CITY OF DEER PARK
MARCH 29, 2021 - 5:30 PM
CITY COUNCIL - SPECIAL MEETING
MEETING - FINAL

COUNCIL CHAMBER
710 E. SAN AUGUSTINE
DEER PARK, TX 77536

Sherry Garrison, Council Position 1
TJ Haight, Council Position 2
Tommy Ginn, Council Position 3

James Stokes, City Manager
Gary Jackson, Assistant City Manager

Jerry Mouton Jr., Mayor

Bill Patterson, Council Position 4
Ron Martin, Council Position 5
Rae A. Sinor, Council Position 6

Shannon Bennett, TRMC, City Secretary
Jim Fox, City Attorney

In order to help prevent the spread of the virus that causes COVID-19, the City of Deer Park is asking members of the public attending the meeting to:

1.Maintain at least 6 feet separation from other individuals.

2.Self-screen before going into the meeting for any of the following new or worsening signs or symptoms of possible COVID-19: (Cough, Shortness of breath or difficulty breathing, Chills, Repeated shaking with chills, Muscle pain, Headache, Sore throat, Loss of taste or smell, Diarrhea, Feeling feverish or a measured temperature greater than or equal to 100.0 degrees Fahrenheit, Known close contact with a person who is lab confirmed to have COVID-19, Wash or disinfect hands upon entering the building and after any interaction with others in the building.

3.Consider wearing cloth face coverings (over the nose and mouth) when entering the building, or when within 6 feet of another person who is not a member of the individual's household.

The City of Deer Park will be limiting attendance in the Council Chambers to seventy five percent (75%) of the total listed occupancy of room capacity during this meeting.

CALL TO ORDER

COMMENTS FROM AUDIENCE

NEW BUSINESS

1. Consideration of and action on authorization to accept the Fiscal Year 2019-2020 Annual Audit. ACT 21-004

Recommended Action: Accept the Fiscal Year 2019-2020 Annual Audit.

Department: Finance

Attachments: DRAFT - Annual Report 3.25.21
DRAFT - Management Letter 3.25.21
DRAFT - Single Audit Report 3.25.21
DRAFT - RAD Letter 3.25.21

ADJOURN

The Mission of the City of Deer Park is to deliver exemplary municipal services that provide the community a high quality of life consistent with our history, culture and unique character.

_____

Shannon Bennett, TRMC
City Secretary

Posted on Bulletin Board
March 26, 2021

City Hall is wheelchair accessible and accessible parking spaces are available. Hearing assistance devices are available. Requests for accommodation services must be made 72 hours prior to any meeting. Please contact the City Secretary's office at 281-478-7248 for further information.

City of Deer Park

710 E SAN AUGUSTINE
DEER PARK, TX 77536

Legislation Details (With Text)

File #:	ACT 21-004	**Version:**	1	**Name:**	
Type:	Acceptance			**Status:**	Agenda Ready
File created:	3/17/2021			**In control:**	City Council - Special Meeting
On agenda:	3/29/2021			**Final action:**	
Title:	Consideration of and action on authorization to accept the Fiscal Year 2019-2020 Annual Audit.				
Sponsors:	Finance				
Indexes:					
Code sections:					
Attachments:	DRAFT - Annual Report 3.25.21 DRAFT - Management Letter 3.25.21 DRAFT - Single Audit Report 3.25.21 DRAFT - RAD Letter 3.25.21				

Date	Ver.	Action By	Action	Result
3/29/2021	1	City Council - Special Meeting		

Consideration of and action on authorization to accept the Fiscal Year 2019-2020 Annual Audit.

Summary: Pursuant to state statute and City ordinance, the City shall have its records and accounts audited annually and shall prepare an annual financial statement and report. The audit shall be performed by a certified public accounting (CPA) firm, licensed to practice in the State of Texas. The annual financial statement and report, including the auditor's opinion, shall be part of an official Comprehensive Annual Financial Report, which shall be filed within 180 days after the last day of the City's fiscal year.

For Fiscal Year 2019-2020 (October 1, 2019 - September 30, 2020), the Comprehensive Annual Financial Report must be filed by Wednesday, March 31, 2021. The audit firm of Belt Harris Pechacek, LLLP performed the annual audit for the City and determined that "the financial statements…present fairly, in all material respects, the respective financial position of…the City as of September 30, 2020…in accordance with accounting principles generally accepted in the United States of America" (unmodified opinion). The auditors will present the results of the audit to the Finance Committee and then at the meeting will present their findings to the City Council.

Additionally, because the City expended more than $750,000 in federal awards during the most recent fiscal year, a single audit is required for the fiscal year ended September 30, 2020 in accordance with the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Because the Comprehensive Annual Financial Report is under final review, including a second partner review that is required because of the single audit, all documents must be marked "draft" at this time; however, no significant changes are expected to the final document.

powered by Legistar™

Fiscal/Budgetary Impact:

N/A.

Accept the Fiscal Year 2019-2020 Annual Audit.

powered by Legistar™

DRAFT

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

of the

City of Deer Park, Texas

For the Year Ended
September 30, 2020

Prepared by
Finance Department

Donna Todd
Director of Finance

DRAFT

(This page intentionally left blank.)

DRAFT

City of Deer Park, Texas

TABLE OF CONTENTS

September 30, 2020

INTRODUCTORY SECTION	Page
Letter of Transmittal	3
Certificate of Achievement for Excellence in Financial Reporting	7
Organizational Chart	8
Principal Officials	9
FINANCIAL SECTION	
Independent Auditors' Report	13
Management's Discussion and Analysis (Required Supplementary Information)	17
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	31
Statement of Activities	32
Governmental Funds Financial Statements	
Balance Sheet – Governmental Funds	34
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	37
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	38
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	41
Proprietary Funds Financial Statements	
Statement of Net Position	43
Statement of Revenues, Expenses, and Changes in Fund Net Position	45
Statement of Cash Flows	46
Fiduciary Fund Financial Statements	
Statement of Net Position	48
Statement of Changes in Net Position	49
Notes to Financial Statements	51
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	100
Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System	102
Schedule of the City's Proportionate Share of the Net Pension Liability – Texas Emergency Services Retirement System	104

DRAFT

City of Deer Park, Texas

TABLE OF CONTENTS (Continued)

September 30, 2020

REQUIRED SUPPLEMENTARY INFORMATION (Continued)	**Page**
Schedule of Contributions – Texas Municipal Retirement System	106
Schedule of Contributions – Texas Emergency Services Retirement System	108
Schedule of Changes in Total OPEB Liability and Related Ratios – Texas Municipal Retirement System Supplemental Death Benefits Fund	110
Schedule of Changes in Total OPEB Liability and Related Ratios – Retiree Health Plan	111
COMBINING STATEMENTS AND SCHEDULES	
Schedule of Revenues, Expenditures, and Changes in Fund Balance– Budget and Actual – Debt Service Fund	115
Combining Balance Sheet – Nonmajor Governmental Funds	118
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	122
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Special Revenue Funds:	
Hotel/Motel Occupancy Tax Fund	126
Grants Fund	126
Police Forfeiture Fund	127
Municipal Court Fund	127
Combining Statement of Net Position – Discretely Presented Component Units	128
Combining Statement of Revenues, Expenses, and Changes in Net Position – Discretely Presented Component Units	129
STATISTICAL SECTION	
Net Position by Component	132
Changes in Net Position	134
Fund Balances, Governmental Funds	138
Changes in Fund Balances, Governmental Funds	140
Assessed Value and Actual Value of Taxable Property	142
Industrial District Valuation, Billing, Collections, and Percentage Collected	144
Property Tax Rates – Direct and Overlapping Governments	146
Principal Property Taxpayers	149
Property Tax Levies and Collections	150
Ratios of Outstanding Debt by Type	152
Ratios of General Bonded Debt Outstanding	154
Direct and Overlapping Governmental Activities Debt	157
Legal Debt Margin Information	158
Pledged Revenue Coverage	160
Demographic and Economic Statistics	162
Principal Employers	163
Full-Time Equivalent City Government Employees by Function	165
Operating Indicators by Function	166
Capital Asset Statistics by Function	168

DRAFT

INTRODUCTORY SECTION

DRAFT

(This page intentionally left blank.)

DRAFT

DONNA TODD
Director of Finance

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

March 23, 2021

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

Texas law and the City charter require that the City of Deer Park (the "City") publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, I am pleased to submit the Comprehensive Annual Financial Report of the City for the fiscal year ended September 30, 2020. 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 *Basic Financial Statements – And Management's Discussion and Analysis – For State and Local Governments*, this report includes a Management's Discussion and Analysis (MD&A) which provides a narrative introduction, overview, and analysis to accompany the basic financial statements. The MD&A is located immediately following the Independent Auditors' Report. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

City Profile

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

"QUALITY FIRST TIME EVERY TIME"

DRAFT

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

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

Annual Budget

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

Factors Affecting Financial Condition

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

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

Victory Commerce Center, a 350,000 square foot distribution center in Deer Park, was 100 percent leased in 2020 to a large sugar distributor/exporter.

Underwood Port Logistics Center, a 404,000 square foot development, was leased 100 percent in 2020 to a third-party logistics company.

Another large office/warehouse project, Monument Business Park Phase 1, was recently completed. The developer has leased over half of the building to a third-party logistics company. Phase 2 of this project is an adjacent 180,000 square foot warehouse with rail access and is expected to break ground in April 2021.

DRAFT

Deerwood Glen Business Park, owned by Clay Development & Construction, Inc., is Deer Park's 150-acre light industrial business park. Over the past 10 years, Deerwood Glen has seen an exciting influx of build-to-suit tenants and has now reached the ultimate point of final build-out. John Crane Power Transmission was Deerwood Glen's first tenant in 2009, followed by Mustang Engineering, Code Red Safety, Abrasive Products and Equipment, Core Laboratories, the Houston Pilots' Association, Siemens, and many others. The last parcel, a 300,000 square foot distribution warehouse, was leased in 2020 to a third-party logistics company for CAP Barbell.

The City has a Chapter 380 Economic Development Program Agreement with NEC Spencer Highway and East Boulevard Phase 1, LTD, which is a development of a mixed use/retail complex next to the City's HEB grocery store that opened in November 2015. The developer has received a key Letter-of-Intent from two retailers, but the project is currently on hold due to the pandemic. Once completed, this would provide an additional 300,000 square feet of retail space and generate nearly $40 million in combined property and sales taxes for the City.

Shell Federal Credit Union is the 18th largest credit union in Texas and headquartered in the City of Deer Park. They are currently undergoing construction for a 100,000 square foot expansion project, which also includes a three-story parking garage

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

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

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

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

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

- A multi-year financial forecast is updated projecting revenues and expenditures for all operating funds.

- Rates, fees, and charges for services are reviewed and adjusted as necessary to respond to changing financial circumstances.

- Insurance coverage is examined to ensure that policy limits are adequate and in compliance with revenue bond covenants.

DRAFT

- Bonds are issued as part of a planned debt issuance program to finance long-term capital projects.

Independent Audit

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Deer Park for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2019. This was the 33rd 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 Comprehensive Annual 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 current Comprehensive Annual 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,

Donna Todd

Donna Todd
Director of Finance

DRAFT

City of Deer Park, Texas

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Deer Park Texas

For its Comprehensive Annual Financial Report For the Fiscal Year Ended

September 30, 2019

Christopher P. Morrill

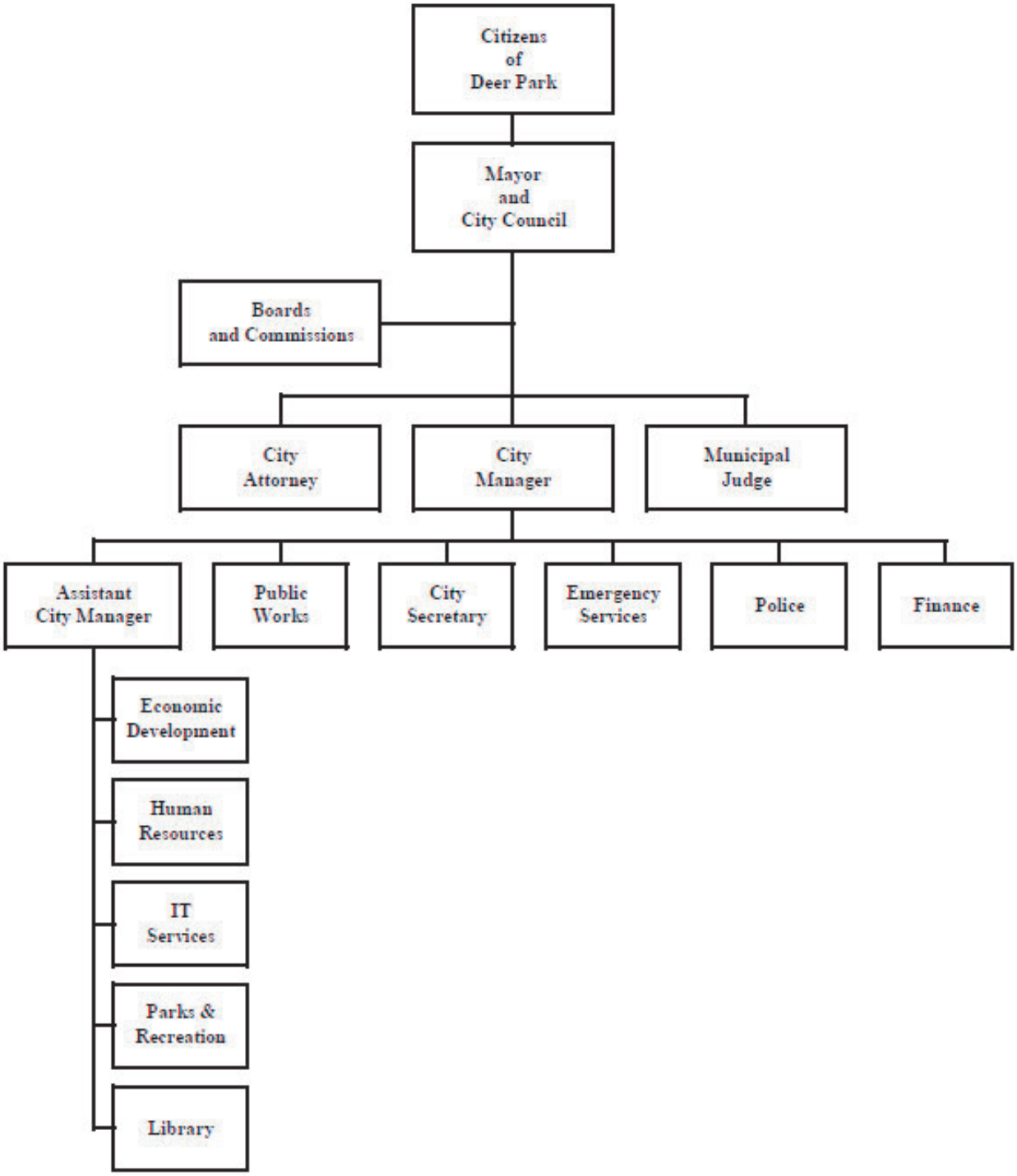
Executive Director/CEO

DRAFT

City of Deer Park, Texas

ORGANIZATIONAL CHART

September 30, 2020



DRAFT

City of Deer Park, Texas

PRINCIPAL OFFICIALS

September 30, 2020

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

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

DRAFT

(This page intentionally left blank.)

DRAFT

FINANCIAL SECTION

DRAFT

(This page intentionally left blank.)

DRAFT

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

DRAFT

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, the schedule of changes in net pension and total other postemployment benefit liability and related ratios, the schedule of the City's proportionate share of the net pension liability, and the schedules of contributions, identified as Required Supplementary Information on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining statements and schedules, and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or

DRAFT

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.

DRAFT

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 23, 2021

DRAFT

(This page intentionally left blank.)

DRAFT

MANAGEMENT'S DISCUSSION AND ANALYSIS

DRAFT

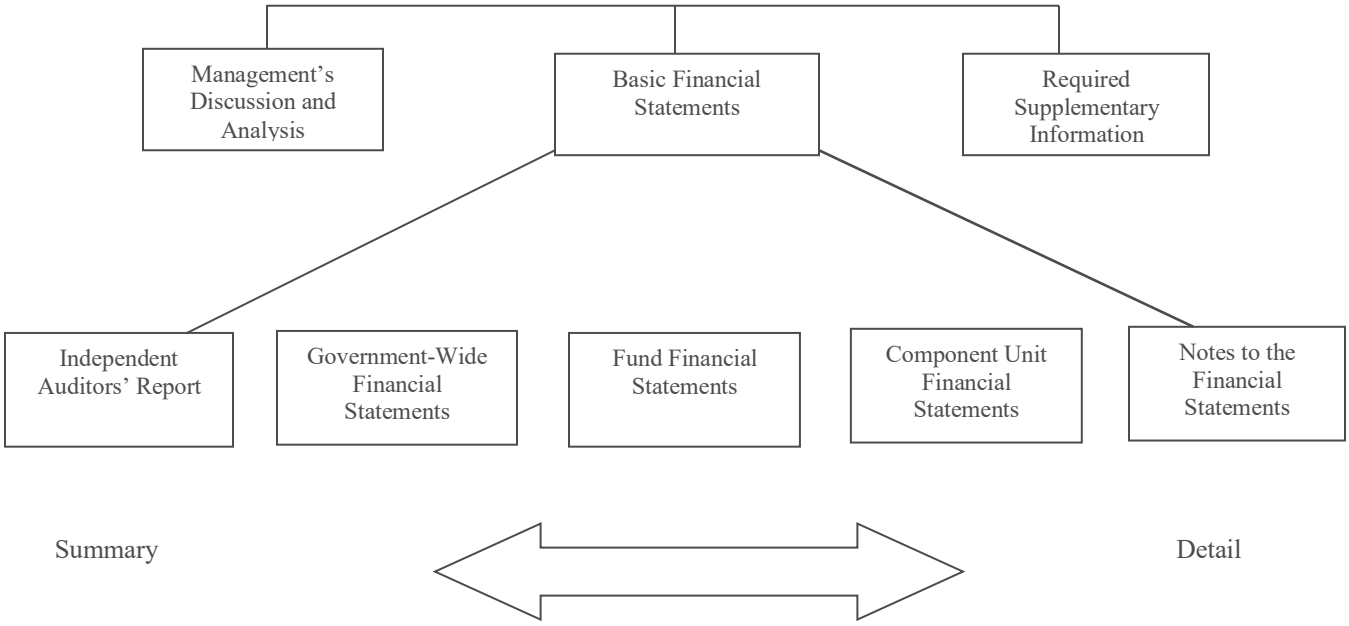
(This page intentionally left blank.)

DRAFT

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, 2020. 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.

DRAFT

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 13 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and the capital improvement fund, which are considered to be major funds for reporting purposes.

DRAFT

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

Proprietary Funds

The City maintains one type of proprietary fund, enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water distribution, wastewater collection/treatment, and storm water utility operations. The proprietary fund financial statements provide separate information for the water and sewer fund and the storm water utility fund. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the government-wide financial statements because resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City maintains one fiduciary fund, the senior citizens trust fund. The City's fiduciary activities are reported in a separate statement of net position and statement of changes in net position.

Notes to Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the City, assets and deferred outflows of resources exceed liabilities and deferred inflows by $141,448,170 as of September 30, 2020. This compares with $132,468,447 from the prior fiscal year. The largest portion of the City's net position, 66.96 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.

DRAFT

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Current and other assets	$ 68,302,148	$ 63,496,345	$ 25,793,502	$ 27,565,389	$ 94,095,650	$ 91,061,734
Capital assets, net	102,557,660	100,368,116	59,754,735	54,171,372	162,312,395	154,539,488
Total Assets	170,859,808	163,864,461	85,548,237	81,736,761	256,408,045	245,601,222
Deferred loss on refunding	204,892	262,597	30,468	44,340	235,360	306,937
Deferred outflows - pensions	2,566,040	7,686,315	329,802	1,067,927	2,895,842	8,754,242
Deferred outflows - OPEB	5,336,034	4,805,468	762,420	694,670	6,098,454	5,500,138
Total Deferred Outflows of Resources	8,106,966	12,754,380	1,122,690	1,806,937	9,229,656	14,561,317
Long-term liabilities	57,276,225	66,475,022	53,089,091	51,816,005	110,365,316	118,291,027
Other liabilities	3,545,144	4,217,986	4,097,719	3,679,849	7,642,863	7,897,835
Total Liabilities	60,821,369	70,693,008	57,186,810	55,495,854	118,008,179	126,188,862
Deferred gain on refunding	90,396	-	-	-	90,396	-
Deferred inflows - pensions	5,105,561	1,275,951	694,124	173,363	5,799,685	1,449,314
Deferred inflows - OPEB	282,183	55,916	9,088	-	291,271	55,916
Total Deferred Inflows of Resources	5,478,140	1,331,867	703,212	173,363	6,181,352	1,505,230
Net Position:						
Net investment in capital assets	77,907,555	74,104,011	16,818,608	19,598,349	94,726,163	93,702,360
Restricted	7,237,870	6,873,691	-	-	7,237,870	6,873,691
Unrestricted	27,521,840	23,616,264	11,962,297	8,276,132	39,484,137	31,892,396
Total Net Position	$ 112,667,265	$ 104,593,966	$ 28,780,905	$ 27,874,481	$ 141,448,170	$ 132,468,447

A portion of the City's net position, $7,237,870 or 5.13 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, $39,484,137 or 27.91 percent, may be used to meet the City's ongoing obligations to citizens and creditors.

The City's total net position increased by $8,979,723 during the current fiscal year, an increase of 6.78 percent in comparison to the prior year net position. Compared to the prior year, total assets increased $10,806,823 largely due to the current year operating surplus, an increase in receivables for the Coronavirus Relief Fund grant, and an increase in capital assets largely attributable to construction projects. Deferred outflows of resources decreased $5,331,661 while deferred inflows of resources increased $4,676,122 from the prior year mainly due to the net difference between projected and actual investment earnings on pension plan assets. Long-term liabilities decreased $7,925,711 compared to the prior year due to current year principal payments and a decrease in the net pension liability. This decrease was partially offset by the issuance of Certificates of Obligation, Series 2019. Other liabilities decreased $254,972 largely due to less payables related to various construction projects.

