OF DEER PARK, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
 Last Ten Years

	Fiscal Year			
	2014	2015	2016	2017
Governmental Activities:				
General obligation bonds	\$ 17,979,969	\$ 16,587,180	\$ 16,239,210	\$ 14,053,513
Certificates of obligation	9,283,100	16,483,264	23,243,219	22,769,126
Capital leases/notes payable	741,227	489,772	743,670	868,776
Leases payable	-	-	-	-
Business-Type Activities:				
General obligation bonds	4,557,742	5,194,671	4,560,455	3,938,036
Certificates of obligation	15,297,035	21,912,475	28,464,920	34,891,757
Water revenue bonds	2,250,000	750,000	500,000	250,000
Capital leases/notes payable	69,093	266,014	534,382	361,489
Total Primary Government	\$ 50,178,166	\$ 61,683,376	\$ 74,285,856	\$ 77,132,697
Debt as a Percentage of Personal Income	N/A	N/A	N/A	N/A
Debt Per Capita	\$ 1,493	\$ 1,801	\$ 2,147	\$ 2,214

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.

This schedule presents debt net of related premiums, discounts, and adjustments.

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Fiscal Year

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 12,676,107	\$ 11,063,762	\$ 14,304,047	\$ 36,699,503	\$ 34,787,720	\$ 47,913,915
19,690,033	17,452,935	10,165,155	34,109,820	30,457,320	43,256,941
900,933	504,540	1,537,428	1,366,508	1,054,368	756,947
-	-	-	211,970	135,073	1,138,541
3,382,329	2,681,585	1,987,809	7,349,603	11,896,104	10,174,178
38,917,927	43,835,960	46,742,209	44,077,154	36,340,472	34,727,991
-	-	-	-	-	-
200,722	112,518	22,707	-	-	-
<u>\$ 75,768,051</u>	<u>\$ 75,651,300</u>	<u>\$ 74,759,355</u>	<u>\$ 123,814,558</u>	<u>\$ 114,671,057</u>	<u>\$ 137,968,513</u>
N/A	N/A	N/A	N/A	N/A	N/A
<u>\$ 2,148</u>	<u>\$ 2,143</u>	<u>\$ 2,117</u>	<u>\$ 3,498</u>	<u>\$ 3,324</u>	<u>\$ 4,122</u>

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

	Fiscal Year			
	2014	2015	2016	2017
General Obligation Bonds (1)	\$ 25,541,392	\$ 22,537,711	\$ 20,799,665	\$ 17,991,549
Less: Amounts Restricted to Repaying Principal	(2,321,730)	(2,932,183)	(3,351,483)	(3,736,160)
Total	\$ 23,219,662	\$ 19,605,528	\$ 17,448,182	\$ 14,255,389
 Percentage of Actual Taxable Value of Property	 1.28%	 1.00%	 0.88%	 0.74%
 Net Bonded Debt Per Capita	 \$ 699	 \$ 583	 \$ 538	 \$ 493

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.

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Fiscal Year

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 16,058,436	\$ 13,745,347	\$ 16,291,856	\$ 44,049,106	\$ 46,683,824	\$ 58,088,093
<u>(4,634,050)</u>	<u>(5,181,426)</u>	<u>(5,766,586)</u>	<u>(6,158,254)</u>	<u>(5,648,708)</u>	<u>(7,317,721)</u>
<u>\$ 11,424,386</u>	<u>\$ 8,563,921</u>	<u>\$ 10,525,270</u>	<u>\$ 37,890,852</u>	<u>\$ 41,035,116</u>	<u>\$ 50,770,372</u>
0.54%	0.31%	0.35%	1.11%	1.22%	1.44%
<u>\$ 383</u>	<u>\$ 308</u>	<u>\$ 226</u>	<u>\$ 1,072</u>	<u>\$ 1,189</u>	<u>\$ 1,517</u>

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CITY OF DEER PARK, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 September 30, 2023

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Deer Park Independent School District	\$ 323,435,000	22.75%	\$ 73,581,463
Harris County	\$ 1,977,981,319	0.59%	11,670,090
Harris County Department of Education	\$ 13,865,000	0.59%	81,804
Harris County Flood Control District	\$ 1,009,015,000	0.59%	5,953,189
Harris County Hospital District	\$ 70,970,000	0.59%	418,723
La Porte Independent School District	\$ 346,855,000	7.74%	26,846,577
Port of Houston Authority of Harris County	\$ 445,749,397	0.59%	2,629,921
San Jacinto Community College District	\$ 537,657,427	5.16%	27,743,123
			<u>148,924,890</u>
Subtotal, overlapping debt			148,924,890
City Direct Debt	\$ 93,066,344	100.00%	<u>93,066,344</u>
	Total Direct and Overlapping Debt		<u><u>\$ 241,991,234</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			
	2014	2015	2016	2017
Debt limit	\$ 196,078,875	\$ 210,314,548	\$ 230,812,928	\$ 249,397,828
Total net debt applicable to limit	<u>19,605,528</u>	<u>18,430,368</u>	<u>17,063,505</u>	<u>13,357,499</u>
Legal Debt Margin	<u><u>\$ 176,473,347</u></u>	<u><u>\$ 191,884,180</u></u>	<u><u>\$ 213,749,423</u></u>	<u><u>\$ 236,040,329</u></u>
Total net debt applicable to the limit as a percentage of debt limit	10.00%	8.76%	7.39%	5.36%

Legal Debt Margin Calculation for Fiscal Year 2023

Assessed value	\$ 3,534,765,454
Debt limit (10% of assessed value)	353,476,545
Debt applicable to limit:	
General obligation bonds	58,088,093
Less: amount set aside for repayment of general obligation debt	<u>(7,317,721)</u>
Total net debt applicable to limit	<u>50,770,372</u>
Legal Debt Margin	<u><u>\$ 302,706,173</u></u>

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Fiscal Year

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 262,574,803	\$ 275,362,233	\$ 296,977,123	\$ 341,541,935	\$ 335,939,996	\$ 353,476,545
<u>10,877,010</u>	<u>7,978,761</u>	<u>10,133,602</u>	<u>37,890,852</u>	<u>41,035,116</u>	<u>50,770,372</u>
<u>\$ 251,697,793</u>	<u>\$ 267,383,472</u>	<u>\$ 286,843,521</u>	<u>\$ 303,651,083</u>	<u>\$ 294,904,880</u>	<u>\$ 302,706,173</u>
4.14%	2.90%	3.41%	11.09%	12.22%	14.36%

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

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	Fiscal Year			
	2014	2015	2016	2017
Utility Service Charges	\$ 9,341,087	\$ 9,628,146	\$ 10,300,618	\$ 10,810,651
Less: Operating Expenses (1)	<u>6,030,193</u>	<u>6,162,029</u>	<u>6,421,511</u>	<u>6,931,288</u>
Net Available Revenue	<u>\$ 3,310,894</u>	<u>\$ 3,466,117</u>	<u>\$ 3,879,107</u>	<u>\$ 3,879,363</u>
Debt Service Requirements (2)				
Principal	\$ 570,000	\$ 250,000	\$ 250,000	\$ 250,000
Interest	87,653	28,563	20,750	12,625
Total	<u>\$ 657,653</u>	<u>\$ 278,563</u>	<u>\$ 270,750</u>	<u>\$ 262,625</u>
Coverage	5.03	12.44	14.33	14.77

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.