DRAFT

Statement of Activities

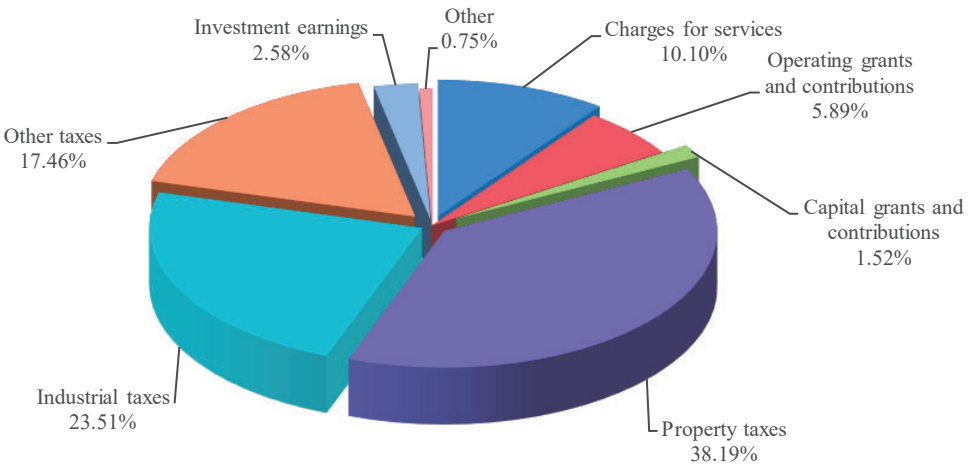
The following table provides a summary of the City's changes in net position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	$ 5,435,523	$ 6,491,414	$ 11,967,615	$ 11,085,567	$ 17,403,138	$ 17,576,981
Operating grants and contributions	3,170,272	1,881,692	-	-	3,170,272	1,881,692
Capital grants and contributions	820,560	3,102,292	-	-	820,560	3,102,292
General revenues:						
Property taxes	20,553,900	19,370,741	-	-	20,553,900	19,370,741
Industrial taxes	12,660,382	11,954,014	-	-	12,660,382	11,954,014
Other taxes and fees	9,401,459	9,962,243	-	-	9,401,459	9,962,243
Investment earnings	1,391,662	1,805,996	170,480	495,704	1,562,142	2,301,700
Other	406,401	504,981	172,520	-	578,921	504,981
Total Revenues	53,840,159	55,073,373	12,310,615	11,581,271	66,150,774	66,654,644
Expenses						
General government	9,425,200	9,553,465	-	-	9,425,200	9,553,465
Public safety	14,957,915	14,483,273	-	-	14,957,915	14,483,273
Public works	9,909,662	9,063,522	-	-	9,909,662	9,063,522
Parks and recreation	563,216	440,036	-	-	563,216	440,036
Community development	9,663,784	11,370,036	-	-	9,663,784	11,370,036
Interest on long-term debt	692,088	772,988	-	-	692,088	772,988
Water and sewer	-	-	11,491,912	10,653,981	11,491,912	10,653,981
Storm water utility	-	-	467,274	167,096	467,274	167,096
Total Expenses	45,211,865	45,683,320	11,959,186	10,821,077	57,171,051	56,504,397
Increase in Net Position Before Transfers	8,628,294	9,390,053	351,429	760,194	8,979,723	10,150,247
Transfers in (out)	(554,995)	(701,947)	554,995	701,947	-	-
Change in Net Position	8,073,299	8,688,106	906,424	1,462,141	8,979,723	10,150,247
Beginning net position	104,593,966	95,905,860	27,874,481	26,412,340	132,468,447	122,318,200
Ending Net Position	$ 112,667,265	$ 104,593,966	$ 28,780,905	$ 27,874,481	$ 141,448,170	$ 132,468,447

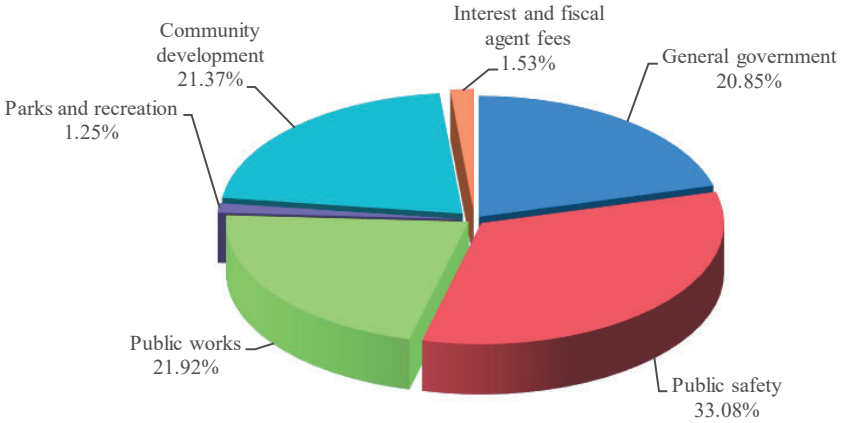
DRAFT

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

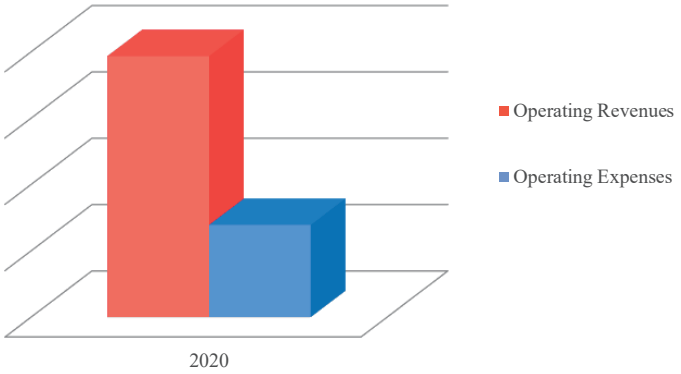
Governmental Revenues



Governmental Expenses



Business-Type Activities



DRAFT

For the year ended September 30, 2020, revenues from governmental activities totaled $53,840,159, a decrease of $1,233,214 compared to the prior year. Capital grants and contributions decreased compared to prior year due to less contributions received from the Deer Park Fire Control, Prevention, and Emergency Medical Services District for construction projects. Charges for services decreased compared to prior year mainly due to fewer permits issued for building projects and citations issued for traffic violations. Other taxes and fees decreased largely due to less revenue collected for franchise fees and sales tax due to a decline in economic activity within the City. Investment earnings decreased due to a decrease in interest rates. These decreases in the current year were partially offset by increases in property and industrial tax revenue due to an increase in assessed values of properties and an increase in operating grants and contributions from the Coronavirus Relief Fund grant.

For the year ended September 30, 2020, expenses for governmental activities totaled $45,211,865, a decrease of $471,455. This decrease is mainly due to the decrease in net pension liability. This decrease was partially offset by an increase in personnel-related expenses.

Total revenues for business-type activities increased by a total of $729,344 compared to the prior year. This was due to an increase and water and sewer rates. Total expenses for business-type activities increased by $1,138,109. This increase is largely due to increases in expenses related to a sludge removal project.

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 $63,342,713. Of this, $117,676 is nonspendable, $8,479,899 is restricted, $9,025,740 is assigned, and $45,719,398 is unassigned.

There was an increase in the combined fund balance of $5,313,644 compared to the prior year. Compared to the prior year change in fund balance, the current year change in fund balance increased $7,708,762. This is largely attributable to an increase in property tax revenues, industrial tax revenues, and intergovernmental revenue and a decrease in capital outlay expenditures.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was $45,719,398, while total fund balance reached $46,974,831. 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 114.52 percent of total general fund expenditures, while total fund balance represents 117.66 percent of the total general fund expenditures. The general fund demonstrated an overall increase in fund balance of $5,068,206. Revenues increased $1,525,452 compared to the prior year as a result of increases in property tax, industrial tax revenues, and intergovernmental revenue. Property and industrial tax revenue increased due to increases in the assessed value of properties. Intergovernmental revenue increased due to a Coronavirus Relief Fund grant. Expenditures increased $2,096,648 compared to the prior year primarily due to increases in public safety, public works, parks and recreation, and capital outlay expenditures. Public safety and public works expenditures largely increased due to personnel-related expenditures. Parks and recreation expenditures increased mainly due to an increase in capital purchases and repairs for the City's municipal golf course. Capital outlay largely increased due to the purchase of a fire truck and miscellaneous capital projects.

DRAFT

The debt service fund has a total fund balance of $6,158,254, all of which is restricted for the payment of debt service. Revenues decreased due to the City lowering the debt service property tax rate and less investment earnings received due to a decrease in interest rates. The debt service fund transferred $770,982 to the water and sewer fund for debt service payments.

The capital improvement fund had an increase in fund balance of $1,133,765 due to transfers in from the general fund.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The City budgeted for the use of fund balance of $380,650 in the general fund. However, the net change in fund balance increased by $5,068,206, resulting in a positive variance of $5,448,856.

Actual general fund revenues were greater than the amended budgeted revenues by $1,921,919 during the fiscal year. The largest positive variances were from industrial taxes, sales taxes, intergovernmental revenue, and investment earnings.

Actual expenditures were less than budgeted amounts in total by $5,028,013 for the fiscal year. The largest positive variances were in general government, recreation, athletics and aquatics, senior services, street maintenance, humane division, police, and fire department.

CAPITAL ASSETS

At the end of the fiscal year, the City's governmental and business-type activities had invested $162,312,395 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of $7,772,907.

Major capital asset events during the year included the following:

- Firearms Training Facility Improvements $769,711
- Drainage Rehabilitation – Jefferson Avenue $656,722
- Pumper Truck $1,142,914
- Sanitary Sewer Rehabilitation – Regency Park $345,276
- Air Street Sweeper $270,901
- Construction in progress additions:
    - Street Replacement Project $675,748
    - Wastewater Treatment Plant Expansion $3,079,930
    - Irrigation Improvements to Golf Course $286,085
    - Sanitary Sewer Rehabilitation – Park Meadows $765,421
    - 2020 Waterline Project $656,224
    - Sanitary Sewer Rehabilitation – X Street and Maxwell $269,599

DRAFT

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

LONG-TERM DEBT

At the end of the current year, the City had total bonds and certificates of obligation outstanding of $70,005,023. Of this amount, $15,040,023 was general obligation debt and certificates of obligation accounted for $54,965,000.

During the year, the City had a net decrease in bonds and certificates of obligation of $2,560,001 as the result of current year principal payments. This decrease is partially offset by the issuance of Certificates of Obligations, Series 2019.

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 $296,977,123, which is well above the City's total general obligation debt outstanding.

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

Current underlying ratings on debt issues are as follows:

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City budgeted for an increase in property tax revenues of $542,846, which is a 2.68 percent increase from last year's budget. This increase is the result of new properties being added to the tax roll and increases in property values.

For the 2021 fiscal year budget, the City adopted a total tax rate of $0.720 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 a decrease in total general fund revenues/expenditures and other resources of approximately $896,900.

City Council approved a current year budget decrease in revenues of $787,826 and a decrease in expenses of $1,451,924 compared to the prior year adopted budget for the water and sewer fund.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

DRAFT

(This page intentionally left blank.)

DRAFT

BASIC FINANCIAL STATEMENTS

DRAFT

(This page intentionally left blank.)

DRAFT

City of Deer Park, Texas

STATEMENT OF NET POSITION

September 30, 2020

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Assets				
Cash and cash equivalents	$ 62,859,271	$ 11,649,235	$ 74,508,506	$ 10,613,186
Restricted cash and cash equivalents	-	12,919,499	12,919,499	-
Receivables, net of allowances	5,321,823	1,224,768	6,546,591	1,129,432
Due from component units	3,378	-	3,378	-
Due from primary government	-	-	-	114,452
Due from other governments	-	-	-	-
Inventories	108,411	-	108,411	-
Prepaid items	9,265	-	9,265	-
Capital assets:				
Nondepreciable capital assets	28,922,097	27,350,209	56,272,306	-
Depreciable capital assets, net	73,635,563	32,404,526	106,040,089	5,268,859
Total Assets	170,859,808	85,548,237	256,408,045	17,125,929
Deferred Outflows of Resources				
Deferred loss on refunding	204,892	30,468	235,360	-
Deferred outflows of resources - pensions (TMRS)	2,350,724	329,802	2,680,526	73,482
Deferred outflows of resources - pensions (TESRS)	215,316	-	215,316	-
Deferred outflows of resources - OPEB (SDBF)	270,584	-	270,584	-
Deferred outflows of resources - OPEB (Health)	5,065,450	762,420	5,827,870	171,047
Total Deferred Outflows of Resources	8,106,966	1,122,690	9,229,656	244,529
Liabilities				
Accounts payable	1,828,239	1,612,363	3,440,602	176,483
Accrued liabilities	1,018,379	150,897	1,169,276	54,999
Customer deposits	13,990	839,888	853,878	-
Due to component units	114,452	-	114,452	-
Due to primary government	-	-	-	3,378
Other payables	433,547	1,494,571	1,928,118	-
Unearned revenue	136,537	-	136,537	-
Noncurrent liabilities:				
Due within one year	5,401,944	2,693,196	8,095,140	143,392
Due in more than one year	51,874,281	50,395,895	102,270,176	1,523,781
Total Liabilities	60,821,369	57,186,810	118,008,179	1,902,033
Deferred Inflows of Resources				
Deferred gain on refunding	90,396	-	90,396	-
Deferred inflows of resources - pensions (TMRS)	5,104,616	694,124	5,798,740	187,253
Deferred inflows of resources - pensions (TESRS)	945	-	945	-
Deferred inflows of resources - OPEB (SDBF)	226,870	-	226,870	-
Deferred inflows of resources - OPEB (Health)	55,313	9,088	64,401	2,852
Total Deferred Inflows of Resources	5,478,140	703,212	6,181,352	190,105
Net Position				
Net investment in capital assets	77,907,555	16,818,608	94,726,163	4,496,174
Restricted for:				
Debt service	6,158,254	-	6,158,254	-
Enabling legislation:				
Hotel/motel occupancy tax	580,518	-	580,518	-
Police forfeiture	71,589	-	71,589	-
Municipal court	90,151	-	90,151	-
Special projects - restricted contributions	238,424	-	238,424	10,782,146
Capital projects	98,934	-	98,934	-
Unrestricted	27,521,840	11,962,297	39,484,137	-
Total Net Position	$ 112,667,265	$ 28,780,905	$ 141,448,170	$ 15,278,320

See Notes to Financial Statements.

DRAFT

City of Deer Park, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	$ 9,425,200	$ 285,776	$ -	$ -
Public safety	14,957,915	2,834,040	1,921,134	31,344
Public works	9,909,662	1,616,954	-	789,216
Parks and recreation	563,216	34,868	-	-
Community development	9,663,784	663,885	1,249,138	-
Interest on long-term debt	692,088	-	-	-
Total Governmental Activities	45,211,865	5,435,523	3,170,272	820,560
Business-Type Activities				
Water and sewer	11,491,912	11,606,282	-	-
Storm water utility	467,274	361,333	-	-
Total Business-Type Activities	11,959,186	11,967,615	-	-
Total Primary Government	$ 57,171,051	$ 17,403,138	$ 3,170,272	$ 820,560
Component Units				
Governmental	$ 4,509,852	$ -	$ -	$ -
Total Component Units	$ 4,509,852	$ -	$ -	$ -

General Revenues:
- Property taxes
- Industrial district taxes
- Franchise fees
- Sales and use taxes
- Hotel occupancy taxes
- Investment earnings
- Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning net position

Ending Net Position

See Notes to Financial Statements.

DRAFT

Net Revenue (Expense) and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
$ (9,139,424)	$ -	$ (9,139,424)	$ -
(10,171,397)	-	(10,171,397)	-
(7,503,492)	-	(7,503,492)	-
(528,348)	-	(528,348)	-
(7,750,761)	-	(7,750,761)	-
(692,088)	-	(692,088)	-
(35,785,510)	-	(35,785,510)	-
-	114,370	114,370	-
-	(105,941)	(105,941)	-
-	8,429	8,429	-
(35,785,510)	8,429	(35,777,081)	-
-	-	-	(4,509,852)
-	-	-	(4,509,852)
20,553,900	-	20,553,900	-
12,660,382	-	12,660,382	-
1,884,424	-	1,884,424	-
7,086,318	-	7,086,318	7,039,207
430,717	-	430,717	-
1,391,662	170,480	1,562,142	7,884
406,401	172,520	578,921	153,081
(554,995)	554,995	-	-
43,858,809	897,995	44,756,804	7,200,172
8,073,299	906,424	8,979,723	2,690,320
104,593,966	27,874,481	132,468,447	12,588,000
$ 112,667,265	$ 28,780,905	$ 141,448,170	$ 15,278,320

DRAFT

City of Deer Park, Texas

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2020

	General	Debt Service	Capital Improvement	Nonmajor Governmental
Assets				
Cash and cash equivalents	$ 46,514,410	$ 6,160,197	$ 8,068,710	$ 2,115,954
Receivables, net	4,747,441	82,232	201,239	290,911
Due from other funds	5,866	-	-	-
Due from component units	3,378	-	-	-
Inventories	108,411	-	-	-
Prepaid items	9,265	-	-	-
Total Assets	$ 51,388,771	$ 6,242,429	$ 8,269,949	$ 2,406,865
Liabilities				
Accounts payable	$ 1,526,088	$ 1,913	$ 226,182	$ 74,056
Accrued liabilities	1,013,081	-	-	5,298
Due to other funds	-	-	-	5,866
Due to component units	114,422	30	-	-
Customer deposits	13,990	-	-	-
Other payables	411,002	-	22,545	-
Unearned revenue	3,298	-	133,239	-
Total Liabilities	3,081,881	1,943	381,966	85,220
Deferred Inflows of Resources				
Unavailable revenue - court fines and warrants	245,228	-	-	-
Unavailable revenue - ambulance	847,823	-	-	-
Unavailable revenue - industrial district taxes	78	-	-	-
Unavailable revenue - property taxes	238,930	82,232	-	-
Total Deferred Inflows of Resources	1,332,059	82,232	-	-
Fund Balances				
Nonspendable:				
Inventories	108,411	-	-	-
Prepaid items	9,265	-	-	-
Restricted for:				
Debt service	-	6,158,254	-	-
Enabling legislation	-	-	-	742,258
Special projects	-	-	-	238,424
Capital projects	-	-	-	1,340,963
Assigned:				
Disaster response/repair	771,410	-	-	-
Park maintenance	145,397	-	-	-
General government	133,750	-	-	-
Capital projects	87,200	-	7,887,983	-
Unassigned	45,719,398	-	-	-
Total Fund Balances	46,974,831	6,158,254	7,887,983	2,321,645
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 51,388,771	$ 6,242,429	$ 8,269,949	$ 2,406,865

See Notes to Financial Statements.

DRAFT

Total Governmental Funds
$ 62,859,271
5,321,823
5,866
3,378
108,411
9,265
$ 68,308,014
$ 1,828,239
1,018,379
5,866
114,452
13,990
433,547
136,537
3,551,010
245,228
847,823
78
321,162
1,414,291
108,411
9,265
6,158,254
742,258
238,424
1,340,963
771,410
145,397
133,750
7,975,183
45,719,398
63,342,713
$ 68,308,014

DRAFT

(This page intentionally left blank.)

DRAFT

City of Deer Park, Texas

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

September 30, 2020

Total fund balances for governmental funds		$ 63,342,713
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, nondepreciable	28,922,097	
Capital assets, net depreciable	73,635,563	
		102,557,660
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		1,414,291
Long-term liabilities 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 loss on refunding	204,892	
Deferred gain on refunding	(90,396)	
Deferred outflows - pensions (TMRS)	2,350,724	
Deferred outflows - pensions (TESRS)	215,316	
Deferred outflows - OPEB (SDBF)	270,584	
Deferred outflows OPEB (Health)	5,065,450	
Deferred inflows - pensions (TMRS)	(5,104,616)	
Deferred inflows pensions (TESRS)	(945)	
Deferred inflows OPEB (SDBF)	(226,870)	
Deferred inflows OPEB (Health)	(55,313)	
Noncurrent liabilities due in one year	(5,401,944)	
Noncurrent liabilities due in more than one year	(51,874,281)	
		(54,647,399)
Net Position of Governmental Activities		$ 112,667,265

See Notes to Financial Statements.

DRAFT

City of Deer Park, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended September 30, 2020

	General	Debt Service	Capital Improvement	Nonmajor Governmental
Revenues				
Property taxes	$ 16,040,772	$ 4,485,377	$ -	$ -
Industrial district taxes	12,660,382	-	-	-
Sales taxes	7,086,318	-	-	-
Franchise fees	1,884,424	-	-	-
Hotel/motel occupancy taxes	-	-	-	430,717
Fees and fines	1,024,971	-	-	152,376
Licenses and permits	414,973	-	-	-
Intergovernmental	1,898,546	1,216,797	-	789,216
Charges for services	3,606,397	-	-	99,556
Investment earnings	1,347,287	18,142	1,307	24,926
Miscellaneous	211,434	-	68,001	126,966
Total Revenues	46,175,504	5,720,316	69,308	1,623,757
Expenditures				
Current:				
General government	7,683,622	-	-	55,950
Community development	7,481,122	-	-	350,529
Public works	7,740,277	-	-	-
Parks and recreation	484,251	-	-	-
Public safety	13,545,041	-	-	910,295
Capital outlay	2,669,218	-	1,893,990	1,252,342
Debt service:				
Principal	309,749	3,809,954	-	-
Interest and other charges	9,789	826,859	-	2,650
Total Expenditures	39,923,069	4,636,813	1,893,990	2,571,766
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,252,435	1,083,503	(1,824,682)	(948,009)
Other Financing Sources (Uses)				
Transfers in	414,992	21,377	2,958,447	-
Transfers (out)	(3,117,744)	(770,982)	-	(331,986)
Proceeds from sale of capital assets	81,830	-	-	-
Debt issued	-	4,240,000	-	-
Premium on debt issued	-	731,083	-	-
Payment to refunding bond escrow agent	-	(4,913,313)	-	-
Capital leases	1,436,693	-	-	-
Total Other Financing Sources (Uses)	(1,184,229)	(691,835)	2,958,447	(331,986)
Net Change in Fund Balances	5,068,206	391,668	1,133,765	(1,279,995)
Beginning fund balances	41,906,625	5,766,586	6,754,218	3,601,640
Ending Fund Balances	$ 46,974,831	$ 6,158,254	$ 7,887,983	$ 2,321,645

See Notes to Financial Statements.