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Fiscal Year

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 11,369,582	\$ 10,739,546	\$ 11,606,282	\$ 12,303,235	\$ 13,600,643	\$ 14,899,605
<u>6,676,372</u>	<u>7,245,690</u>	<u>8,244,388</u>	<u>7,319,941</u>	<u>7,709,575</u>	<u>9,495,151</u>
<u>\$ 4,693,210</u>	<u>\$ 3,493,856</u>	<u>\$ 3,361,894</u>	<u>\$ 4,983,294</u>	<u>\$ 5,891,068</u>	<u>\$ 5,404,454</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>					
-	-	-	-	-	-

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

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Calendar Year*	Population	Per Capita Income	Personal Income	Unemployment Rate	School Enrollment
2014	33,600	N/A	N/A	4.5%	13,015
2015	34,249	N/A	N/A	5.2%	13,140
2016	34,604	N/A	N/A	5.0%	13,278
2017	34,845	N/A	N/A	4.8%	13,190
2018	35,270	N/A	N/A	3.8%	13,050
2019	35,297	N/A	N/A	3.4%	12,975
2020	35,315	N/A	N/A	7.9%	13,000
2021	35,333	N/A	N/A	5.0%	12,370
2022	34,503	35,093	N/A	4.2%	12,850
2023	33,468	36,093	N/A	5.5%	12,345

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

N/A - This information is currently not available.

* Represents estimates.

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

Employer	2023		2014	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Deer Park ISD	2,671	12.12%	1,753	8.62%
Shell Deer Park	1,500	6.80%	3,200	15.73%
Pemex Refinery	1,500	6.80%	-	0.00%
Lubrizol Specialty Chemicals	1,200	5.44%	1,330	6.54%
Universal Plant Services	1,120	5.08%	-	0.00%
Dow (Rohm and Hass)	900	4.08%	900	4.43%
Mistras Group	580	2.63%	700	3.44%
Clean Harbors	527	2.39%	270	1.33%
Minh Foods, Inc.	477	2.16%	400	1.97%
H-E-B	457	2.07%	-	0.00%
City of Deer Park	-	0.00%	401	1.97%
Wal-Mart	-	0.00%	425	2.09%
Siemens Energy	-	0.00%	350	1.72%
Total	10,932	37.45%	9,729	47.84%
Estimated total jobs in the City	22,043		20,337	

Source: City of Deer Park Economic Development Administrator

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

Fiscal Year

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government										
Management services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Finance	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Planning	14.0	14.0	13.0	12.0	12.0	12.0	8.0	8.5	8.5	8.5
Other	32.0	35.5	35.5	35.0	35.5	33.0	33.0	33.0	33.0	33.0
Police										
Officers	60.0	61.0	61.0	61.0	61.0	64.0	65.0	65.0	65.0	65.0
Civilians	25.0	26.0	26.0	26.0	26.0	26.5	26.0	26.5	26.5	26.5
Fire										
Firefighters and officers	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Civilians	15.5	14.5	13.0	15.0	18.0	18.0	18.0	18.0	19.0	19.0
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	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0	4.0	4.0
Other	28.0	28.0	29.0	29.0	29.0	30.0	35.0	35.0	35.0	35.0
Parks and recreation	70.5	73.0	77.0	77.0	82.5	86.5	86.5	86.5	86.5	86.5
Library	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0
Water	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
Wastewater	13.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Total	324.0	330.0	332.5	333.0	342.0	348.0	348.5	349.5	350.5	350.5

Source: Adopted City Budget

CITY OF DEER PARK, TEXAS

OPERATING INDICATORS BY FUNCTION

Last Ten Years

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Function/Program	Fiscal Year			
	2014	2015	2016	2017
Function/Program				
General government				
Annual permits	2,414	2,610	2,644	2,420
Annual inspections	1,204	1,494	4,932	3,855
Police				
Physical arrests	3,258	3,068	3,445	4,050
Parking violations	81	101	92	71
Traffic violations	13,205	14,049	14,322	16,826
Fire				
Emergency ambulance responses	2,193	2,401	2,467	2,761
Fire responses	655	862	775	790
Fire inspections	1,288	1,523	1,676	1,862
Sanitation				
Refuse collected (tons per day)	83	81	82	83
Recyclables collected (tons per day)	4	4	4	4
Streets				
Street resurfacing (miles)*	-	-	-	1
Potholes repaired	50	55	65	60
Parks and recreation				
Community center admissions	N/A	N/A	N/A	N/A
Program enrollments	15,300	16,309	21,034	21,262
Library				
Volumes in collection	84,296	87,171	90,408	101,960
Total volumes borrowed	168,852	167,012	157,955	157,902
Water				
New connections	39	77	137	100
Water main breaks	62	46	32	39
Sewer main breaks	N/A	N/A	N/A	N/A
Average daily consumption (gallons)	4,507,000	4,286,000	3,893,750	3,995,225
Peak daily consumption (gallons)	5,826,000	6,700,000	5,281,000	5,541,000
Wastewater				
Average daily sewage treatment (thousands of gallons)	2,595	4,299	4,575	3,082

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.