DRAFT

Total Governmental Funds
$ 20,526,149
12,660,382
7,086,318
1,884,424
430,717
1,177,347
414,973
3,904,559
3,705,953
1,391,662
406,401
53,588,885
7,739,572
7,831,651
7,740,277
484,251
14,455,336
5,815,550
4,119,703
839,298
49,025,638
4,563,247
3,394,816
(4,220,712)
81,830
4,240,000
731,083
(4,913,313)
1,436,693
750,397
5,313,644
58,029,069
$ 63,342,713

DRAFT

(This page intentionally left blank.)

DRAFT

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, 2020

Net changes in fund balances - total governmental funds	$ 5,313,644
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital asset expenditures	7,235,643
Depreciation expense	(4,904,372)
Disposals, net	(173,071)
Capital contributions	31,344
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	4,119,703
Amortization of deferred loss on refunding	(57,705)
Amortization of deferred gain on refunding	9,040
Amortization of premiums on bonds	195,875
Amortization of deferred outflows - pensions (TMRS)	(5,194,294)
Amortization of deferred outflows - pensions (TESRS)	74,019
Amortization of deferred outflows - OPEB (SDBF)	118,224
Amortization of deferred outflows - OPEB (Health)	412,342
Amortization of deferred inflows - pensions (TMRS)	(3,855,632)
Amortization of deferred inflows - pensions (TESRS)	26,022
Amortization of deferred inflows - OPEB (SDBF)	(170,954)
Amortization of deferred inflows - OPEB (Health)	(55,313)
Compensated absences	(225,324)
Bonds issued	(4,240,000)
Capital lease activity	(1,342,637)
Premium on bonds issued	(731,083)
Closure costs	(643)
Net pension liability - TMRS	8,908,221
Net pension liability - TESRS	(317,734)
Total OPEB liability - Health	(2,158,409)
Total OPEB liability - SDBF	(21,921)
Payment to refunding bond escrow agent	4,913,313
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	165,001
Change in Net Position of Governmental Activities	$ 8,073,299

See Notes to Financial Statements.

DRAFT

(This page intentionally left blank.)

DRAFT

City of Deer Park, Texas

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

September 30, 2020

	Business-Type Activities		
	Water and Sewer	**Storm Water Utility**	**Total**
Assets			
Current assets:			
Cash and cash equivalents	$ 10,996,079	$ 653,156	$ 11,649,235
Restricted cash and cash equivalents	12,919,499	-	12,919,499
Accounts receivable, net	1,184,856	39,912	1,224,768
Total Current Assets	25,100,434	693,068	25,793,502
Noncurrent assets:			
Capital assets:			
Land	591,397	-	591,397
Buildings	4,795,184	-	4,795,184
Utility system	63,640,194	-	63,640,194
Machinery and equipment	4,972,615	-	4,972,615
Construction in progress	26,758,812	-	26,758,812
Less: accumulated depreciation	(41,003,467)	-	(41,003,467)
Total Noncurrent Assets	59,754,735	-	59,754,735
Total Assets	84,855,169	693,068	85,548,237
Deferred Outflows of Resources			
Deferred charge on refunding	30,468	-	30,468
Deferred outflows of resources - pensions (TMRS)	319,132	10,670	329,802
Deferred outflows of resources - OPEB (Health)	736,369	26,051	762,420
Total Deferred Outflows of Resources	1,085,969	36,721	1,122,690
Liabilities			
Current liabilities:			
Accounts payable	1,609,218	3,145	1,612,363
Accrued liabilities	146,241	4,656	150,897
Customer deposits	839,888	-	839,888
Other payables	1,494,571	-	1,494,571
Compensated absences	162,834	2,326	165,160
Bonds payable - current	2,505,329	-	2,505,329
Capital leases payable	-	22,707	22,707
Total Current Liabilities	6,758,081	32,834	6,790,915
Noncurrent liabilities:			
Net pension liability - TMRS	758,101	13,576	771,677
Total OPEB liability - Health	3,321,221	59,957	3,381,178
Compensated absences	18,092	259	18,351
Bonds payable, net of deferred charges	46,224,689	-	46,224,689
Total Noncurrent Liabilities	50,322,103	73,792	50,395,895
Total Liabilities	57,080,184	106,626	57,186,810
Deferred Inflows of Resources			
Deferred inflows of resources - pensions (TMRS)	670,091	24,033	694,124
Deferred inflows of resources - OPEB (Health)	8,706	382	9,088
Total Deferred Inflows of Resources	678,797	24,415	703,212
Net Position			
Net investment in capital assets	16,818,608	-	16,818,608
Unrestricted	11,363,549	598,748	11,962,297
Total Net Position	$ 28,182,157	$ 598,748	$ 28,780,905

See Notes to Financial Statements.

DRAFT

(This page intentionally left blank.)

DRAFT

City of Deer Park, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For the Year Ended September 30, 2020

	Business-Type Activities		
	Water and Sewer	Storm Water Utility	Total
Operating Revenues			
Charges for services	$ 11,606,282	$ 361,333	$ 11,967,615
Total Operating Revenues	11,606,282	361,333	11,967,615
Operating Expenses			
Personnel services	3,794,765	180,295	3,975,060
Contractual services	1,111,066	5,371	1,116,437
Repairs and maintenance	1,381,136	276,165	1,657,301
Other supplies and expenses	1,957,421	5,443	1,962,864
Depreciation	1,983,754	-	1,983,754
Total Operating Expenses	10,228,142	467,274	10,695,416
Operating Income (Loss)	1,378,140	(105,941)	1,272,199
Nonoperating Revenues (Expenses)			
Investment earnings	170,480	-	170,480
Interest and fiscal agent fees	(1,534,671)	-	(1,534,671)
Intergovernmental revenue	161,143	11,377	172,520
Total Nonoperating Revenue (Expenses)	(1,203,048)	11,377	(1,191,671)
Income (Loss) Before Transfers	175,092	(94,564)	80,528
Transfers			
Transfers in	770,982	198,594	969,576
Transfers (out)	(143,680)	-	(143,680)
Total Transfers	627,302	198,594	825,896
Change in Net Position	802,394	104,030	906,424
Beginning net position	27,379,763	494,718	27,874,481
Ending Net Position	$ 28,182,157	$ 598,748	$ 28,780,905

See Notes to Financial Statements.

DRAFT

City of Deer Park, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2020

	Business-Type Activities		
	Water and Sewer	**Storm Water Utility**	**Total**
Cash Flows from Operating Activities			
Receipts from customers and users	$ 11,422,284	$ 351,857	$ 11,774,141
Payments to suppliers for goods and services	(4,002,546)	(281,439)	(4,283,985)
Payments to employees for services	(3,443,863)	(166,677)	(3,610,540)
Net Cash Provided (Used) by Operating Activities	3,975,875	(96,259)	3,879,616
Cash Flows from Noncapital Financing Activities			
Intergovernmental grant	161,143	11,377	172,520
Transfer from other funds	770,982	198,594	969,576
Transfer to other funds	(143,680)	-	(143,680)
Net Cash Provided by Noncapital Financing Activities	788,445	209,971	998,416
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(7,567,117)	-	(7,567,117)
Proceeds from debt issuance	4,711,604	-	4,711,604
Principal paid on capital debt	(2,350,047)	(89,811)	(2,439,858)
Interest and fiscal agent fees paid	(1,683,755)	-	(1,683,755)
Net Cash (Used) by Capital and Related Financing Activities	(6,889,315)	(89,811)	(6,979,126)
Cash Flows from Investing Activities			
Earnings on investments	170,480	-	170,480
Net Cash Provided by Investing Activities	170,480	-	170,480
Net Increase (Decrease) in Cash and Cash Equivalents	(1,954,515)	23,901	(1,930,614)
Beginning cash and cash equivalents	25,870,093	629,255	26,499,348
Ending Cash and Cash Equivalents	$ 23,915,578	$ 653,156	$ 24,568,734
Ending Cash and Cash Equivalents			
Unrestricted cash and cash equivalents	$ 10,996,079	$ 653,156	$ 11,649,235
Restricted cash and cash equivalents	12,919,499	-	12,919,499
	$ 23,915,578	$ 653,156	$ 24,568,734

See Notes to Financial Statements.

DRAFT

City of Deer Park, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2020

	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 (loss)	$ 1,378,140	$ (105,941)	$ 1,272,199
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	1,983,754	-	1,983,754
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in Assets:			
Accounts receivable	(200,796)	(9,476)	(210,272)
Prepaids	48,744	2,801	51,545
Deferred outflows of resources	665,462	18,785	684,247
Increase (Decrease) in Liabilities:			
Accounts payable	222,834	1,355	224,189
Accrued liabilities	32,510	1,384	33,894
Other payables	142,989	-	142,989
Compensated absences payable	34,467	543	35,010
Net pension liability	(1,198,790)	(40,433)	(1,239,223)
Deferred inflows of resources	510,024	19,825	529,849
Total OPEB liability	339,739	14,898	354,637
Customer deposits	16,798	-	16,798
Net Cash Provided (Used) by Operating Activities	$ 3,975,875	$ (96,259)	$ 3,879,616

See Notes to Financial Statements.

DRAFT

City of Deer Park, Texas

STATEMENT OF NET POSITION

FIDUCIARY FUND

September 30, 2020

	Senior Citizens Trust
Assets	
Cash and cash equivalents	$ 118,574
Total Assets	$ 118,574
Net Position	
Restricted	$ 118,574
Total Net Position	$ 118,574

See Notes to Financial Statements.

DRAFT

City of Deer Park, Texas

STATEMENT OF CHANGES IN NET POSITION

FIDUCIARY FUND

For the Year Ended September 30, 2020

	Senior Citizens Trust
Additions	
Investment earnings	$ 1,064
Total Additions	1,064
Change in Net Position	1,064
Beginning net position	117,510
Ending Net Position	$ 118,574

See Notes to Financial Statements.

DRAFT

(This page intentionally left blank.)

DRAFT

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

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

Discretely Presented Component Units

<u>Deer Park Crime Control and Prevention District</u>

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

DRAFT

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

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

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

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

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

Deer Park Community Development Corporation

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

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

B. Government-Wide Financial Statements

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

DRAFT

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

The City reports the following governmental funds:

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

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

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

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

DRAFT

The City reports the following enterprise funds:

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

Additionally, the City reports the following fiduciary fund type:

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

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

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

E. Measurement Focus and Basis of Accounting

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

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

DRAFT

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

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

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

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

1. Cash and Cash Equivalents

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

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

2. Investments

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

DRAFT

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

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

3. Inventories and Prepaid Items

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

4. Restricted Assets

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

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental, business-type activities, or component units columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the City as assets with an initial, individual cost of $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:

Asset Description	Estimated Useful Life
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

DRAFT

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

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

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

7. Compensated Absences

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

8. Long-Term Obligations

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

DRAFT

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

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

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

9. Net Position Flow Assumption

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

10. Fund Balance Flow Assumptions

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

11. Fund Balance Policies

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

DRAFT

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

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

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

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

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

12. Estimates

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

13. Pensions

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

DRAFT

14. Other Postemployment Benefits

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

The City also provides medical benefits to eligible retirees through a single-employer defined benefit plan (the "Plan"). This Plan is an unfunded, pay-as-you-go plan. Information about the City's 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.

DRAFT

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles except the capital projects funds, which adopt project length budgets. The original budget is adopted by the City Council prior to the beginning of the fiscal year. The legal level of budgetary control, as defined by the charter, is the department level. The City Manager may transfer appropriations within a department without seeking the approval of City Council. The City Council may transfer any unencumbered funds from one department to another. Appropriations lapse at the end of the year, excluding capital project budgets. Supplemental budget appropriations were made for the year ended September 30, 2020.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2020, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
TexSTAR	$ 7,377,702	0.06
TexPool	19,096,440	0.09
Texas CLASS	7,684,448	0.14
Certificates of deposit	53,038,599	0.64
Total Fair Value	$ 87,197,189	
Portfolio weighted average maturity		0.42

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, 2020, 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, 2020, the combined balances of FDIC insurance, collateral pledged, and letters of credit exceeded the City's bank balances. As of September 30, 2020, 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.

DRAFT

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. The City has no unfunded commitments related to TexPool.

TexSTAR

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

TexSTAR is measured at amortized cost. TexSTAR's strategy is to seek preservation of principal, liquidity, and current income through investment in a diversified portfolio of short-term marketable securities. The City has no unfunded commitments related to TexSTAR. TexSTAR has a redemption notice period of one day and may redeem daily. TexSTAR's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national or state emergency that affects TexSTAR's liquidity.

Texas CLASS

The Texas Cooperative Liquid Assets Securities System Trust (CLASS) is a public funds investment pool under Section 2256.016 of the Public Funds Investment Act, Texas Government Code, as amended. CLASS is created under an amended and restated trust agreement, dated as of December 14, 2011 (the "Agreement"), among certain Texas governmental entities investing in CLASS (the

DRAFT

"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, 2020 for the City's individual major and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Capital Improvements	Nonmajor Governmental	Water and Sewer	Storm Water Utility	Component Units
Taxes	$ 955,929	$ 328,928	$ -	$ -	$ -	$ -	$ 1,129,432
Accounts	2,738,121	-	201,239	205,281	1,531,671	40,854	-
Ambulance	2,655,227	-	-	-	-	-	-
Grants	1,693,684	-	-	85,630	161,143	11,377	-
Less allowance	(3,295,520)	(246,696)	-	-	(507,958)	(12,319)	-
Total	$ 4,747,441	$ 82,232	$ 201,239	$ 290,911	$ 1,184,856	$ 39,912	$ 1,129,432

C. 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	$ 839,888
Bond funded capital projects	12,079,611
Total Restricted Assets	$ 12,919,499

DRAFT

D. Capital Assets

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

	Primary Government			
	Beginning Balance	Increases	(Decreases)/ Reclassifications	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 26,687,306	$ 6,793	$ -	$ 26,694,099
Construction in progress	10,072,654	2,290,808	(10,135,464)	2,227,998
Total capital assets not being depreciated	36,759,960	2,297,601	(10,135,464)	28,922,097
Other capital assets:				
Buildings	43,715,388	3,994,315	-	47,709,703
Improvements	73,210,268	8,667,917	-	81,878,185
Machinery and equipment	21,414,246	2,442,618	(1,217,501)	22,639,363
Total other capital assets	138,339,902	15,104,850	(1,217,501)	152,227,251
Less accumulated depreciation for:				
Buildings	(13,489,773)	(1,308,829)	-	(14,798,602)
Improvements	(44,791,452)	(2,102,715)	-	(46,894,167)
Machinery and equipment	(16,450,521)	(1,492,828)	1,044,430	(16,898,919)
Total accumulated depreciation	(74,731,746)	(4,904,372)	1,044,430	(78,591,688)
Other capital assets, net	63,608,156	10,200,478	(173,071)	73,635,563
Governmental Activities Capital Assets, Net	$ 100,368,116	$ 12,498,079	$ (10,308,535)	102,557,660
			Less associated debt	(26,006,630)
			Plus net deferred charge on refunding	114,496
			Plus unspent bond proceeds	1,242,029
			Net Investment in Capital Assets	$ 77,907,555

Depreciation was charged to governmental functions as follows:

General government	$ 592,608
Public safety	660,466
Public works	1,773,655
Parks and recreation	443,619
Community development	1,434,024
Total Governmental Activities Depreciation Expense	$ 4,904,372

DRAFT

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
Nature Preserve	$ 691,809	$ 223,778	$ 468,031
Outfall - Hurricane Harvey	90,161	88,395	1,766
McDermott Shared Use Path	15,230	11,423	3,807
Deer Park Bridge Project	79,155	8,170	70,985
Dow Park Pavilion - Concession Stand	181,500	5,232	176,268
Boggy Bayou Drainage	84,560	67,030	17,530
Harvey Drainage Improvements - Heritage	1,686,426	189,633	1,496,793
Pasadena Blvd. and Dowling Cir. - 6" Waterline/36" Storm Pipe	146,722	37,871	108,851
Hike and Bike Trails	70,000	39,920	30,080
Drainage Improvements - Deer Park Manor/Delo-Elaine	255,660	230,646	25,014
Harris County Flood Control District B112 Ditch	76,163	20,025	56,138
Hike and Bike Trails - Type B	500,000	71,768	428,232
Emergency Operations Center/Dispatch Facility Renovations	34,960	29,533	5,427
Total	$ 3,912,346	$ 1,023,424	$ 2,888,922

DRAFT

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

	Primary Government			
	Beginning Balance	**Increases**	**(Decreases)/ Reclassifications**	**Ending Balance**
Business-Type Activities:				
Capital assets not being depreciated:				
Land	$ 591,397	$ -	$ -	$ 591,397
Construction in progress	24,604,829	5,741,205	(3,587,222)	26,758,812
Total capital assets not being depreciated	25,196,226	5,741,205	(3,587,222)	27,350,209
Other capital assets:				
Buildings	4,795,184	-	-	4,795,184
Improvements	58,386,339	5,253,855	-	63,640,194
Machinery and equipment	4,851,469	159,279	(38,133)	4,972,615
Total other capital assets	68,032,992	5,413,134	(38,133)	73,407,993
Less accumulated depreciation for:				
Buildings	(1,431,734)	(119,429)	-	(1,551,163)
Improvements	(33,952,516)	(1,618,099)	-	(35,570,615)
Machinery and equipment	(3,673,596)	(246,226)	38,133	(3,881,689)
Total accumulated depreciation	(39,057,846)	(1,983,754)	38,133	(41,003,467)
Other capital assets, net	28,975,146	3,429,380	-	32,404,526
Business-Type Activities Capital Assets, Net	$ 54,171,372	$ 9,170,585	$ (3,587,222)	59,754,735
			Less associated debt	(48,752,725)
			Plus deferred charge on refunding	30,468
			Plus unspent bond proceeds	5,786,130
			Net Investment in Capital Assets	$ 16,818,608

Depreciation was charged to business-type functions as follows:

Water and sewer	$ 1,983,754
Total Business-Type Activities Depreciation Expense	$ 1,983,754

DRAFT

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

Project Description	Authorized Contract	Contract Expenditures	Remaining Contract
Waste Water Treatment Plant - Lagoon Project	$ 486,000	$ 750	$ 485,250
Avon Elevated Storage Tank Improvements	212,100	141,400	70,700
Avon & P Street Storage Tanks	53,760	47,478	6,282
6" Waterline - Pasadena Blvd. and Dowling Cir.	146,722	62,837	83,885
Water Treatment Plant - Solids Handling	495,348	461,818	33,530
Sanitary Sewer Rehab - Park Meadows	1,987,242	1,968,096	19,146
2020 Waterline Project	672,884	656,224	16,660
Sanitary Sewer Rehab - X Street & Maxwell	441,448	269,599	171,849
Coy Street Ground Storage Rehab	419,000	65,200	353,800
Clearwell Transfer Pump	677,810	86,843	590,967
Total	$ 5,592,314	$ 3,760,245	$ 1,832,069

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:				
Building	$ 2,073,921	$ -	$ -	$ 2,073,921
Improvements	841,182	82,675	-	923,857
Machinery and equipment	5,183,101	688,793	(311,477)	5,560,417
Total capital assets	8,098,204	771,468	(311,477)	8,558,195
Less accumulated depreciation for:				
Building	(61,439)	(52,675)	-	(114,114)
Improvements	(99,666)	(62,292)	-	(161,958)
Machinery and equipment	(2,751,701)	(573,040)	311,477	(3,013,264)
Total accumulated depreciation	(2,912,806)	(688,007)	311,477	(3,289,336)
Capital assets, being depreciated, net	5,185,398	83,461	-	5,268,859
Discretely Presented Component Units Capital Assets, Net	$ 5,185,398	$ 83,461	$ -	5,268,859
			Less associated debt	(772,685)
			Net Investment in Capital Assets	$ 4,496,174

Depreciation was charged to component units as follows:

Crime control and prevention district	$ 440,974
Fire control, prevention, and emergency medical services district	247,033
Total Component Units Depreciation Expense	$ 688,007

DRAFT

E. Long-Term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance		Amounts Due Within One Year
Governmental Activities:						
General obligation bonds	$ 10,467,712	$ 4,240,000	$ 1,564,954	$ 13,142,758	*	$ 1,924,671
Certificates of obligation	9,880,000	-	5,965,000	3,915,000	*	735,000
Certificates of obligation from direct borrowings/placements	7,205,000	-	1,105,000	6,100,000	*	1,125,000
Capital leases	504,540	1,436,693	403,805	1,537,428	*	354,586
Premium on bond issuance	963,985	731,083	383,624	1,311,444	*	-
Compensated absences	1,177,663	1,410,184	1,184,860	1,402,987		1,262,687
Net pension liability						
TMRS	14,223,300	-	8,908,221	5,315,079		-
TESRS	463,753	317,734	-	781,487		-
Total OPEB liability						
SDBF	1,073,790	21,921	-	1,095,711		-
Health	20,461,705	2,158,409	-	22,620,114		-
Closure costs	53,574	643	-	54,217		-
Total Governmental Activities	$ 66,475,022	$ 10,316,667	$ 19,515,464	$ 57,276,225		$ 5,401,944
			Long-term debt due in more than one year	$ 51,874,281		
			***Debt associated with governmental activities capital assets**	$ 26,006,630		

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.