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Fiscal Year

2018	2019	2020**	2021	2022	2023
2,187	2,224	2,030	2,071	2,309	3,231
3,219	3,200	2,903	2,987	3,371	4,338
3,309	3,323	1,995	2,007	2,096	2,096
58	36	54	33	59	17
12,354	11,107	10,014	9,361	8,945	8,113
2,211	3,126	3,109	3,560	4,172	3,442
687	591	558	567	583	583
1,650	1,574	455	876	1,145	1,216
84	84	97	92	91	95
4	4	6	6	6	6
-	-	-	-	-	-
62	65	60	63	62	65
4,611	9,173	11,601	10,506	10,732	8,496
17,077	18,293	8,781	15,233	14,416	7,320
104,738	94,253	94,977	96,601	96,526	99,363
146,943	149,921	81,401	79,271	93,443	119,439
31	42	37	31	25	22
18	85	35	33	36	71
29	37	28	29	29	28
3,985,508	3,873,700	3,876,800	3,733,900	3,525,380	3,792,422
5,931,000	5,162,000	5,701,000	6,582,000	5,485,000	5,786,000
3,201	3,358	3,167	4,000	3,256	3,454

CITY OF DEER PARK, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Years

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Function/Program	Fiscal Year			
	2014	2015	2016	2017
Police				
Stations	1	1	1	1
Patrol units	42	41	44	44
Animal Shelters	-	-	-	-
Humane Vehicles	-	-	-	-
Fire				
Stations	3	3	3	3
Sanitation				
Collection trucks	6	6	6	6
Streets				
Streets (miles)	107	109	111	111
Streetlights	2,623	2,661	2,694	2,709
Traffic signals	43	44	44	44
Parks and recreation				
Acreage	270	270	270	279
Parks with play structures	19	19	19	20
Baseball/softball diamonds	19	19	20	21
Soccer/football fields	7	7	7	7
Golf course	1	1	1	1
Community centers	7	7	7	7
Water				
Water lines (miles)	135	137	138	139
Fire hydrants	914	934	950	958
Storage capacity (millions of gallons)				
three ground wells @ 3,560 gpm total	3.0	3.0	3.0	3.0
three elevated tanks @ .5 M gallons each	1.5	1.5	1.5	1.5
two ground storage tanks @ 1 M gallons each	2.0	2.0	2.0	2.0
Wastewater				
Sanitary sewers (miles)	125	127	130	130
Storm sewers (miles)	68	69	70	70
Treatment capacity (millions of gallons)	6	6	6	6

Source: Various City departments

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Fiscal Year

2018	2019	2020	2021	2022	2023
1	1	1	1	1	1
47	51	51	51	54	62
-	-	-	-	-	1
-	-	-	-	-	3
3	3	4	4	4	4
6	6	6	6	6	6
111	111	111	111	111	111
2,709	2,710	2,720	2,720	2,720	2,720
45	45	45	45	45	45
355	355	355	355	825	825
20	20	20	20	18	18
23	23	23	23	23	23
9	9	9	9	9	9
1	1	1	1	1	1
7	7	7	7	7	7
140	141	142	142	142	142
976	984	987	993	1,001	1,001
3.0	3.0	3.0	3.0	3.0	3.0
1.5	1.5	1.5	1.5	1.5	1.5
2.0	2.0	2.0	2.0	2.0	5.0
131	131	132	132	132	132
70	70	70	100	100	100
6	6	6	6	6	6

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