DRAFT

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

	Beginning Balance	Additions	Reductions	Ending Balance		Amounts Due Within One Year
Business-Type Activities:						
General obligation bonds	$ 2,557,312	$ -	$ 660,047	$ 1,897,265	**	$ 590,329
Certificates of obligation	42,455,000	4,185,000	1,690,000	44,950,000	**	1,915,000
Capital leases	112,518	-	89,811	22,707	**	22,707
Premium on bond issuance	1,505,233	526,604	149,084	1,882,753	**	-
Net pension liability - TMRS	2,010,900	-	1,239,223	771,677		-
Total OPEB liability - Health	3,026,541	354,637	-	3,381,178		-
Compensated absences	148,501	173,205	138,195	183,511		165,160
Total Business-Type Activities	$ 51,816,005	$ 5,239,446	$ 3,966,360	$ 53,089,091		$ 2,693,196
Long-term debt due in more than one year				$ 50,395,895		
****Debt associated with business-type activities capital assets**				$ 48,752,725		

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

	Beginning Balance	Additions	Reductions	Ending Balance		Amounts Due Within One Year
Discretely Presented Component Units:						
Capital leases	$ 913,240	$ -	$ 140,555	$ 772,685	***	$ 143,392
Net pension liability - TMRS	399,613	-	289,092	110,521		-
Total OPEB liability - Health	672,679	111,288	-	783,967		-
Total Discretely Presented Component Units	$ 1,985,532	$ 111,288	$ 429,647	$ 1,667,173		$ 143,392
Long-term debt due in more than one year				$ 1,523,781		
*****Debt associated with discretely presented component units capital assets**				$ 772,685		

DRAFT

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

Description	Interest Rates	Balance
Governmental Activities		
General Obligation Bonds		
2010 General Obligation Refunding Bonds	4.00-4.50%	$ 234,733
2012 General Obligation Refunding Bonds	2.00-3.00%	2,015,000
2014 General Obligation Bonds	3.00-4.00%	765,000
2014 General Obligation Refunding Bonds	3.00-4.00%	553,025
2016 Limited Tax Refunding Bonds	2.25-4.00%	5,335,000
2019 Limited Tax Refunding Bonds	4.00-5.00%	4,240,000
Total General Obligation Bonds		13,142,758
Certificates of Obligation		
2015 Certificates of Obligation	2.00-4.00%	3,915,000
2016 Certificates of Obligation	1.59%	4,305,000
2017 Certificates of Obligation	1.89%	1,795,000
Total Certificates of Obligation		10,015,000
Capital Leases		
2018 Freightliner M2-106-80	2.68%	43,764
VOIP Telephone Equipment	2.87%	78,153
2021 Pierce Velocity Pumper Truck	1.41%	1,142,914
2021 Ford F550 Bucket Truck	1.39%	96,421
2021 Freightliner M2 Garbage Truck	1.63%	176,176
Total Capital Leases		1,537,428
Total Governmental Activities Long-Term Debt		$ 24,695,186

DRAFT

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

Description	Interest Rates	Balance
Business-Type Activities		
General Obligation Bonds		
2010 General Obligation Refunding Bonds	4.00-4.50%	$ 155,267
2011 General Obligation Refunding Bonds	2.50-3.00%	850,000
2014 General Obligation Refunding Bonds	3.00-4.00%	891,998
Total General Obligation Bonds		1,897,265
Certificates of Obligation		
2011 Certificates of Obligation	2.50-4.00%	2,430,000
2012 Certificates of Obligation	2.00-3.00%	3,935,000
2013 Certificates of Obligation	3.00-3.35%	6,315,000
2014 Certificates of Obligation	3.00-4.00%	5,300,000
2015-A Certificates of Obligation	2.00-3.50%	6,095,000
2016-A Certificates of Obligation	2.00-4.00%	6,175,000
2017-A Certificates of Obligation	2.00-3.00%	4,690,000
2018 Certificates of Obligation	3.25-5.00%	5,955,000
2019 Certificates of Obligation	3.00-5.00%	4,055,000
Total Certificates of Obligation		44,950,000
Capital Leases		
Gradall XL5100 Excavator	1.81%	22,707
Total Capital Leases		22,707
Total Business-Type Activities Long-Term Debt		$ 46,869,972

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

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

Description	Interest Rates	Balance
Component Unit		
Capital Leases		
2018 Pierce Velocity	2.00%	$ 772,685
Total Component Unit Long-Term Debt		$ 772,685

DRAFT

Annual debt service requirements for governmental activities are as follows:

Year Ending Sep 30	Governmental Activities				
	General Obligation Bonds		Certificates of Obligation		
	Principal	Interest	Principal	Interest	Total
2021	$ 1,924,671	$ 452,436	$ 735,000	$ 106,425	$ 3,218,532
2022	1,878,025	383,672	760,000	84,000	3,105,697
2023	1,943,025	311,406	785,000	60,825	3,100,256
2024	1,477,037	251,093	805,000	36,975	2,570,105
2025	1,330,000	206,269	830,000	12,450	2,378,719
2026-2030	4,330,000	408,881	-	-	4,738,881
2031-2034	260,000	21,401	-	-	281,401
Total	$ 13,142,758	$ 2,035,158	$ 3,915,000	$ 300,675	$ 19,393,591

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

Year Ending Sep 30	Governmental Activities		
	General Obligation Bonds		
	Principal	Interest	Total
2021	$ 1,125,000	$ 92,779	$ 1,217,779
2022	1,145,000	73,412	1,218,412
2023	1,165,000	53,698	1,218,698
2025	1,185,000	33,643	1,218,643
2025	735,000	17,689	752,689
2026	745,000	5,922	750,922
Total	$ 6,100,000	$ 277,143	$ 6,377,143

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

Year Ending Sep 30	Business-Type Activities				
	General Obligation Bonds		Certificates of Obligation		
	Principal	Interest	Principal	Interest	Total
2021	$ 590,329	$ 48,839	$ 1,915,000	$ 1,474,607	$ 4,028,775
2022	426,975	32,803	2,005,000	1,413,932	3,878,710
2023	416,975	20,144	2,090,000	1,350,508	3,877,627
2024	462,986	6,944	2,675,000	1,277,313	4,422,243
2025	-	-	2,760,000	1,190,692	3,950,692
2026-2030	-	-	15,305,000	4,458,550	19,763,550
2031-2035	-	-	14,445,000	1,728,621	16,173,621
2036-2039	-	-	3,755,000	194,940	3,949,940
Total	$ 1,897,265	$ 108,730	$ 44,950,000	$ 13,089,163	$ 60,045,158

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 $296,977,123. The net indebtedness subject to the debt limit is $10,133,602 resulting in a legal debt margin of $286,843,521.

DRAFT

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 $4,240,000 of Limited Tax Refunding Bonds, Series 2019 (the "Bonds") to provide resources for all future debt service payments of $4,825,000 of Certificates of Obligation, Series 2010. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Statement of Net Position. The net carrying amount of the old debt exceeded the reacquisition price by $99,436. This amount is being amortized over the remaining life of the refunded debt, which is the same as the life of the new debt. This current refunding was undertaken to reduce total debt service payments over the next 10 years by $690,125 and resulted in an economic gain of $619,851.

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

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of equipment, principally consisting of vehicles and equipment. These leases qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. Capital leases bear interest rates ranging from 1.39 percent to 2.87 percent and have remaining maturity dates ranging from 2021 to 2028.

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.

DRAFT

Annual requirements to satisfy these obligations are as follows:

Year Ending Sep 30	Governmental Activities Capital Leases Principal	Interest	Total
2021	$ 354,586	$ 20,428	$ 375,014
2022	236,105	15,331	251,436
2023	217,390	11,870	229,260
2024	141,787	9,370	151,157
2025	143,799	7,358	151,157
2026-2028	443,761	9,712	453,473
Total	$ 1,537,428	$ 74,069	$ 1,611,497

Year Ending Sep 30	Business-Type Activities Capital Leases Principal	Interest	Total
2021	$ 22,707	$ 68	$ 22,775
Total	$ 22,707	$ 68	$ 22,775

Year Ending Sep 30	Component Units Capital Leases Principal	Interest	Total
2021	$ 143,392	$ 14,144	$ 157,536
2022	146,287	11,250	157,537
2023	149,239	8,297	157,536
2024	152,252	5,285	157,537
2025	155,325	2,211	157,536
2026	26,190	66	26,256
Total	$ 772,685	$ 41,253	$ 813,938

The assets acquired through capital leases are as follows:

Assets:	Governmental Activities	Business-Type Activities	Component Units
Machinery and equipment	$ 1,855,518	$ 435,228	$ 1,163,743
Less: accumulated depreciation	(309,786)	(217,614)	(193,957)
Total	$ 1,545,732	$ 217,614	$ 969,786

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.

DRAFT

F. Interfund Receivables, Payables, and Transfers

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

Transfer In	Transfer Out	Amounts
General	Water and sewer	$ 104,383
General	Nonmajor governmental	310,609
Debt service	Nonmajor governmental	21,377
Capital improvement	General	2,958,447
Water and sewer	Debt service	770,982
Solid waste	Water and sewer	39,297
Solid waste	General	159,297
		$ 4,364,392

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 $2,958,447 to the capital improvement fund to fund current and future capital improvement projects.
- Transfers to the general fund were made by the water and sewer fund and the nonmajor governmental funds 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 solid waste fund were made by the general fund and water and sewer fund as additional funding for various projects.

The composition of interfund balances as of year end were as follows:

Due To	Due From	Amounts
General	Nonmajor governmental	$ 5,866

Amounts recorded as due to/from are considered to be a temporary loans and will be repaid during the following year.

G. Fund Equity

As of September 30, 2020, $742,258 of the City's total fund balance is restricted by enabling legislation.

DRAFT

H. Restatement of Net Position

The City has restated beginning net position for governmental activities to reduce an overstatement of capital assets that were recognized in error. A capital project was recognized as an addition when completed but not shown as a reduction in construction in progress.

	Governmental Activities
Beginning net position as reported	$ 106,007,021
Restate capital assets	(1,413,055)
Beginning net position - restated	$ 104,593,966

IV. OTHER INFORMATION

A. Risk Management

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

B. Contingent Liabilities

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

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

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

The continued spread of the COVID-19 pandemic has given a rise in uncertainties that may have a significant negative impact on the operating activities and results of the City. The occurrence and extent of such impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) the effects on the financial markets, and (iv) the effects on the economy overall, all of which are unknown at this time.

DRAFT

C. Pension Plans

1. Texas Municipal Retirement System

Plan Description

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by TMRS. TMRS is an agency created by the State and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees (the "Board"). Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tmrs.com.

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

Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits, with interest, were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75 percent of the member's deposits and interest.

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

	2020	2019
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	50% of CPI	50% of CPI

DRAFT

Employees Covered by Benefit Terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

	Primary Government	Component Units
Inactive employees or beneficiaries currently receiving benefits	198	6
Inactive employees entitled to, but not yet receiving, benefits	146	4
Active employees	302	9
Total	646	19

Contributions

The contribution rates for employees in TMRS are either five percent, six percent, or seven percent of employee gross earnings, and the City-matching percentages are either 100 percent, 150 percent, or 200 percent, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

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 13.78 percent and 14.10 percent in calendar years 2020 and 2019, respectively. For the calendar year 2020 the City elected to pay the same rate as 2019 of 14.10 percent. The City's contributions to TMRS for the fiscal year ended September 30, 2020 were $2,998,530 which were more than the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.00% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109 percent and female rates multiplied by 103 percent. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109

DRAFT

percent and female rates multiplied by 103 percent with a three-year set-forward for both males and females. In addition, a three percent minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the three percent floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and annuity purchase rate are based on the mortality experience investigation study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, TMRS adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation, as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

Discount Rate

The discount rate used to measure the TPL was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

DRAFT

Changes in the NPL

	Primary Government Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Changes for the year:			
Service cost	$ 3,460,870	$ -	$ 3,460,870
Interest	8,748,564	-	8,748,564
Difference between expected and actual experience	(952,519)	-	(952,519)
Changes of assumptions	448,080	-	448,080
Contributions - employer	-	2,820,710	(2,820,710)
Contributions - employee	-	1,400,352	(1,400,352)
Net investment income	-	17,734,628	(17,734,628)
Benefit payments, including refunds of employee contributions	(6,091,974)	(6,091,974)	-
Administrative expense	-	(100,240)	100,240
Other changes	-	(3,011)	3,011
Net Changes	5,613,021	15,760,465	(10,147,444)
Balance at December 31, 2018	132,115,475	115,881,275	16,234,200
Balance at December 31, 2019	$ 137,728,496	$ 131,641,740	$ 6,086,756

	Component Units Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Changes for the year:			
Service cost	$ 98,597	$ -	$ 98,597
Interest	249,239	-	249,239
Difference between expected and actual experience	(27,136)	-	(27,136)
Changes of assumptions	12,765	-	12,765
Contributions - employer	-	80,360	(80,360)
Contributions - employee	-	39,895	(39,895)
Net investment income	-	505,244	(505,244)
Benefit payments, including refunds of employee contributions	(173,555)	(173,555)	-
Administrative expense	-	(2,856)	2,856
Other changes	-	(86)	86
Net Changes	159,910	449,002	(289,092)
Balance at December 31, 2018	2,538,345	2,138,732	399,613
Balance at December 31, 2019	$ 2,698,255	$ 2,587,734	$ 110,521

DRAFT

Sensitivity of the NPL to Changes in the Discount Rate

The following presents the NPL of the City, calculated using the discount rate of 6.75 percent, as well as what the City's NPL would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Primary Government's Net Pension Liability	$ 25,040,397	$ 6,086,756	$ (9,512,372)

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Component Units' Net Pension Liability	$ 580,810	$ 110,521	$ (276,630)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained at www.tmrs.com.

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

For the fiscal year ended September 30, 2020, the City recognized pension expense of $3,127,967 for the primary government and $89,113 for the component units.

At September 30, 2020, 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	$ 4,746	$ 1,795,562
Changes in actuarial assumptions	407,368	-
Difference between projected and actual investment earnings	-	4,003,178
Contributions subsequent to the measurement date	2,268,412	-
Total	$ 2,680,526	$ 5,798,740

DRAFT

	Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 205	$ 48,162
Changes in actuarial assumptions	8,652	-
Difference between projected and actual investment earnings	-	139,091
Contributions subsequent to the measurement date	64,625	-
Total	$ 73,482	$ 187,253

$2,268,413 for the primary government and $64,625 for component units are reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the NPL for the fiscal year ending September 30, 2021.

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

	Pension Expense	
Fiscal Year Ended September 30	Primary Government	Component Units
2021	$ (1,571,170)	$ (52,034)
2022	(1,619,902)	(53,648)
2023	(92,106)	(3,050)
2024	(2,103,448)	(69,664)
Total	$ (5,386,626)	$ (178,396)

2. Texas Emergency Services Retirement System

Plan Description

The City participates in a cost-sharing multiple employer pension plan that has a special funding situation. The plan is administered by the TESRS and established and administered by the State to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. At August 31, 2019, there were 237 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, 2019, the TESRS system membership consisted of:

Retirees and beneficiaries currently receiving benefits	3,649
Terminated members entitled to, but not yet receiving, benefits	1,842
Active participants	3,702

DRAFT

Pension Plan Fiduciary Net Position

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

Benefits Provided

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

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

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

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

DRAFT

the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2016, the Part Two contributions were established by the Board to be two percent of the Part One contributions beginning September 1, 2017. Based on the August 31, 2018 actuarial valuation, the Part Two contributions are not required for an adequate contribution arrangement.

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

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

Contributions

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by Board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2019, total contributions (dues, prior service, and interest on prior service financing) of $139,438 were paid by the City. The State appropriated $1,329,224 for the fiscal year ending August 31, 2019 to TESRS as a whole.

Actuarial Assumptions

The TPL in the August 31, 2018 actuarial valuation, rolled forward to August 31, 2019, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2024 by scale AA. The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage

DRAFT

(currently 5.01%) and by adding expected inflation (3.00%). In addition, the final 7.75 percent assumption reflected a reduction of 0.26 percent for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

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

Discount Rate

The discount rate used to measure the TPL was 7.75 percent. No projection of cash flows was used to determine the discount rate because the August 31, 2018 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability 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, TESRS's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (6.75%)	Discount Rate (7.75%)	1% Increase in Discount Rate (8.75%)
City's proportionate share of the net pension liability	$ 1,388,972	$ 781,487	$ 374,847

DRAFT

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

At September 30, 2020, the City reported a liability of $781,487 for its proportionate share of TESRS's NPL. The amount recognized by the City as its proportionate share of the NPL, the related State support, and the total portion of the NPL that was associated with the City were as follows:

City's proportionate share of the collective NPL	$	781,487
*State's proportionate share that is associated with the City		231,810
Total	$	1,013,297

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

The TPL used to calculate the NPL was determined by an actuarial valuation as of August 31, 2018. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) requires the NPL to be measured as of a date no earlier than the end of the employer's prior fiscal year. TESRS did not roll forward (nor did they provide the necessary information for the participants to roll forward) the NPL to be measured as of a date no earlier than the end of the City's prior fiscal year. While the City acknowledges that the measurement date does not fall within this 12-month period, the City elected to honor the conservatism principle and report an NPL measured as of August 31, 2019. The City used the assumption that any differences in the NPL measured as of August 31, 2019 versus September 30, 2019 would be immaterial. The employer's proportion of the NPL was based on the employer's contributions to TESRS relative to the contributions of all employers to TESRS for the period September 1, 2018 through August 31, 2019.

At August 31, 2019, the employer's proportion of the collective NPL was 2.757 percent, which was an increase of 0.617 percent from its proportion measured as of August 31, 2018.

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, 2019, the City recognized pension expense of 185,180. The City recognized on-behalf revenues of $10,870 calculated by taking the State's total contributions to TESRS multiplied by the City's proportionate share.

DRAFT

At September 30, 2020, the City reported its proportionate share of the TESRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ 100,637	$ -
Differences between expected and actual experience	-	945
Contributions paid to TESRS subsequent to the measurement date	114,679	-
Total	$ 215,316	$ 945

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

Fiscal Year Ended September 30	Pension Expense
2021	$ 21,217
2022	11,125
2023	24,733
2024	42,617
Total	$ 99,692

D. Other Postemployment Benefits

1. Healthcare Plan

Plan Description

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

Benefits

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

DRAFT

Intergovernmental Employee Benefits Pool and Medicare supplement benefits are provided through United Healthcare.

Participation in Plan as of September 30, 2020 is summarized below:

	Primary Government	Component Units
Inactive employees or beneficiaries currently receiving benefits	59	3
Inactive employees entitled to, but not yet receiving, benefits	-	-
Active employees	284	12
Total	343	15

Total OPEB Liability

The City's total OPEB liability of $26,001,292 for the primary government and $783,967 for the component units were determined by an actuarial valuation as of December 31, 2018, rolled forward to measure as of September 30, 2020.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2018 actuarial valuation, rolled forward to measurement date September 30, 2020, 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*	2.41%
Health care trend rate	Pre-65: Initial rate of 7.00% declining to an ultimate rate of 4.25% after 13 years; Post-65: Initial rate of 6.30% declining to an ulitmate 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.
Health care trend rate	Pre-65: Initial rate of 7.00% declining to an ultimate rate of 4.25% after 13 years; Post-65: Initial rate of 6.30% declining to an ultimate rate of 4.25% after 13 years
Participation rates	75% for retirees eligible for 75% subsidy; 20% for retirees eligible for 50% subsidy; 0% for retirees not eligible for at least a 50% subsidy; 0% for those retiring before age 50

* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of September 30, 2020.

DRAFT

Changes in the Total OPEB Liability

	Total OPEB Liability	
	Primary Government	Component Units
Changes for the year:		
Service cost	$ 1,017,161	$ 45,043
Interest	644,964	28,562
Changes of assumptions	1,307,011	57,880
Difference between expected and actual experience	(72,693)	(3,219)
Benefit payments	(383,397)	(16,978)
Net Changes	2,513,046	111,288
Balance at September 30, 2019	23,488,246	672,679
Balance at September 30, 2020	$ 26,001,292	$ 783,967

Change of assumptions reflected a change in the discount rate from 2.75 percent as of September 30, 2019 to 2.41 percent as of September 30, 2020.

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 and Healthcare Costs Trend Rate Assumptions

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

	1% Decrease in Discount Rate (1.45%)	Discount Rate (2.41%)	1% Increase in Discount Rate (3.41%)
Primary Government's Total OPEB Liability	$ 31,416,870	$ 26,001,292	$ 21,784,993

	1% Decrease in Discount Rate (1.45%)	Discount Rate (2.41%)	1% Increase in Discount Rate (3.41%)
Component Units' Total OPEB Liability	$ 947,561	$ 783,967	$ 656,449

DRAFT

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

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Primary Government's Total OPEB Liability	$ 20,842,059	$ 26,001,292	$ 33,008,744

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Component Units' Total OPEB Liability	$ 624,369	$ 783,967	$ 1,001,550

OPEB Expense and Deferred Outflows/Inflows of Resources

For the year ended September 30, 2020, the City recognized OPEB expense of $2,468,551 for the primary government and $122,059 for the component units.

At September 30, 2020, the City reported deferred outflows of resources related to OPEB from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	$ 3,771,942	$ -
Difference between expected and actual experience	2,055,928	64,401
Total	$ 5,827,870	$ 64,401

	Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	$ 118,319	$ -
Difference between expected and actual experience	52,728	2,852
Total	$ 171,047	$ 2,852

DRAFT

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

Year Ended September 30	OPEB Expense Primary Government	OPEB Expense Component Units
2021	$ 830,640	$ 24,240
2022	830,640	24,240
2023	830,640	24,240
2024	830,640	24,240
2025	830,640	24,240
Thereafter	1,610,269	46,995
Total	$ 5,763,469	$ 168,195

2. TMRS Supplemental Death Benefits

Plan Description

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

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

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

DRAFT

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, 2019 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	153
Inactive employees entitled to, but not yet receiving, benefits	36
Active employees	311
Total	500

Total OPEB Liability

The City's total OPEB liability of $1,095,711 was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2019 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	2.75%*
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB 68.
Mortality rates-service retirees	2019 Muncipal 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, 2019.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

DRAFT

Changes in the Total OPEB Liability

	Total OPEB Liability
Changes for the year:	
Service cost	$ 30,862
Interest	40,257
Difference between expected and actual experience	(213,987)
Changes of assumptions	173,019
Benefit payments*	(8,230)
Net Changes	21,921
Balance at December 31, 2018	1,073,790
Balance at December 31, 2019	$ 1,095,711

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

The discount rate decreased from 3.71 percent as of December 31, 2018 to 2.75 percent as of December 31, 2019. 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 (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
Total OPEB Liability	$ 1,329,615	$ 1,095,711	$ 914,383

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

For the year ended September 30, 2020, the City recognized OPEB expense of $83,309.

DRAFT

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	$ 188,791	$ 45,804
Difference between expected and actual experience	75,174	181,066
Contributions subsequent to the measurement date	6,619	-
	$ 270,584	$ 226,870

$6,619 is 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, 2021.

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

Fiscal Year Ended September 30	OPEB Expense
2021	$ 12,190
2022	12,190
2023	12,190
2024	6,543
2025	(2,870)
Thereafter	(3,148)
Total	$ 37,095

3. Deferred Compensation Plan

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

E. Industrial District Contracts

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

DRAFT

of the immediately preceding January 1 (based on the opinion of the legal counsel for the Harris County Appraisal District that the value of land and improvements that were not physically located within the corporate area of the City could not be included in the City's tax roll). The Companies have agreed to pay an amount "in lieu" of taxes in the unannexed area of an amount equal to the sum of 63 percent of the amount of ad valorem taxes that would be payable to the City if all of the Company's land and improvements that existed on each January 1 had been within the corporate limits of the City. Under the new Contract, the Companies have agreed to pay an amount "in lieu" of taxes in the unannexed area of an amount equal to the sum of 63 percent of the amount of ad valorem taxes that would be payable to the City if all of the Company's land and improvements that existed on January 1, 2015, 2016, 2017, and 2018 had been within the corporate limits of the City; 64 percent of the amount of ad valorem taxes that would be payable to the City if all of the Company's land and improvements that existed on January 1, 2019, 2020, 2021, and 2022 had been within the corporate limits of the City; and 65 percent of the amount of ad valorem taxes that would be payable to the City if all of the Company's land and improvements which existed on January 1, 2023, 2024, 2025, and 2026 had been within the corporate limits of the City. Payments "in lieu" of taxes on new construction will be based on percentages of new value as described in the Contract as ten percent the first year, 20 percent the second year, 30 percent the third year, 40 percent the fourth year, 50 percent the fifth year, and 100 percent after the fifth year of operations. For new construction in excess of $100,000,000, the new Contracts allow for each Company to negotiate these payment percentages. If those particular negotiations are not completed by January 1, the stated Contract rates will apply to the new construction value. During the fiscal year, the City received revenues of $12,660,382 related to these Contracts.

F. Operating Leases

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

The City leases golf carts for the City's municipal golf course. Total operating lease costs were $19,348 for the year ended September 30, 2020. The future minimum lease payments for these leases are as follows:

Fiscal Year Ending Sept. 30	Golf Carts
2021	$ 77,395
2022	77,395
2023	77,395
2024	58,047
Total	$ 290,232

DRAFT

G. Transfer Station Closure Cost

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

As of September 30, 2020, the total estimated closure costs for the City's Transfer Station are $54,217. 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.

H. Chapter 380 Economic Development Agreement

Chapter 380, *Miscellaneous Provisions Relating to Municipal Planning and Development*, of the Texas Local Government Code provides the authority to the governing body of a municipality to establish and provide for the administration of one or more programs, including programs to promote state or local economic development and to stimulate business and commercial activity in the municipality. The City has entered into a Chapter 380 Economic Development Agreement (the "Agreement") with one developer (the "Developer"). The term of this Agreement is for a period of 16 years. This Developer agreed to make real property improvements as part of a retail development (the "Project") including the construction of water and sanitary sewer facilities and traffic and roadway improvements to support the Project. The Developer also agreed to employ and maintain a minimum number of full-time equivalent employment positions working at the retail development site. Between the years ending 2019 through 2022, the City has agreed to reimburse the Developer $1,000 for each job created/retained up to a maximum of $465,000 over the four-year period. The City also agreed to pay the Developer a percentage of sales and use tax collected on the property, which ranges from 100 percent of the collections in calendar year 2017 to 50 percent of the collections in calendar year 2031. Lastly, the City agreed to pay the Developer 100 percent of the property tax increment revenues for tax years 2016 through 2025. The aggregate total of all grant program payments made by the City to the Developer shall not exceed $4,175,750. During fiscal year 2020, the City recognized expenditures of $130,000 related to this Agreement.

I. Subsequent Events

In December 2020, the City issued Certificates of Obligation, Series 2020 (the "Certificates") in the amount of $5,000,000. Proceeds from the sale of the Certificates will be used to pay the costs associated with the repair and renovation, the construction of improvements to and the equipment of the City's waterworks and sanitary sewer system. The Certificates will mature on March 15, 2040 and interest rates range from 3.00 to 4.00 percent.

In December 2020, the City also issued Limited Tax Refunding Bonds, Series 2020 (the "Bonds") in the amount of $6,570,000. Proceeds from the sale of the Bonds will be used to defease $2,260,000 of Certificates of Obligation, Series 2011, $3,655,000 of Certificates of Obligation, Series 2012, and $1,365,000 of General Obligation Refunding Bonds, Series 2012. The Bonds will mature on March 15, 2032 and interest rates range from 2.00 to 4.00 percent.

DRAFT

In January 2021, the City entered into a capital lease with PNC Equipment Finance for various equipment for the municipal golf course. The lease term is for 36 months, with monthly payments of $6,974 beginning February 15, 2021.

DRAFT

(This page intentionally left blank.)

DRAFT

REQUIRED SUPPLEMENTARY INFORMATION

DRAFT

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, 2020

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	$ 16,254,777	$ 16,254,777	$ 16,040,772	$ (214,005)
Industrial district taxes	12,105,000	12,105,000	12,660,382	555,382
Sales taxes	6,500,000	6,500,000	7,086,318	586,318
Franchise fees	1,800,000	1,800,000	1,884,424	84,424
Fees and fines	1,287,500	1,287,500	1,024,971	(262,529)
Licenses and permits	605,500	605,500	414,973	(190,527)
Intergovernmental	51,950	51,950	1,898,546	1,846,596
Charges for services	4,213,059	4,213,059	3,606,397	(606,662)
Investment earnings	1,040,000	1,040,000	1,347,287	307,287
Miscellaneous	33,000	395,799	211,434	(184,365)
Total Revenues	43,890,786	44,253,585	46,175,504	1,921,919
Expenditures				
Current:				
General Government:				
Mayor and council	63,650	63,650	26,545	37,105
City manager	1,025,692	1,025,692	964,249	61,443
Boards and commissions	15,408	15,408	10,595	4,813
Municipal court	477,701	477,701	459,790	17,911
General government	3,966,035	3,966,035	2,808,743	1,157,292
Legal services	175,100	175,100	158,616	16,484
Human resources	406,156	406,156	375,856	30,300
Information technology services	1,709,489	1,709,489	1,618,469	91,020
Finance	715,863	721,063	719,433	1,630
City secretary	455,046	457,146	457,120	26
Warehouse	80,541	84,241	84,206	35
Total General Government	9,090,681	9,101,681	7,683,622	1,418,059
Community Development:				
Planning and development	1,314,097	1,314,097	1,297,866	16,231
Administration	812,345	812,345	732,309	80,036
Beautification	30,000	30,000	-	30,000
Park maintenance	2,105,125	2,105,125	2,013,523	91,602
Recreation	774,320	774,320	568,922	205,398
Athletics and aquatics	819,071	819,071	609,813	209,258
Senior services	584,646	636,646	465,971	170,675
After-school program	375,875	375,875	314,447	61,428
Drama	463,757	463,757	397,022	66,735
Library	1,215,899	1,215,899	1,081,249	134,650
Total Community Development	8,495,135	8,547,135	7,481,122	1,066,013

DRAFT

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, 2020

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Public Works:				
Building maintenance	$ 897,721	$ 897,721	$ 842,377	$ 55,344
Sanitation	3,957,714	4,173,041	4,173,004	37
Street maintenance	2,078,193	2,078,193	1,350,840	727,353
Fleet maintenance	673,869	673,869	602,228	71,641
Traffic	572,617	572,617	467,499	105,118
Humane division	445,314	454,514	304,329	150,185
Total Public Works	8,625,428	8,849,955	7,740,277	1,109,678
Public Safety:				
Police	10,726,803	10,726,803	10,592,487	134,316
Emergency management	461,475	521,475	494,842	26,633
Fire department	949,608	949,608	737,162	212,446
Emergency medical services	1,443,241	1,545,441	1,545,399	42
Fire marshal	193,913	193,913	175,151	18,762
Total Public Safety	13,775,040	13,937,240	13,545,041	392,199
Parks and Recreation:				
Golf course lease	521,300	608,300	484,251	124,049
Total Parks and Recreation	521,300	608,300	484,251	124,049
Debt service:				
Principal	452,876	438,905	309,749	129,156
Interest and other charges	9,789	9,789	9,789	-
Total Debt Service	462,665	448,694	319,538	129,156
Capital outlay	3,485,483	3,458,077	2,669,218	788,859
Total Expenditures	44,455,732	44,951,082	39,923,069	5,028,013
Excess (Deficiency) of Revenues Over (Under) Expenditures	(564,946)	(697,497)	6,252,435	6,949,932
Other Financing Sources (Uses):				
Transfers in	481,222	481,222	414,992	(66,230)
Transfers (out)	(1,364,276)	(1,612,375)	(3,117,744)	(1,505,369) *
Proceeds from sale of capital assets	10,000	10,000	81,830	71,830
Capital lease proceeds	1,438,000	1,438,000	1,436,693	(1,307)
Total Other Financing (Uses)	564,946	316,847	(1,184,229)	(1,501,076)
Net Change in Fund Balance	$ -	$ (380,650)	5,068,206	$ 5,448,856
Beginning fund balance			41,906,625	
Ending Fund Balance			$ 46,974,831	

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

DRAFT

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, 2020

	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	4,035,059	6,830,406	5,334,363	5,659,627
Beginning total pension liability	107,934,947	111,970,006	118,800,412	124,134,775
Ending Total Pension Liability	$ 111,970,006	$ 118,800,412	$ 124,134,775	$ 129,794,402
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	3,996,887	(1,292,410)	5,031,310	13,349,653
Beginning plan fiduciary net position	102,048,717	106,045,604	104,753,194	109,784,504
Ending Plan Fiduciary Net Position	$ 106,045,604	$ 104,753,194	$ 109,784,504	$ 123,134,157
Net Pension Liability	$ 5,924,402	$ 14,047,218	$ 14,350,271	$ 6,660,245
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	94.71%	88.18%	88.44%	94.87%
Covered Payroll	$ 16,747,712	$ 17,622,979	$ 18,229,388	$ 18,869,562
Net Pension Liability as a Percentage of Covered Payroll	35.37%	79.71%	78.72%	35.30%

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

DRAFT

Measurement Year*	
2018	2019
$ 3,355,488	$ 3,559,467
8,688,403	8,997,803
(1,674,357)	(979,655)
-	460,845
(5,510,116)	(6,265,529)
4,859,418	5,772,931
129,794,402	134,653,820
$ 134,653,820	$ 140,426,751
$ 2,800,763	$ 2,901,070
1,357,712	1,440,247
(3,687,499)	18,239,872
(5,510,116)	(6,265,529)
(71,286)	(103,096)
(3,724)	(3,097)
(5,114,150)	16,209,467
123,134,157	118,020,007
$ 118,020,007	$ 134,229,474
$ 16,633,813	$ 6,197,277
87.65%	95.59%
$ 19,395,882	$ 20,574,955
85.76%	30.12%

DRAFT

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, 2020

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

Notes to Required Supplementary Information:

Defined Benefit Pension Plan

Changes in benefit terms

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

Changes in assumptions

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

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

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

DRAFT

Measurement Year*	
2018	2019
2.14%	2.76%
$ 463,753	$ 781,487
168,353	231,810
$ 632,106	$ 1,013,297
65	77
$ 7,152	$ 10,149
84.30%	80.20%

DRAFT

City of Deer Park, Texas

SCHEDULE OF CONTRIBUTIONS

TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)

For the Year Ended September 30, 2020

	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	2,407,731	2,527,680	2,632,998	2,650,445
Contributions deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 16,455,020	$ 17,449,288	$ 18,824,716	$ 18,622,310
Contributions as a percentage of covered payroll	14.63%	14.49%	13.99%	14.23%

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

**The City elected to make fiscal year 2020 contributions at a higher rate of 14.10% instead of the actuarially determined contribution rate of 13.98%.

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	26 years
Asset valuation method	10 year smoothed market; 15% soft corridor
Inflation	2.5%
Salary increases	3.5% to 11.5% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
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.

DRAFT

Fiscal Year*		
2018	**2019**	**2020****
$ 2,767,719	$ 2,881,927	$ 2,998,530
2,767,719	2,881,927	3,051,477
$ -	$ -	$ (52,947)
$ 19,192,732	$ 20,322,430	$ 21,641,689
14.42%	14.18%	14.10%

DRAFT

City of Deer Park, Texas

SCHEDULE OF CONTRIBUTIONS

TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS)

For the Year Ended September 30, 2020

	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	96,300	91,000	98,600	89,400
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Number of active members**	80	76	82	75
Contributions per active member	$ 1,204	$ 1,197	$ 1,202	$ 1,192

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

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

DRAFT

Fiscal Year*		
2018	2019	2020
$ 102,714	$ 139,438	$ 114,679
102,714	139,438	114,679
$ -	$ -	$ -
71	77	64
$ 1,447	$ 1,811	$ 1,792

DRAFT

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, 2020

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

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

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

Notes to Required Supplementary Information:

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Inflation	2.5%
Salary increases	3.5% to 11.5% including inflation
Discount rate	2.75%
Administrative expenses	All admininstrative expenses are paid through the PTF and accounted for under reporting requirements under GASB 68.
Mortality - service retirees	2019 Muncipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Other Information:

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

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

Changes in assumptions include the annual change in the municipal bond index rate.

There were no benefit changes during the year.

DRAFT

City of Deer Park, Texas

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

RETIREE HEALTH PLAN

For the Year Ended September 30, 2020

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

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

Notes to Required Supplementary Information:

1. There were no change of benefits during the year.
2. Changes of assumptions reflect a change in discount rate from 2.75% to 2.41% to conform with the discount selection requirements of GASB 75. Additionaly, the demographic assumptions were updated to reflect the 2019 TMRS Experience Study.

DRAFT

(This page intentionally left blank.)

DRAFT

COMBINING STATEMENTS AND SCHEDULES

DRAFT

(This page intentionally left blank.)

DRAFT

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, 2020

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	$ 4,539,424	$ 4,539,424	$ 4,485,377	$ (54,047)
Intergovernmental	1,308,447	1,308,477	1,216,797	(91,680)
Investment earnings	32,000	32,000	18,142	(13,858)
Total Revenues	5,879,871	5,879,901	5,720,316	(159,585)
Expenditures				
Debt service:				
Principal	4,353,223	3,809,954	3,809,954	-
Interest and other charges	1,204,900	826,859	826,859	-
Total Expenditures	5,558,123	4,636,813	4,636,813	-
Excess of Revenues Over Expenditures	321,748	1,243,088	1,083,503	(159,585)
Other Financing Sources (Uses)				
Transfers in	30,000	30,000	21,377	(8,623)
Debt issued	-	4,240,000	4,240,000	-
Premium on bonds issued	-	522,985	731,083	208,098
Payment to refunding bond escrow agent	-	(4,913,313)	(4,913,313)	-
Transfer out	-	(770,982)	(770,982)	-
Total Other Financing Sources (Uses)	30,000	(891,310)	(691,835)	199,475
Net Change in Fund Balance	$ 351,748	$ 351,778	391,668	$ 39,890
Beginning fund balance			5,766,586	
Ending Fund Balance			$ 6,158,254	

Notes to Supplementary Information:

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

DRAFT

City of Deer Park, Texas

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2020

SPECIAL REVENUE FUNDS

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

Hotel/Motel Occupancy Tax Fund

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

Grants Fund

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

Police Forfeiture Fund

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

Municipal Court Fund

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

CAPITAL PROJECTS FUNDS

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

1997 Streets Fund

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

Streets Fund

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

General Obligations Series 2005 Fund

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

Capital Improvements Bond Fund 2007

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

Capital Improvements Bond Fund 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.

DRAFT

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.

DRAFT

City of Deer Park, Texas

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)

September 30, 2020

	Special Revenue Funds			
	Hotel/Motel Occupancy Tax	**Grants**	**Police Forfeiture**	**Municipal Court**
Assets				
Cash and cash equivalents	$ 507,409	$ 134,988	$ 71,589	$ -
Accounts receivable	81,983	106,094	-	102,834
Total Assets	$ 589,392	$ 241,082	$ 71,589	$ 102,834
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 8,874	$ 2,658	$ -	$ 1,519
Accrued liabilities	-	-	-	5,298
Due to other funds	-	-	-	5,866
Total Liabilities	8,874	2,658	-	12,683
Fund balances:				
Restricted				
Enabling legislation	580,518	-	71,589	90,151
Special projects	-	238,424	-	-
Capital projects	-	-	-	-
Total Fund Balances	580,518	238,424	71,589	90,151
Total Liabilities and Fund Balances	$ 589,392	$ 241,082	$ 71,589	$ 102,834

DRAFT

Capital Project Funds					
1997 Streets	Streets	General Obligation Series 2005	CIBF 2007	CIBF 2015	CIBF 2016
$ 60	$ 98,874	$ 269,867	$ 248,865	$ 289,134	$ 495,168
-	-	-	-	-	-
$ 60	$ 98,874	$ 269,867	$ 248,865	$ 289,134	$ 495,168
$ -	$ -	$ -	$ 27,790	$ -	$ 33,215
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	27,790	-	33,215
-	-	-	-	-	-
-	-	-	-	-	-
60	98,874	269,867	221,075	289,134	461,953
60	98,874	269,867	221,075	289,134	461,953
$ 60	$ 98,874	$ 269,867	$ 248,865	$ 289,134	$ 495,168

DRAFT

(This page intentionally left blank.)

DRAFT

City of Deer Park, Texas

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)

September 30, 2020

	Total Nonmajor Governmental Funds
Assets	
Cash and cash equivalents	$ 2,115,954
Accounts receivable	290,911
Total Assets	$ 2,406,865
Liabilities and Fund Balances	
Liabilities:	
Accounts payable	$ 74,056
Accrued liabilities	5,298
Due to other funds	5,866
Total Liabilities	85,220
Fund balances:	
Restricted	
Enabling legislation	742,258
Special projects	238,424
Capital projects	1,340,963
Total Fund Balances	2,321,645
Total Liabilities and Fund Balances	$ 2,406,865

DRAFT

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, 2020

	Special Revenue Funds			
	Hotel/Motel Occupancy Tax	**Grants**	**Police Forfeiture**	**Municipal Court**
Revenues				
Hotel/motel taxes	$ 430,717	$ -	$ -	$ -
Fees and fines	-	-	-	152,376
Intergovernmental	-	789,216	-	-
Charges for services	-	-	-	99,556
Investment earnings	-	-	350	-
Miscellaneous	-	103,504	23,402	-
Total Revenues	430,717	892,720	23,752	251,932
Expenditures				
Current:				
General government	-	9,658	-	46,292
Community development	253,640	96,889	-	-
Public safety	-	794,680	2,878	112,737
Debt service:				
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	253,640	901,227	2,878	159,029
Excess (Deficiency) of Revenues Over (Under) Expenditures	177,077	(8,507)	20,874	92,903
Other Financing Sources (Uses)				
Transfers (out)	(183,142)	-	-	(127,467)
Total Other Financing (Uses)	(183,142)	-	-	(127,467)
Net Change in Fund Balances	(6,065)	(8,507)	20,874	(34,564)
Beginning fund balances	586,583	246,931	50,715	124,715
Ending Fund Balances	$ 580,518	$ 238,424	$ 71,589	$ 90,151

DRAFT

Capital Project Funds					
1997 Streets	Streets	General Obligation Series 2005	CIBF 2007	CIBF 2015	CIBF 2016
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	713	2,875	4,248	14,254	2,486
60	-	-	-	-	-
60	713	2,875	4,248	14,254	2,486
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,650	-	-
-	-	-	449,984	685,258	117,100
-	-	-	452,634	685,258	117,100
60	713	2,875	(448,386)	(671,004)	(114,614)
-	-	(2,875)	(4,248)	(14,254)	-
-	-	(2,875)	(4,248)	(14,254)	-
60	713	-	(452,634)	(685,258)	(114,614)
-	98,161	269,867	673,709	974,392	576,567
$ 60	$ 98,874	$ 269,867	$ 221,075	$ 289,134	$ 461,953

DRAFT

(This page intentionally left blank.)

DRAFT

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, 2020

	Total Nonmajor Governmental Funds
Revenues	
Hotel/motel taxes	$ 430,717
Fees and fines	152,376
Intergovernmental	789,216
Charges for services	99,556
Investment earnings	24,926
Miscellaneous	126,966
Total Revenues	1,623,757
Expenditures	
Current:	
General government	55,950
Community development	350,529
Public safety	910,295
Debt service:	
Interest and other charges	2,650
Capital outlay	1,252,342
Total Expenditures	2,571,766
Excess (Deficiency) of Revenues Over (Under) Expenditures	(948,009)
Other Financing Sources (Uses)	
Transfers (out)	(331,986)
Total Other Financing (Uses)	(331,986)
Net Change in Fund Balances	(1,279,995)
Beginning fund balances	3,601,640
Ending Fund Balances	$ 2,321,645

DRAFT

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, 2020

	Hotel/Motel Occupancy Tax			
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Hotel/motel occupancy taxes	$ 622,809	$ 622,809	$ 430,717	$ (192,092)
Total Revenues	622,809	622,809	430,717	(192,092)
Expenditures				
Current:				
Community development	418,030	418,030	253,640	164,390
Capital outlay	239,000	239,000	-	239,000
Total Expenditures	657,030	657,030	253,640	403,390
Expenditures	(34,221)	(34,221)	177,077	211,298
Other Financing Sources (Uses)				
Transfers (out)	(214,000)	(214,000)	(183,142)	30,858
Total Other Financing (Uses)	(214,000)	(214,000)	(183,142)	30,858
Net Change in Fund Balance	$ (248,221)	$ (248,221)	(6,065)	$ 242,156
Beginning fund balance			586,583	
Ending Fund Balance			$ 580,518	

	Grants			
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	$ 948,480	$ 4,174,125	$ 789,216	$ (3,384,909)
Miscellaneous	-	-	103,504	103,504
Total Revenues	948,480	4,174,125	892,720	(3,281,405)
Expenditures				
Current:				
General government	-	-	9,658	(9,658) *
Community development	310,000	3,444,525	96,889	3,347,636
Public works	638,480	729,600	794,680	(65,080) *
Total Expenditures	948,480	4,174,125	901,227	3,272,898
Net Change in Fund Balance	$ -	$ -	(8,507)	$ (8,507)
Beginning fund balance			246,931	
Ending Fund Balance			$ 238,424	

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 the Grants Fund includes two sub-funds. Only one of the sub-funds has an adopted budget. The variance noted above are expenditures from the fund without an adopted budget.

DRAFT

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, 2020

	Police Forfeiture			
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Investment earnings	$ 600	$ 600	$ 350	$ (250)
Miscellaneous	12,037	12,037	23,402	11,365
Total Revenues	12,637	12,637	23,752	11,115
Expenditures				
Current:				
Public safety	12,637	12,637	2,878	9,759
Total Expenditures	12,637	12,637	2,878	9,759
Net Change in Fund Balance	$ -	$ -	20,874	$ 20,874
Beginning fund balance			50,715	
Ending Fund Balance			$ 71,589	

	Municipal Court			
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Fees and fines	$ 181,700	$ 181,700	$ 152,376	$ (29,324)
Charges for services	95,000	95,000	99,556	4,556
Total Revenues	276,700	276,700	251,932	(24,768)
Expenditures				
Current:				
General government	65,940	65,940	46,292	19,648
Public safety	113,800	113,800	112,737	1,063
Total Expenditures	179,740	179,740	159,029	20,711
Excess of Revenues Over Expenditures	96,960	96,960	92,903	(4,057)
Other Financing Sources (Uses)				
Transfers (out)	(162,839)	(162,839)	(127,467)	35,372
Total Other Financing (Uses)	(162,839)	(162,839)	(127,467)	35,372
Net Change in Fund Balance	$ (65,879)	$ (65,879)	(34,564)	$ 31,315
Beginning fund balance			124,715	
Ending Fund Balance			$ 90,151	

Notes to Supplementary Information:

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

DRAFT

City of Deer Park, Texas

COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS

September 30, 2020

	Governmental Activities			
	Crime Control & Prevention District	Fire Control Prevention, & EMS District	Deer Park Community Development Corporation	Total
Assets				
Current assets:				
Cash and cash equivalents	$ 2,621,793	$ 44,504	$ 7,946,889	$ 10,613,186
Accounts receivable, net	286,910	282,099	560,423	1,129,432
Due from primary government	48,784	65,638	30	114,452
Noncurrent assets:				
Building	1,986,280	87,641	-	2,073,921
Improvements	808,675	115,182	-	923,857
Machinery and equipment	2,433,916	3,126,501	-	5,560,417
Less: accumulated depreciation	(1,942,504)	(1,346,832)	-	(3,289,336)
Total Assets	6,243,854	2,374,733	8,507,342	17,125,929
Deferred Outflows of Resources				
Deferred outflows of resources - pensions (TMRS)	28,971	44,511	-	73,482
Deferred outflows of resources - OPEB (Health)	72,814	98,233	-	171,047
Total Deferred Outflows of Resources	101,785	142,744	-	244,529
Liabilities				
Current liabilities:				
Accounts payable	127,735	48,748	-	176,483
Due to primary government	1,917	1,461	-	3,378
Accrued liabilities	28,032	26,967	-	54,999
Capital leases payable	-	143,392	-	143,392
Noncurrent liabilities:				
Capital leases payable	-	629,293	-	629,293
Net pension liability - TMRS	91,270	19,251	-	110,521
Total OPEB liability - Health	269,939	514,028	-	783,967
Total Liabilities	518,893	1,383,140	-	1,902,033
Deferred Inflows of Resources				
Deferred inflows of resources - pensions (TMRS)	47,917	139,336	-	187,253
Deferred inflows of resources - OPEB (Health)	1,331	1,521	-	2,852
Total Deferred Inflows of Resources	49,248	140,857	-	190,105
Net Position				
Net investment in capital assets	3,286,367	1,209,807	-	4,496,174
Restricted for:				
Special projects - restricted contributions	2,491,131	(216,327)	8,507,342	10,782,146
Total Net Position	$ 5,777,498	$ 993,480	$ 8,507,342	$ 15,278,320

DRAFT

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, 2020

	Governmental Activities			
	Crime Control & Prevention District	Fire Control Prevention, & EMS District	Deer Park Community Development Corporation	Total
Operating Revenues				
Sales taxes	$ 1,752,935	$ 1,747,241	$ 3,539,031	$ 7,039,207
Total Operating Revenues	1,752,935	1,747,241	3,539,031	7,039,207
Operating Expenses				
Personnel services	791,154	984,352	-	1,775,506
Contractual services	5,100	99,546	2,000	106,646
Repairs and maintenance	281,630	140,438	-	422,068
Other supplies and expenses	135,903	147,944	1,216,797	1,500,644
Depreciation	440,974	247,033	-	688,007
Total Operating Expenses	1,654,761	1,619,313	1,218,797	4,492,871
Operating Income	98,174	127,928	2,320,234	2,546,336
Nonoperating Revenues (Expenses)				
Investment earnings	3,977	567	3,340	7,884
Intergovernmental revenue	48,776	64,524	-	113,300
Miscellaneous revenue	39,445	336	-	39,781
Interest and fiscal agent fees	-	(16,981)	-	(16,981)
Total Nonoperating Revenues	92,198	48,446	3,340	143,984
Change in Net Position	190,372	176,374	2,323,574	2,690,320
Beginning net position	5,587,126	817,106	6,183,768	12,588,000
Ending Net Position	$ 5,777,498	$ 993,480	$ 8,507,342	$ 15,278,320

See Notes to Financial Statements.

DRAFT

(This page intentionally left blank.)

DRAFT

STATISTICAL SECTION

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

Contents **Page**

Financial Trends 132

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

Revenue Capacity 142

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

Debt Capacity 152

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information 162

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

Operating Information 165

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.

DRAFT

City of Deer Park, Texas

NET POSITION BY COMPONENT

Last Ten Years

(accrual basis of accounting)

	Fiscal Year			
	2011	**2012**	**2013***	**2014**
Governmental Activities				
Net investment in capital assets	$ 30,587,182	$ 29,597,630	$ 35,765,964	$ 41,639,757
Restricted	4,102,964	4,574,770	7,982,104	5,508,456
Unrestricted	11,159,636	13,180,581	17,087,208	19,126,447
Total Governmental Activities Net Position	$ 45,849,782	$ 47,352,981	$ 60,835,276	$ 66,274,660
Business-Type Activities				
Net investment in capital assets	$ 15,512,082	$ 20,056,649	$ 16,499,908	$ 16,377,808
Restricted	-	-	984,962	152,344
Unrestricted	5,293,599	5,869,151	5,186,325	6,877,343
Total Business-Type Activities Net Position	$ 20,805,681	$ 25,925,800	$ 22,671,195	$ 23,407,495
Primary Government				
Net investment in capital assets	$ 46,099,264	$ 49,654,279	$ 52,265,872	$ 58,017,565
Restricted	4,102,964	4,574,770	8,967,066	5,660,800
Unrestricted	16,453,235	19,049,732	22,273,533	26,003,790
Total Primary Government Net Position	$ 66,655,463	$ 73,278,781	$ 83,506,471	$ 89,682,155

Notes:

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

DRAFT

Fiscal Year					
2015	2016	2017	2018	2019	2020
$ 44,597,669	$ 47,111,755	$ 56,664,574	$ 65,700,068	$ 74,104,011	$ 77,907,555
5,487,510	6,544,124	6,658,676	6,998,162	6,873,691	7,237,870
23,162,700	25,809,239	23,326,217	23,207,630	23,616,264	27,521,840
$ 73,247,879	$ 79,465,118	$ 86,649,467	$ 95,905,860	$ 104,593,966	$ 112,667,265
$ 15,978,461	$ 15,837,484	$ 16,822,172	$ 18,011,665	$ 19,598,349	$ 16,818,608
147,896	147,229	146,542	-	-	-
7,828,651	8,636,643	6,675,062	8,400,675	8,276,132	11,962,297
$ 23,955,008	$ 24,621,356	$ 23,643,776	$ 26,412,340	$ 27,874,481	$ 28,780,905
$ 60,576,130	$ 62,949,239	$ 73,486,746	$ 83,711,733	$ 93,702,360	$ 94,726,163
5,635,406	6,691,353	6,805,218	6,998,162	6,873,691	7,237,870
30,991,351	34,445,882	30,001,279	31,608,305	31,892,396	39,484,137
$ 97,202,887	$ 104,086,474	$ 110,293,243	$ 122,318,200	$ 132,468,447	$ 141,448,170

DRAFT

City of Deer Park, Texas

CHANGES IN NET POSITION

Last Ten Years
(accrual basis of accounting)

	Fiscal Year			
	2011	**2012**	**2013***	**2014**
Expenses				
Governmental activities				
General government	$ 13,666,778	$ 11,708,476	$ 11,004,030	$ 6,875,093
Public safety	8,927,783	9,077,372	8,749,188	11,085,867
Public works	5,592,366	6,053,467	5,763,687	7,167,383
Parks and recreation	2,154,431	2,436,909	2,289,706	879,371
Community development	6,443,264	6,483,611	6,348,454	8,093,613
Interest on long-term debt	1,606,938	1,642,422	1,120,112	1,042,305
Total Governmental Activities Expenses	38,391,560	37,402,257	35,275,177	35,143,632
Business-type activities				
Water and sewer	7,822,999	7,490,715	7,879,276	8,403,676
Storm water utility	-	-	105,578	72,824
Total Business-Type Activities Expenses	7,822,999	7,490,715	7,984,854	8,476,500
Total Expenses	$ 46,214,559	$ 44,892,972	$ 43,260,031	$ 43,620,132
Program Revenues				
Governmental activities				
Charges for services:				
General government	$ 50,603	$ 82,593	$ 473,000	$ 369,003
Public safety	1,967,043	2,535,052	2,777,714	2,595,857
Public works	502,163	535,228	585,090	1,086,752
Parks and recreation	1,601,366	1,645,362	1,821,617	787,249
Community development	1,498,581	1,567,354	391,143	473,884
Operating grants and contributions	398,737	279,697	160,389	62,772
Capital grants and contributions	56,237	1,460,218	3,053,828	874,867
Total Governmental Activities Program Revenues	6,074,730	8,105,504	9,262,781	6,250,384
Business-type activities				
Charges for services:				
Water and sewer	10,942,116	9,873,528	9,538,392	9,341,087
Storm water utility	-	-	278,577	275,336
Total Business-Type Activities Program Revenues	10,942,116	9,873,528	9,816,969	9,616,423
Total Program Revenues	$ 17,016,846	$ 17,979,032	$ 19,079,750	$ 15,866,807
Net (Expense)/Revenue				
Governmental activities	$ (32,316,830)	$ (29,296,753)	$ (26,012,396)	$ (28,893,248)
Business-type activities	3,119,117	2,382,813	1,832,115	1,139,923
Total Net Expense	$ (29,197,713)	$ (26,913,940)	$ (24,180,281)	$ (27,753,325)

Notes:

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

DRAFT

Fiscal Year					
2015	2016	2017	2018	2019	2020
$ 7,431,081	$ 7,716,429	$ 8,221,386	$ 8,991,472	$ 9,553,465	$ 9,425,200
11,607,606	12,732,761	13,054,883	12,987,761	14,483,273	14,957,915
7,826,672	8,328,808	8,112,235	7,683,728	9,063,522	9,909,662
712,949	371,619	351,435	398,187	440,036	563,216
8,799,109	9,942,091	9,973,129	9,649,900	11,370,036	9,663,784
1,143,350	1,183,483	1,020,878	908,599	772,988	692,088
37,520,767	40,275,191	40,733,946	40,619,647	45,683,320	45,211,865
8,787,474	9,240,162	10,006,970	9,894,062	10,653,981	11,491,912
488,127	647,044	112,159	36,726	167,096	467,274
9,275,601	9,887,206	10,119,129	9,930,788	10,821,077	11,959,186
$ 46,796,368	$ 50,162,397	$ 50,853,075	$ 50,550,435	$ 56,504,397	$ 57,171,051
$ 416,554	$ 372,307	$ 290,859	$ 386,289	$ 557,271	$ 285,776
2,546,299	3,061,713	3,304,936	3,030,763	3,075,509	2,834,040
1,283,358	1,305,293	1,329,797	1,376,163	1,533,406	1,616,954
922,879	112,973	71,678	73,761	59,984	34,868
483,288	1,418,284	1,485,021	1,401,979	1,265,244	663,885
68,991	144,965	2,349,238	2,347,843	1,881,692	3,170,272
447,810	658,600	986,324	1,464,298	3,102,292	820,560
6,169,179	7,074,135	9,817,853	10,081,096	11,475,398	9,426,355
9,628,146	10,300,618	10,810,651	11,037,737	10,739,546	11,606,282
275,453	278,250	301,983	337,663	346,021	361,333
9,903,599	10,578,868	11,112,634	11,375,400	11,085,567	11,967,615
$ 16,072,778	$ 17,653,003	$ 20,930,487	$ 21,456,496	$ 22,560,965	$ 21,393,970
$ (31,351,588)	$ (33,201,056)	$ (30,916,093)	$ (30,538,551)	$ (34,207,922)	$ (35,785,510)
627,998	691,662	993,505	1,444,612	264,490	8,429
$ (30,723,590)	$ (32,509,394)	$ (29,922,588)	$ (29,093,939)	$ (33,943,432)	$ (35,777,081)

DRAFT

City of Deer Park, Texas

CHANGES IN NET POSITION (Continued)

Last Ten Years
(accrual basis of accounting)

	Fiscal Year			
	2011	**2012**	**2013***	**2014**
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes and fees:				
Property	$ 12,234,105	$ 13,099,300	$ 13,002,159	$ 14,219,581
Industrial district	12,346,943	12,894,626	14,106,107	14,250,173
Franchise	1,932,237	2,209,371	2,315,334	2,338,146
Sales and use	4,221,452	4,746,096	5,037,072	5,201,364
Hotel occupancy	455,166	526,387	607,709	679,646
Investment earnings	41,978	47,460	40,416	23,014
Miscellaneous	83,875	11,714	210,969	53,644
Gain on sales of assets	60,948	-	-	214,571
Transfers	218,520	(2,735,002)	96,988	84,509
Total Governmental Activities	31,595,224	30,799,952	35,416,754	37,064,648
Business-type activities				
Investment earnings	2,586	2,304	12,647	4,702
Miscellaneous	-	-	-	-
Transfers in (out)	(218,520)	2,735,002	(96,988)	(84,509)
Total Business-Type Activities	(215,934)	2,737,306	(84,341)	(79,807)
Total Primary Government	$ 31,379,290	$ 33,537,258	$ 35,332,413	$ 36,984,841
Change in Net Position				
Governmental activities	$ (721,606)	$ 1,503,199	$ 9,404,358	$ 8,171,400
Business-type activities	2,903,183	5,120,119	1,747,774	1,060,116
Total Change in Net Position	$ 2,181,577	$ 6,623,318	$ 11,152,132	$ 9,231,516

Notes:

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

DRAFT

Fiscal Year					
2015	2016	2017	2018	2019	2020
$ 15,143,994	$ 16,338,414	$ 17,845,389	$ 18,423,349	$ 19,370,741	$ 20,553,900
13,649,200	13,058,596	11,255,235	11,316,198	11,954,014	12,660,382
2,321,036	2,129,053	2,095,518	2,093,316	2,089,400	1,884,424
6,246,868	6,553,553	6,425,345	6,639,058	7,243,047	7,086,318
711,406	663,147	622,146	661,435	629,796	430,717
30,502	202,351	601,325	1,210,930	1,805,996	1,391,662
86,050	276,011	306,592	260,331	504,981	406,401
44,411	102,690	42,405	-	-	
91,340	94,480	98,200	(992,107)	(701,947)	(554,995)
38,324,807	39,418,295	39,292,155	39,612,510	42,896,028	43,858,809
10,855	69,166	150,971	331,845	495,704	170,480
-	-	-	-	-	172,520
(91,340)	(94,480)	(98,200)	992,107	701,947	554,995
(80,485)	(25,314)	52,771	1,323,952	1,197,651	897,995
$ 38,244,322	$ 39,392,981	$ 39,344,926	$ 40,936,462	$ 44,093,679	$ 44,756,804
$ 6,973,219	$ 6,217,239	$ 8,376,062	$ 9,073,959	$ 8,688,106	$ 8,073,299
547,513	666,348	1,046,276	2,768,564	1,462,141	906,424
$ 7,520,732	$ 6,883,587	$ 9,422,338	$ 11,842,523	$ 10,150,247	$ 8,979,723

DRAFT

City of Deer Park, Texas

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years

	Fiscal Year			
	2011*	**2012**	**2013****	**2014**
General Fund				
Nonspendable	$ 196,355	$ 197,244	$ 151,122	$ 144,805
Assigned	3,526,731	257,974	320,216	1,304,600
Committed	-	-	-	2,500,000
Unassigned	10,825,327	17,011,377	24,158,718	26,052,496
Total General Fund	$ 14,548,413	$ 17,466,595	$ 24,630,056	$ 30,001,901
All Other Governmental Funds				
Nonspendable	$ -	$ 2,914	$ -	$ -
Restricted	17,947,247	19,349,008	16,118,927	14,754,786
Assigned	2,118,012	2,995,806	1,818,845	2,877,003
Total All Other Governmental Funds	$ 20,065,259	$ 22,347,728	$ 17,937,772	$ 17,631,789

Notes:

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

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

DRAFT

Fiscal Year					
2015	2016	2017	2018	2019	2020
$ 119,159	$ 121,649	$ 111,479	$ 119,183	$ 437,936	$ 117,676
5,491,532	5,491,532	2,341,465	969,365	969,365	1,137,757
2,500,000	3,000,000	3,000,000	-	-	-
26,433,452	29,891,673	31,067,855	37,258,884	40,499,324	45,719,398
$ 34,544,143	$ 38,504,854	$ 36,520,799	$ 38,347,432	$ 41,906,625	$ 46,974,831
$ -	$ -	$ -	$ -	$ -	$ -
20,899,783	29,066,724	26,850,130	15,218,654	9,368,226	8,479,899
3,307,213	4,728,864	8,114,128	6,675,667	6,754,218	7,887,983
$ 24,206,996	$ 33,795,588	$ 34,964,258	$ 21,894,321	$ 16,122,444	$ 16,367,882

DRAFT

City of Deer Park, Texas

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years

	Fiscal Year			
	2011	**2012**	**2013***	**2014**
Revenues				
Taxes and fees	$ 31,189,903	$ 33,551,435	$ 35,060,741	$ 36,666,969
Licenses and permits	436,015	510,790	565,191	513,697
Fines and fees	1,092,230	1,481,641	1,694,146	1,540,650
Charges for services	3,709,536	4,087,613	3,695,964	3,212,842
Intergovernmental	389,558	1,681,588	3,184,982	937,639
Donations	-	100,000	150,202	-
Investment earnings	41,978	47,460	40,416	23,013
Other revenues	401,843	330,965	82,107	54,333
Total Revenues	37,261,063	41,791,492	44,473,749	42,949,143
Expenditures				
General government	11,016,985	10,935,746	10,576,393	6,253,704
Community development	6,038,050	5,940,733	5,826,669	7,500,975
Public works	4,172,122	4,298,938	3,951,743	5,648,506
Parks and recreation	1,940,202	1,965,054	1,528,443	87,990
Public safety	8,216,278	7,965,646	7,999,354	10,275,560
Debt service:				
Principal	2,894,789	6,727,393	3,014,913	3,006,105
Payments to escrow account	-	-	-	-
Interest	1,694,234	1,862,015	1,294,928	1,077,422
Capital outlay	1,807,005	4,968,526	5,477,993	4,448,943
Total Expenditures	37,779,665	44,664,051	39,670,436	38,299,205
Excess (Deficiency) of Revenues Over (Under) Expenditures	(518,602)	(2,872,559)	4,803,313	4,649,938
Other Financing Sources (Uses)				
Proceeds from issuance of debt	-	3,390,000	-	-
Proceeds from capital leases	249,676	-	213,295	-
Proceeds from sale of capital assets	60,948	91,082	126,362	331,415
Refunding bonds issued	-	3,490,000	4,510,000	-
Premium on issuance of bonds	-	353,878	316,894	-
Payments to escrow account	-	-	(4,715,674)	-
Proceeds from insurance recovery	-	23,252	2,500	-
Transfers in	3,822,395	3,326,889	344,856	1,443,425
Transfers out	(3,603,875)	(2,601,891)	(129,851)	(1,358,916)
Total Other Financing Sources (Uses)	529,144	8,073,210	668,382	415,924
Net Change in Fund Balances	$ 10,542	$ 5,200,651	$ 5,471,695	$ 5,065,862
Debt service as a percentage of noncapital expenditures	12.76%	21.64%	12.58%	12.29%

Notes:

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

DRAFT

Fiscal Year					
2015	2016	2017	2018	2019	2020
$ 38,051,387	$ 38,637,863	$ 38,321,196	$ 39,094,063	$ 41,304,148	$ 42,587,990
531,262	569,766	451,948	530,559	709,531	414,973
1,416,195	1,869,286	1,900,229	1,626,796	1,504,517	1,177,347
3,643,881	3,864,460	4,110,702	4,052,062	4,042,729	3,705,953
106,319	243,093	3,301,475	3,121,812	2,260,891	3,904,559
-	-	-	-	-	-
30,502	202,351	601,325	1,210,930	1,805,996	1,391,662
86,050	195,711	271,353	260,331	486,085	406,401
43,865,596	45,582,530	48,958,228	49,896,553	52,113,897	53,588,885
6,940,527	7,179,021	7,787,658	7,878,655	7,794,398	7,739,572
8,226,493	8,463,417	8,511,067	8,523,341	9,456,596	7,831,651
6,083,080	6,039,369	6,336,588	6,318,066	7,025,048	7,740,277
98,108	386,318	55,861	63,211	58,989	484,251
10,626,031	10,972,864	11,273,797	12,088,868	13,010,347	14,455,336
3,160,253	3,327,539	5,552,620	4,689,692	4,099,355	4,119,703
781,027	-	-	-	-	-
1,208,254	1,270,664	1,110,542	1,008,736	900,209	839,298
5,430,507	4,390,702	12,492,735	20,101,738	11,533,206	5,815,550
42,554,280	42,029,894	53,120,868	60,672,307	53,878,148	49,025,638
1,311,316	3,552,636	(4,162,640)	(10,775,754)	(1,764,251)	4,563,247
8,315,000	9,450,000	2,700,000	-	-	4,240,000
103,455	178,500	471,411	418,825	-	1,436,693
93,629	102,690	42,405	105,732	52,184	81,830
732,901	6,260,000	-	-	-	-
469,809	540,737	-	-	-	731,083
-	(6,710,040)	-	-		(4,913,313)
-	80,300	35,239	-	18,896	-
2,333,636	4,424,273	9,141,408	5,048,822	5,402,175	3,394,816
(2,242,296)	(4,329,793)	(9,043,208)	(6,040,929)	(6,104,122)	(4,220,712)
9,806,134	9,996,667	3,347,255	(467,550)	(630,867)	750,397
$ 11,117,450	$ 13,549,303	$ (815,385)	$ (11,243,304)	$ (2,395,118)	$ 5,313,644
11.81%	12.53%	16.60%	13.88%	12.27%	11.79%

DRAFT

City of Deer Park, Texas

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Years

	Fiscal Year			
	2011	**2012**	**2013**	**2014**
Residential Property	$ 1,306,933,609	$ 1,318,375,083	$ 1,313,329,562	$ 1,340,643,775
Commercial Property	857,667,514	905,226,326	934,825,965	1,000,810,663
Industrial Property	152,160,115	189,306,565	192,957,836	249,479,757
Less: Tax Exempt Property	(585,462,472)	(605,716,400)	(626,932,382)	(630,145,444)
Total Taxable Assessed Value	$ 1,731,298,766	$ 1,807,191,574	$ 1,814,180,981	$ 1,960,788,751
Total Direct Tax Rate	$ 0.705000	$ 0.720000	$ 0.720000	$ 0.720000

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

DRAFT

Fiscal Year					
2015	2016	2017	2018	2019	2020
$ 1,433,044,472	$ 1,565,085,837	$ 1,700,369,650	$ 1,837,484,616	$ 1,901,082,802	$ 2,041,833,692
1,089,149,570	1,180,302,082	1,255,053,340	1,295,797,510	1,399,737,286	1,518,563,814
234,654,586	246,351,857	254,575,118	235,922,222	242,617,495	247,148,258
(653,703,145)	(683,610,501)	(716,019,833)	(743,456,319)	(789,815,256)	(837,774,536)
$ 2,103,145,483	$ 2,308,129,275	$ 2,493,978,275	$ 2,625,748,029	$ 2,753,622,327	$ 2,969,771,228
$ 0.720000	$ 0.714352	$ 0.720000	$ 0.720000	$ 0.720000	$ 0.720000

DRAFT

City of Deer Park, Texas

INDUSTRIAL DISTRICT VALUATION, BILLING, COLLECTIONS, AND PERCENTAGE COLLECTED

Last Ten Years

	Fiscal Year			
	2011	**2012**	**2013**	**2014**
Approximate Taxable Value*	$ 2,779,913,092	$ 2,842,731,040	$ 3,109,962,743	$ 3,141,572,531
Industrial District % Taxable Per Contract	63.00%	63.00%	63.00%	63.00%
Approximate Adjusted Taxable Value *	$ 1,751,345,248	$ 1,790,920,555	$ 1,959,276,528	$ 1,979,190,695
Tax Rate	$ 0.705000	$ 0.720000	$ 0.720000	$ 0.720000
Amount Billed	$ 12,346,984	$ 12,894,628	$ 14,106,791	$ 14,250,173
Amount Collected	$ 12,346,943	$ 12,894,625	$ 14,106,107	$ 14,250,173
% Collected	100.00%	100.00%	100.00%	100.00%

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

DRAFT

Fiscal Year					
2015	2016	2017	2018	2019	2020
$ 3,009,235,229	$ 3,033,027,646	$ 2,486,112,079	$ 2,494,752,646	$ 2,635,364,638	$ 2,962,215,929
63.00%	63.00%	63.00%	63.00%	63.00%	64.00%
$ 1,895,818,194	$ 1,910,807,417	$ 1,566,250,610	$ 1,571,694,167	$ 1,660,279,722	$ 1,895,818,195
$ 0.720000	$ 0.714532	$ 0.720000	$ 0.720000	$ 0.720000	$ 0.720000
$ 13,649,891	$ 13,058,614	$ 11,277,005	$ 11,316,198	$ 11,954,014	$ 13,649,891
$ 13,628,122	$ 13,058,596	$ 11,276,238	$ 11,316,198	$ 11,954,014	$ 13,628,122
99.84%	100.00%	99.99%	100.00%	100.00%	99.84%

DRAFT

City of Deer Park, Texas

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Years

	Fiscal Year			
	2011	**2012**	**2013**	**2014**
City of Deer Park by fund:				
General	$ 0.498100	$ 0.498100	$ 0.498100	$ 0.498100
Debt service	0.206900	0.221900	0.221900	0.221900
Total Direct Rates	$ 0.705000	$ 0.720000	$ 0.720000	$ 0.720000
Deer Park Independent School District	$ 1.396700	$ 1.396700	$ 1.526700	$ 1.556700
Harris County	0.388050	0.391170	0.400210	0.414550
Harris County Department of Education	0.006581	0.006581	0.006617	0.006358
Harris County Flood Control District	0.029230	0.028090	0.028090	0.028270
Harris County Hospital District	0.192160	0.192160	0.182160	0.170000
Harris County Port of Houston Authority	0.020540	0.018560	0.019520	0.017160
San Jacinto Community College District	0.176277	0.185602	0.185602	0.185602
Total Direct and Overlapping Rates	$ 2.914538	$ 2.938863	$ 3.068899	$ 3.098640

Source: Harris County Appraisal District

Note:

Tax rates are per $100 of assessed valuation.

DRAFT

Fiscal Year					
2015	2016	2017	2018	2019	2020
$ 0.518000	$ 0.515711	$ 0.519943	$ 0.533514	$ 0.549389	$ 0.561659
0.202000	0.198641	0.200057	0.186486	0.170611	0.158341
$ 0.720000	$ 0.714352	$ 0.720000	$ 0.720000	$ 0.720000	$ 0.720000
$ 1.556700	$ 1.556700	$ 1.556700	$ 1.556700	$ 1.538700	$ 1.415100
0.417310	0.419230	0.416560	0.418010	0.418580	0.407130
0.005999	0.005422	0.005200	0.005195	0.005190	0.005000
0.027360	0.027330	0.028290	0.028310	0.028770	0.027920
0.170000	0.170000	0.171790	0.171100	0.171080	0.165910
0.015310	0.013420	0.013340	0.012560	0.011550	0.010740
0.185602	0.175783	0.182379	0.183335	0.179329	0.178169
$ 3.098281	$ 3.082237	$ 3.094259	$ 3.095210	$ 3.073199	$ 2.929969

DRAFT

(This page intentionally left blank.)

DRAFT

City of Deer Park, Texas

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

	2020			2011		
Property Taxpayer	**Taxable Assessed Value**	**Rank**	**% of Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**% of Taxable Assessed Value**
Quarter Turn Resources, Inc.	$ 38,922,011	1	1.31%	$ 24,990,948	1	1.44%
BFT Parktown LLC Et Al	35,674,367	2	1.20%	-	N/A	0.00%
CRP/TREP Underwood Owner LP	28,164,680	3	0.95%	-	N/A	0.00%
Dresser Inc.	26,202,717	4	0.88%	-	N/A	0.00%
CenterPoint Energy, Inc.	26,171,406	5	0.88%	15,844,489	5	0.92%
GSL Constructors Ltd.	25,626,689	6	0.86%	12,847,218	8	0.74%
Enterprise FM Trust	24,046,596	7	0.81%	-	N/A	0.00%
Victory Park Industrial LLC	22,925,344	8	0.77%	-	N/A	0.00%
Deer Park Apts. LLC	21,444,707	9	0.72%	-	N/A	0.00%
Arlanxeo USA LLC	21,179,159	10	0.71%	-	N/A	0.00%
Hertz Equipment Rental	-	N/A		21,201,679	2	1.22%
Wal-Mart	-	N/A	-	17,412,500	3	1.01%
Laufen International, Inc.	-	N/A	-	16,853,970	4	0.97%
ITCR Deer Park Ltd Partnership	-	N/A	-	13,895,957	6	0.80%
Aquilex Hydrochem, Inc.	-	N/A	-	12,867,443	7	0.74%
Partnership Underwood LP	-	N/A	-	10,351,381	9	0.60%
Songwon International America	-	N/A	-	9,998,244	10	0.58%
Subtotal	270,357,676		9.09%	156,263,829		9.02%
Other Taxpayers	2,699,413,552		90.91%	1,575,034,937		90.98%
Total	$ 2,969,771,228		100.00%	$ 1,731,298,766		100.00%

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

DRAFT

City of Deer Park, Texas

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Years

	Fiscal Year			
	2011	**2012**	**2013**	**2014**
Tax levy	$ 12,228,677	$ 13,043,054	$ 13,019,648	$ 14,063,714
Current tax collected	$ 12,036,460	$ 12,841,027	$ 12,836,742	$ 13,863,961
Percentage of current tax collections	98.43%	98.45%	98.60%	98.58%
Delinquent tax collections	162,876	174,056	153,239	152,991
Total Tax Collections	$ 12,199,336	$ 13,015,083	$ 12,989,981	$ 14,016,952
Total collections as a percentage of current levy	99.76%	99.79%	99.77%	99.67%

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

DRAFT

Fiscal Year					
2015	2016	2017	2018	2019	2020
$ 14,991,306	$ 16,363,090	$ 17,598,722	$ 18,401,462	$ 19,298,489	$ 20,780,196
$ 14,858,925	$ 16,035,281	$ 17,443,588	$ 18,119,939	$ 19,070,066	$ 20,476,479
99.12%	98.00%	99.12%	98.47%	98.82%	98.54%
74,231	256,732	50,813	114,283	(21,930)	-
$ 14,933,156	$ 16,292,013	$ 17,494,401	$ 18,234,222	$ 19,048,136	$ 20,476,479
99.61%	99.57%	99.41%	99.09%	98.70%	98.54%

DRAFT

City of Deer Park, Texas

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	Fiscal Year			
	2011	**2012**	**2013***	**2014**
Governmental Activities:				
General obligation bonds	$ 26,785,000	$ 27,750,000	$ 20,334,132	$ 17,979,969
Certificates of obligation	9,890,000	12,960,000	9,683,246	9,283,100
Capital leases	1,679,561	1,257,169	1,082,960	741,227
Business-Type Activities:				
General obligation bonds	-	-	5,207,260	4,557,742
Certificates of obligation	-	-	8,408,633	15,297,035
Water revenue bonds	7,745,000	3,395,000	2,820,000	2,250,000
Capital leases	216,834	168,743	119,506	69,093
Total Primary Government	$ 46,316,395	$ 45,530,912	$ 47,655,737	$ 50,178,166
Debt as a Percentage of Personal Income	N/A	N/A	N/A	N/A
Debt Per Capita	$ 1,447	$ 1,408	$ 1,436	$ 1,493

N/A -This information is currently not available.

Notes:

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

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

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

DRAFT

Fiscal Year					
2015	2016	2017	2018	2019	2020
$ 16,587,180	$ 16,239,210	$ 14,053,513	$ 12,676,107	$ 11,063,762	$ 14,304,047
16,483,264	23,243,219	22,769,126	19,690,033	17,452,935	10,165,155
489,772	743,670	868,776	900,933	504,540	1,537,428
5,194,671	4,560,455	3,938,036	3,382,329	2,681,585	1,987,809
21,912,475	28,464,920	34,891,757	38,917,927	43,835,960	46,742,209
750,000	500,000	250,000	-	-	-
266,014	534,382	361,489	200,722	112,518	22,707
$ 61,683,376	$ 74,285,856	$ 77,132,697	$ 75,768,051	$ 75,651,300	$ 74,759,355
N/A	N/A	N/A	N/A	N/A	N/A
$ 1,801	$ 2,147	$ 2,214	$ 2,148	$ 2,143	$ 2,117

DRAFT

City of Deer Park, Texas

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Years

	Fiscal Year			
	2011	**2012**	**2013***	**2014**
General Obligation Bonds (1)	$ 26,785,000	$ 27,750,000	$ 25,541,392	$ 22,537,711
Less: Amounts Restricted to Repaying Principal	(1,734,892)	(1,988,204)	(2,321,730)	(2,932,183)
Total	$ 25,050,108	$ 25,761,796	$ 23,219,662	$ 19,605,528
Percentage of Actual Taxable Value of Property	1.45%	1.43%	1.28%	1.00%
Net Bonded Debt Per Capita	$ 783	$ 797	$ 699	$ 583

Notes:

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

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

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

DRAFT

Fiscal Year					
2015	2016	2017	2018	2019	2020
$ 21,781,851	$ 20,799,665	$ 17,991,549	$ 16,058,436	$ 13,745,347	$ 16,291,856
(3,351,483)	(3,736,160)	(4,634,050)	(5,181,426)	(5,766,586)	(6,158,254)
$ 18,430,368	$ 17,063,505	$ 13,357,499	$ 10,877,010	$ 7,978,761	$ 10,133,602
0.88%	0.74%	0.54%	0.41%	0.29%	0.34%
$ 538	$ 493	$ 383	$ 308	$ 226	$ 287

DRAFT

(This page intentionally left blank.)

DRAFT

City of Deer Park, Texas

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2020

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt Repaid with Property Taxes:			
Deer Park Independent School District	$ 240,070,000	18.62%	$ 44,701,034
Harris County	2,678,076,350	0.59%	15,800,650
Harris County Department of Education	7,210,000	0.59%	42,539
Harris County Flood Control District	87,400,000	0.59%	515,660
La Porte Independent School District	346,380,000	11.58%	40,110,804
Port of Houston Authority of Harris County	690,219,397	0.59%	4,072,294
San Jacinto Community College District	278,419,848	4.69%	13,057,891
Subtotal, overlapping debt	4,327,775,595		118,300,872
City Direct Debt	$ 26,006,630	100.00%	26,006,630
		Total Direct and Overlapping Debt	$ 144,307,502

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.

DRAFT

City of Deer Park, Texas

LEGAL DEBT MARGIN INFORMATION

Last Ten Years

	Fiscal Year			
	2011	**2012**	**2013**	**2014**
Debt limit	$ 173,129,877	$ 180,719,157	$ 181,418,098	$ 196,078,875
Total net debt applicable to limit	25,050,108	25,761,796	23,219,662	19,605,528
Legal Debt Margin	$ 148,079,769	$ 154,957,361	$ 158,198,436	$ 176,473,347
Total net debt applicable to the limit as a percentage of debt limit	14.47%	14.26%	12.80%	10.00%

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed value	$ 2,969,771,228
Debt limit (10% of assessed value)	296,977,123
Debt applicable to limit:	
General obligation bonds	16,291,856
Less: amount set aside for repayment of general obligation debt	(6,158,254)
Total net debt applicable to limit	10,133,602
Legal Debt Margin	$ 286,843,521

DRAFT

Fiscal Year					
2015	2016	2017	2018	2019	2020
$ 210,314,548	$ 230,812,928	$ 249,397,828	$ 262,574,803	$ 275,362,233	$ 296,977,123
18,430,368	17,063,505	13,357,499	10,877,010	7,978,761	10,133,602
$ 191,884,180	$ 213,749,423	$ 236,040,329	$ 251,697,793	$ 267,383,472	$ 286,843,521
8.76%	7.39%	5.36%	4.14%	2.90%	3.41%

DRAFT

City of Deer Park, Texas

PLEDGED REVENUE COVERAGE

Last Ten Years

	Fiscal Year			
	2011	**2012**	**2013**	**2014**
Utility Service Charges	$ 10,942,116	$ 9,873,258	$ 9,529,392	$ 9,341,087
Less: Operating Expenses (1)	6,119,717	5,890,927	5,758,791	6,030,193
Net Available Revenue	$ 4,822,399	$ 3,982,331	$ 3,770,601	$ 3,310,894
Debt Service Requirements (2)				
Principal	$ 900,000	$ 890,000	$ 575,000	$ 570,000
Interest	327,057	296,649	106,449	87,653
Total	$ 1,227,057	$ 1,186,649	$ 681,449	$ 657,653
Coverage	3.93	3.36	5.53	5.03

Notes:

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

(1) Operating expenses do not include interest, depreciation, or amortization.
(2) Includes revenue bonds only.

DRAFT

Fiscal Year					
2015	2016	2017	2018	2019	2020
$ 9,628,146	$ 10,300,618	$ 10,810,651	$ 11,369,582	$ 10,739,546	$ 11,606,282
6,162,029	6,421,511	6,931,288	6,676,372	7,245,690	8,244,388
$ 3,466,117	$ 3,879,107	$ 3,879,363	$ 4,693,210	$ 3,493,856	$ 3,361,894
$ 250,000	$ 250,000	$ 250,000	$ -	$ -	$ -
28,563	20,750	12,625	-	-	-
$ 278,563	$ 270,750	$ 262,625	$	$	$ -
12.44	14.33	14.77	-	-	-

DRAFT

City of Deer Park, Texas

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Years

Calendar Year	Population	Per Capita Income	Personal Income	Unemployment Rate	School Enrollment
2011*	32,010	N/A	N/A	8.5%	12,593
2012	32,332	N/A	N/A	6.4%	12,841
2013	33,196	N/A	N/A	5.7%	12,826
2014	33,600	N/A	N/A	4.5%	13,015
2015	34,249	N/A	N/A	5.2%	13,140
2016	34,604	N/A	N/A	5.0%	13,278
2017	34,845	N/A	N/A	4.8%	13,190
2018	35,270	N/A	N/A	3.8%	13,050
2019	35,297	N/A	N/A	3.4%	12,975
2020**	35,315	N/A	N/A	7.9%	13,000

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

N/A - This information is currently not available.
* 2011 shows the 2010 the census population; all other years represent estimates.
** The increase in the 2020 unemployment rate is due to jobs lost from the COVID-19 pandemic.

DRAFT

City of Deer Park, Texas

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

	2020		2011	
Employer	**Employees**	**Percentage of Total City Employment**	**Employees**	**Percentage of Total City Employment**
Shell Deer Park	3,000	14.49%	2,500	16.28%
Deer Park ISD	2,553	12.33%	1,756	11.43%
Lubrizol Specialty Chemicals	1,360	6.57%	944	6.15%
Dow Chemical Co.	1,000	4.83%	-	-
Universal Plant Services	1,000	4.83%	-	-
Mistras Group	600	2.90%	563	3.67%
Clean Harbors	500	2.41%	270	1.76%
City of Deer Park	427	2.06%	457	2.98%
Wal-Mart	400	1.93%	425	2.77%
Minh Foods, Inc.	400	1.93%	400	2.60%
Rohm and Hass	-	-	900	5.86%
Aquilex-Hydrochem	-	-	250	1.63%
Total	11,240	54.28%	8,465	55.13%
Estimated total jobs in the City	20,709		15,357	

Source: City of Deer Park Economic Development Administrator

DRAFT

(This page intentionally left blank.)

DRAFT

City of Deer Park, Texas

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Years

	Fiscal Year									
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
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	13.0	14.0	14.0	14.0	13.0	12.0	12.0	12.0	8.0
Other	30.5	30.5	30.5	32.0	35.5	35.5	35.0	35.5	33.0	33.0
Police										
Officers	59.0	60.0	60.0	60.0	61.0	61.0	61.0	61.0	64.0	65.0
Civilians	24.0	25.0	25.0	25.0	26.0	26.0	26.0	26.0	26.5	26.0
Fire										
Firefighters and officers	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Civilians	13.5	13.0	13.0	15.5	14.5	13.0	15.0	18.0	18.0	18.0
Sanitation	23.0	23.0	23.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0
Other public works										
Engineering	5.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0
Other	27.0	27.0	27.0	28.0	28.0	29.0	29.0	29.0	30.0	35.0
Golf operations	25.0	26.0	24.0	-	-	-	-	-	-	-
Parks and recreation	73.5	74.0	69.5	70.5	73.0	77.0	77.0	82.5	86.5	86.5
Library	13.0	13.0	13.5	14.0	14.0	14.0	14.0	14.0	14.0	14.0
Water	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
Wastewater	12.0	12.0	12.0	13.0	12.0	12.0	12.0	12.0	12.0	12.0
Total	344.5	345.5	341.5	324.0	330.0	332.5	333.0	342.0	348.0	348.5

Source: Adopted City Budget

DRAFT

City of Deer Park, Texas

OPERATING INDICATORS BY FUNCTION

Last Ten Years

	Fiscal Year			
	2011	**2012**	**2013**	**2014**
Function/Program				
General government				
Annual permits	1,583	1,616	1,777	2,414
Annual inspections	3,324	3,671	1,017	1,204
Police				
Physical arrests	2,690	2,843	3,296	3,258
Parking violations	192	143	114	81
Traffic violations	15,505	13,338	14,601	13,205
Fire				
Emergency responses	1,887	2,032	2,100	2,193
Fires extinguished	580	588	648	655
Inspections	N/A	1,353	1,392	1,288
Sanitation				
Refuse collected (tons per day)	75	71	81	83
Recyclables collected (tons per day)	1	2	3	4
Streets				
Street resurfacing (miles)*	1	-	2	-
Potholes repaired	49	62	50	50
Parks and recreation				
Community center admissions	521	N/A	N/A	N/A
Program enrollments	17,877	18,081	17,527	15,300
Library				
Volumes in collection	80,593	79,897	83,346	84,296
Total volumes borrowed	173,409	165,620	164,962	168,852
Water				
New connections	27	34	78	39
Water main breaks	261	73	76	62
Sewer main breaks	N/A	N/A	N/A	N/A
Average daily consumption	4,646,400	4,501,100	4,661,000	4,507,000
Peak daily consumption	7,722,000	6,350,000	6,438,000	5,826,000
Wastewater				
Average daily sewage treatment (thousands of gallons)	2,572	3,129	2,960	2,595

Source: Various City departments

N/A - This is information is currently not available.

* Majority of streets are concrete.
** A majority of 2020 amounts are signficantly lower compared to previous years due to the COVID-19 pandemic.

DRAFT

Fiscal Year					
2015	2016	2017	2018	2019	2020**
2,610	2,644	2,420	2,187	2,224	2,030
1,494	4,932	3,855	3,219	3,200	2,903
3,068	3,445	4,050	3,309	3,323	1,995
101	92	71	58	36	54
14,049	14,322	16,826	12,354	11,107	10,014
2,401	2,467	2,761	2,211	3,126	3,109
862	775	790	687	591	558
1,523	1,676	1,862	1,650	1,574	455
81	82	83	84	84	97
4	4	4	4	4	6
-	-	1	-	-	-
55	65	60	62	65	60
N/A	N/A	N/A	4,611	9,173	11,601
16,309	21,034	21,262	17,077	18,293	8,781
87,171	90,408	101,960	104,738	94,253	94,977
167,012	157,955	157,902	146,943	149,921	81,401
77	137	100	31	42	37
46	32	39	18	85	35
N/A	N/A	N/A	29	37	28
4,286,000	3,893,750	3,995,225	3,985,508	3,873,700	3,876,800
6,700,000	5,281,000	5,541,000	5,931,000	5,162,000	5,701,000
4,299	4,575	3,082	3,201	3,358	3,167

DRAFT

City of Deer Park, Texas

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Years

	Fiscal Year			
	2011	**2012**	**2013**	**2014**
Function/Program				
Police				
Stations	1	1	1	1
Patrol units	40	41	41	42
Fire				
Stations	3	3	3	3
Sanitation				
Collection trucks	6	5	5	6
Streets				
Streets (miles)	106	106	107	107
Streetlights	2,583	2,583	2,622	2,623
Traffic signals	43	43	43	43
Parks and recreation				
Acreage	270	270	270	270
Parks with play structures	17	19	19	19
Baseball / softball diamonds	16	24	24	19
Soccer/football fields	9	6	6	7
Golf course	1	1	1	1
Community centers	7	7	7	7
Water				
Water lines (miles)	133	133	134	135
Fire hydrants	895	895	906	914
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)	124	124	125	125
Storm sewers (miles)	67	67	68	68
Treatment capacity (millions of gallons)	6	6	6	6

Source: Various City departments

DRAFT

Fiscal Year					
2015	2016	2017	2018	2019	2020
1	1	1	1	1	1
41	44	44	47	51	51
3	3	3	3	3	4
6	6	6	6	6	6
109	111	111	111	111	111
2,661	2,694	2,709	2,709	2,710	2,720
44	44	44	45	45	45
270	270	279	355	355	355
19	19	20	20	20	20
19	20	21	23	23	23
7	7	7	9	9	9
1	1	1	1	1	1
7	7	7	7	7	7
137	138	139	140	141	142
934	950	958	976	984	987
3.0	3.0	3.0	3.0	3.0	3.0
1.5	1.5	1.5	1.5	1.5	1.5
2.0	2.0	2.0	2.0	2.0	2.0
127	130	130	131	131	132
69	70	70	70	70	70
6	6	6	6	6	6

DRAFT

(This page intentionally left blank.)

DRAFT

Management Letter

March 23, 2021

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

The American Institute of Certified Public Accountants Statement on Auditing Standards No. 115, *Communicating Internal Control Related Matters Identified in an Audit* (SAS 115), provides guidance to auditors on communicating internal control matters to management and the governing body, board of directors, or equivalent body.

It is important to note when reviewing findings reported within this letter that classification of the findings is based on the definitions required by SAS 115 as further discussed below. Please note that these classifications are based on the potential impact to the financial statements, not necessarily the likelihood of actual loss to the City. Accordingly, the City's assessment of the "significance" or ranking of severity will likely be substantially different based on a number of factors including, but not limited to, its assessment of risk and the cost benefit of making the change.

Our report is as follows:

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Deer Park, Texas (the "City") as of and for the year ended September 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be other matters.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

DRAFT

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our findings and additional comments are as follows:

CURRENT YEAR MATTERS

Other Matters:

2020.001. ESCHEATING CHECKS

Background

Under Texas State *Property Code Chapter 72, Subchapter B. § 72.101,* property is presumed abandoned if the owner of the property does not claim the property within three years. Under Texas State *Property Code Chapter 74, Subchapter D. § 74.301,* each holder who on March 1 holds property that is presumed abandoned under Chapter 72 shall deliver the property to the comptroller on or before the following July 1 accompanied by the report required to be filed under Section 74.101. Under Texas State *Property Code Chapter 74, Subchapter B. § 74.101,* each holder who on March 1 holds property that is presumed abandoned under Chapter 72 of this code shall file a report of that property on or before the following July 1.

Findings

It was noted during the audit that the City has outstanding checks dating back to 2001 that have not been escheated. This is a repeat of prior year finding 2019.01.

Recommendation

The City should remit and report applicable unclaimed property to the State by the July 1, 2021 reporting deadline.

Management's Response

Previous management elected not to escheat unclaimed property to the State of Texas (the "State") and outstanding checks dating back to 2001 have not been turned over to the State. The Financial Management Policy was updated in 2014 to include a policy for filing the necessary reports on an annual basis to turn over any checks outstanding more than three years to the State Comptroller. The Finance Department continues to work to identify and report all unclaimed property not previously filed with the State. However, because of the volume of outstanding checks under review, the City was unable to file a report in 2020 but is working toward the July 1, 2021 deadline.

2020.002. BID PROCESS

Background

In accordance with the State bid laws, the City is required to advertise and obtain bids for all projects or purchases over $50,000. If the lowest bidder is not selected, then bid specifications with selection criteria should be documented.

DRAFT

Findings

During the testing of disbursements, it was noted that the City did not advertise and obtain bids for the purchase of two portable buildings. Quotes were obtained, and invoiced, together for the two buildings, but purchase orders were created separately which fell under the $50,000 threshold.

Recommendation

The City should ensure that all purchases expected to exceed $50,000 are appropriately advertised and bids are obtained in accordance with State law.

Management's Response

During the year, buildings were purchased to house and control certain chemicals at two different well sites. Because the purchase involved a building for two separate well locations, the purchaser did not treat this as a single purchase despite the fact that the resulting purchases were based on a quote from the same vendor. The purchaser has been advised that this is considered consecutive purchases to avoid the purchasing policy. He indicated this was not intentional but an oversight in trying to complete the projects in a timelier manner. This matter was also addressed at a Director's Meeting to reinforce the fact that this type of purchasing transaction is viewed as a policy violation.

This communication is intended solely for the information and use of management, City Council, and others within the City, and is not intended to be, and should not be, used by anyone other than these specified parties.

We would like to thank the City Council and the City's management for their cooperation during the course of our audit. Please feel free to contact us at your convenience to discuss this report or any other concerns that you may have.

DRAFT

HACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

DRAFT

SINGLE AUDIT REPORTS

City of Deer Park, Texas

For the Year Ended
September 30, 2020

DRAFT

City of Deer Park, Texas

SINGLE AUDIT REPORTS

For the Year Ended September 30, 2020

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*	3
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	5
SCHEDULES	
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	8
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	9
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	10
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	11

DRAFT

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Deer Park, Texas (the "City"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

DRAFT

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DRAFT
CHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 23, 2021

DRAFT

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

Report on Compliance for Each Major Federal Program

We have audited the City of Deer Park, Texas' (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2020. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

DRAFT

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon dated March 23, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

DRAFT

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

DRAFT

HACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 23, 2021

DRAFT

City of Deer Park, Texas

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended September 30, 2020

No prior findings.

DRAFT

City of Deer Park, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2020

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the City.

2. No material weaknesses or significant deficiencies in internal control were disclosed by the audit of the financial statements.

3. No instances of noncompliance material to the basic financial statements were disclosed during the audit.

4. No material weaknesses or significant deficiencies in internal control over major federal award programs were disclosed by the audit.

5. The auditors' report on compliance for the major federal award programs expresses an unmodified opinion.

6. No audit findings relative to the major federal award programs for the City are reported in Part C of this schedule.

7. The programs included as major programs included:

CFDA Number	Program Title
97.036	Disaster Grants – Public Assistance
21.019	Coronavirus Relief Fund

8. The threshold for distinguishing Type A and B programs was $750,000.

9. The City did not qualify as a low-risk auditee in the context of Uniform Guidance.

B. FINDINGS – BASIC FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS – FEDERAL AWARDS

None

DRAFT

City of Deer Park, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF JUSTICE			
Direct Award			
Bulletproof Vest Program	16.607	N/A	$ 6,600
		TOTAL U.S. DEPARTMENT OF JUSTICE	6,600
U.S. DEPARTMENT OF TRANSPORTATION			
Pass-through Texas Department of Transportation			
State and Community Highway Safety	20.600	2020-DeerPark-S-1YG-00045	43,624
State and Community Highway Safety	20.600	2020-DeerPark-S-CMV-0017	10,805
		TOTAL U.S. DEPARTMENT OF TRANSPORTATION	54,429
U.S. DEPARTMENT OF HOMELAND SECURITY			
Pass-through Texas Department of Public Safety's Division of Emergency Management			
Disaster Grants - Public Assistance	97.036	4332DRTXP0000001	782,402
		TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY	782,402
U.S. DEPARTMENT OF TREASURY			
Pass-through Harris County			
Coronavirus Relief Fund (CRF)	21.019	COVID19_SCAP	1,866,205
		TOTAL U.S. DEPARTMENT OF TREASURY	1,866,205
		TOTAL FEDERAL AWARDS EXPENDED	$ 2,709,636

DRAFT

City of Deer Park, Texas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2020

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of the City. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Therefore, some amounts presented in the SEFA may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principal contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the SEFA, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. INDIRECT COST RATE

The City elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

4. DONATED PERSONAL PROTECTIVE EQUIPMENT (UNAUDITED)

During the emergency period of COVID-19, federal agencies and recipients of federal assistance funds donated personal protective equipment (PPE) to non-federal entities. In connection with that donation, the recipient must disclose the estimated value of the donated PPE, but such amounts are not included in the SEFA. The City did not receive any donated PPE during the reporting year.

DRAFT

Required Auditor Disclosure Letter

March 23, 2021

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Deer Park, Texas (the "City") for the year ended September 30, 2020. Professional standards require that we provide the City Council (the "governing body") with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit.

I. Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated April 2, 2018, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with the governing body's oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve the governing body or management of its responsibilities.

II. Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to the governing body in our engagement letter dated April 2, 2018.

III. Significant Audit Findings

1. Qualitative Aspects of Accounting Practices

A. Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in the notes to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

DRAFT

B. Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate of the useful lives of capital assets is based on industry standards relating to capital assets. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.
>
> Estimates are used in the calculation of the pension and other postemployment benefits liability and the required annual contribution. The Texas Municipal Retirement System (TMRS) and the Texas Emergency Services Retirement System (TESRS) hire licensed actuaries to make key assumptions and to perform calculations, as well as a independent auditors to review those assumptions and calculations. We evaluated the reasonableness of the employee data provided by the City to TMRS and TESRS.
>
> Estimates are used in the calculation of the health care liability for other postemployment benefits. The City hires a licensed actuary to perform the calculation. We evaluated the key factors and assumptions used to develop the liability in relation to the financial statements taken as a whole.

C. The financial statement disclosures are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

> The disclosure of long-term debt in the financial statements is significant to financial statement users because it discloses the City's long-term financial obligations.

2. Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

3. Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule summarizes both material and immaterial misstatements detected as a result of our audit procedures.

4. Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

5. Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 23, 2021.

DRAFT

6. Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

7. Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

IV. Other Matters

We applied certain limited procedures to the Required Supplementary Information (RSI), as identified on the table of contents, which supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information, as identified on the table of contents, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

V. Restrictions on Use

This information is intended solely for the use of the Mayor, City Council, and management and is not intended to be, and should not be, used by anyone other than these specified parties.

DRAFT
HACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

Client: ***City of Deer Park, Texas***
Engagement: ***City of Deer Park 09/30/20***
Period Ending: ***9/30/2020***
Trial Balance: ***2.2.01 - TB***
Workpaper: ***2.6.06 - Adjusting Journal Entries Report***

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
JN06998 provided by client to accrue CRF revenue.			
010-000-13100	MISC ACCOUNTS RECEIVABLE	45,232.13	
010-000-13100	MISC ACCOUNTS RECEIVABLE	258,469.57	
010-000-13100	MISC ACCOUNTS RECEIVABLE	1,276,682.69	
400-000-13100	MISC ACCOUNTS RECEIVABLE	161,143.44	
425-000-13100	MISC ACCOUNTS RECEIVABLE	11,376.85	
820-000-12100	ACCOUNTS RECEIVABLE	14,601.62	
820-000-12100	ACCOUNTS RECEIVABLE	34,174.27	
830-000-12100	ACCOUNTS RECEIVABLE	25,530.44	
830-000-12100	ACCOUNTS RECEIVABLE	38,993.99	
010-000-36990	INTERGOVERNMENTAL REVENUE		45,232.13
010-000-36990	INTERGOVERNMENTAL REVENUE		258,469.57
010-000-36990	INTERGOVERNMENTAL REVENUE		1,276,682.69
400-000-36990	INTERGOVERNMENTAL REVENUE		161,143.44
425-000-36990	INTERGOVERNMENTAL REVENUE		11,376.85
820-000-36990	INTERGOVERNMENTAL REVENUE		14,601.62
820-000-36990	INTERGOVERNMENTAL REVENUE		34,174.27
830-000-36990	INTERGOVERNMENTAL REVENUE		25,530.44
830-000-36990	INTERGOVERNMENTAL REVENUE		38,993.99
Total		**1,866,205.00**	**1,866,205.00**
Adjusting Journal Entries JE # 2			
To correct capital lease entry.			
010-000-36140	SALE OF SURPLUS MATERIALS	10,000.00	
010-311-49070	TRUCKS & HEAVY ROLLING STOCK		10,000.00
Total		**10,000.00**	**10,000.00**
Adjusting Journal Entries JE # 3			
To adjust municipal court fines receivables, deferrals, and allowances to actual.			
010-000-16510	ACCOUNTS RECEIVABLE-FINES	96,819.73	
010-000-25600	DEFERRED REVENUE-FINES	72,614.81	
010-000-16500	ALLOWANCE-FINES & FORFEITURES		72,614.81
010-000-25600	DEFERRED REVENUE-FINES		96,819.73
Total		**169,434.54**	**169,434.54**
Adjusting Journal Entries JE # 4			
GASB 68 AJE#1 - To reverse deferred outflows of resources/contributions after the measurement date.			
400-750-41970	PENSION EXPENSE	250,706.96	
425-750-41970	Pension expense	8,455.77	
820-750-41970	PENSION EXPENSE	21,608.00	
830-750-41970	PENSION EXPENSE	38,850.80	
400-000-18110	DEF OUT - CONTRIBUTIONS		250,706.96
425-000-18110	DEF OUT - CONTRIBUTIONS		8,455.77
820-000-18110	DEF OUT - CONTRIBUTIONS		21,608.00
830-000-18110	DEF OUT - CONTRIBUTIONS		38,850.80
Total		**319,621.53**	**319,621.53**
Adjusting Journal Entries JE # 5			
GASB 68 AJE#2 - Current year amortization of prior year deferred items.			
400-000-28100	DEF IN-ACT EXP VS ASSUMPTION	45,472.48	
400-000-28110	DEF IN - INVESTMENT EXPERIENCE	486,824.88	
400-750-41970	PENSION EXPENSE	243,604.50	
425-000-28100	DEF IN-ACT EXP VS ASSUMPTION	1,533.68	
425-000-28110	DEF IN - INVESTMENT EXPERIENCE	13,884.59	
425-750-41970	Pension expense	8,216.23	
820-000-28100	DEF IN-ACT EXP VS ASSUMPTION	3,919.20	
820-000-28110	DEF IN - INVESTMENT EXPERIENCE	52,984.58	
820-750-41970	PENSION EXPENSE	20,995.88	
830-000-28100	DEF IN-ACT EXP VS ASSUMPTION	7,046.64	
830-000-28110	DEF IN - INVESTMENT EXPERIENCE	35,585.82	
830-750-41970	PENSION EXPENSE	37,393.51	
400-000-18100	DEF OUT-INVESTMENT EXPERIENCE		263,148.32
400-000-18100	DEF OUT-INVESTMENT EXPERIENCE		486,824.88
400-000-18120	DEF OUT-EXP AND ACT EXPERIENCE		2,369.50
400-000-18130	DEF OUT-CHANGES IN ASSUMPTIONS		23,559.16
425-000-18100	DEF OUT-INVESTMENT EXPERIENCE		8,875.39
425-000-18100	DEF OUT-INVESTMENT EXPERIENCE		13,884.59
425-000-18120	DEF OUT-EXP AND ACT EXPERIENCE		79.92
425-000-18130	DEF OUT-CHANGES IN ASSUMPTIONS		794.60
820-000-18100	DEF OUT-INVESTMENT EXPERIENCE		22,680.33
820-000-18100	DEF OUT-INVESTMENT EXPERIENCE		52,984.58
820-000-18120	DEF OUT-EXP AND ACT EXPERIENCE		204.22
820-000-18130	DEF OUT-CHANGES IN ASSUMPTIONS		2,030.53
830-000-18100	DEF OUT-INVESTMENT EXPERIENCE		35,585.82
830-000-18100	DEF OUT-INVESTMENT EXPERIENCE		40,778.77

Client: ***City of Deer Park, Texas***
Engagement: ***City of Deer Park 09/30/20***
Period Ending: ***9/30/2020***
Trial Balance: ***2.2.01 - TB***
Workpaper: ***2.6.06 - Adjusting Journal Entries Report***

Account	Description	Debit	Credit
830-000-18120	DEF OUT-EXP AND ACT EXPERIENCE		10.54
830-000-18130	DEF OUT-CHANGES IN ASSUMPTIONS		3,650.84
Total		**957,461.99**	**957,461.99**

Adjusting Journal Entries JE # 6
GASB 68 AJE#3 - To recognize beginning balances for new deferred items in current year.

400-000-18130	DEF OUT-CHANGES IN ASSUMPTIONS	52,934.81	
400-000-23250	NET PENSION OBLIGATION	1,239,657.52	
425-000-18130	DEF OUT-CHANGES IN ASSUMPTIONS	1,785.37	
425-000-23250	NET PENSION OBLIGATION	41,810.82	
820-000-18130	DEF OUT-CHANGES IN ASSUMPTIONS	4,562.37	
820-000-23250	NET PENSION OBLIGATION	106,844.07	
830-000-18130	DEF OUT-CHANGES IN ASSUMPTIONS	8,203.04	
830-000-23250	NET PENSION OBLIGATION	192,103.49	
400-000-28100	DEF IN-ACT EXP VS ASSUMPTION		112,527.75
400-000-28110	DEF IN - INVESTMENT EXPERIENCE		1,180,064.58
425-000-28100	DEF IN-ACT EXP VS ASSUMPTION		3,795.30
425-000-28110	DEF IN - INVESTMENT EXPERIENCE		39,800.89
820-000-28100	DEF IN-ACT EXP VS ASSUMPTION		9,698.58
820-000-28110	DEF IN - INVESTMENT EXPERIENCE		101,707.86
830-000-28100	DEF IN-ACT EXP VS ASSUMPTION		17,437.86
830-000-28110	DEF IN - INVESTMENT EXPERIENCE		182,868.67
Total		**1,647,901.49**	**1,647,901.49**

Adjusting Journal Entries JE # 7
GASB 68 AJE#4 - To recognize pension expense and current year amortizations.

400-000-28100	DEF IN-ACT EXP VS ASSUMPTION	22,964.85	
400-000-28110	DEF IN - INVESTMENT EXPERIENCE	236,012.92	
400-750-41970	PENSION EXPENSE	374,098.83	
425-000-28100	DEF IN-ACT EXP VS ASSUMPTION	774.55	
425-000-28110	DEF IN - INVESTMENT EXPERIENCE	7,960.18	
425-750-41970	Pension expense	12,617.50	
820-000-28100	DEF IN-ACT EXP VS ASSUMPTION	1,979.30	
820-000-28110	DEF IN - INVESTMENT EXPERIENCE	20,341.57	
820-750-41970	PENSION EXPENSE	32,242.97	
830-000-28100	DEF IN-ACT EXP VS ASSUMPTION	3,558.75	
830-000-28110	DEF IN - INVESTMENT EXPERIENCE	36,573.73	
830-750-41970	PENSION EXPENSE	57,972.21	
400-000-18130	DEF OUT-CHANGES IN ASSUMPTIONS		10,803.02
400-000-23250	NET PENSION OBLIGATION		40,868.28
400-750-41970	PENSION EXPENSE		248,174.74
400-750-41970	PENSION EXPENSE		333,230.56
425-000-18130	DEF OUT-CHANGES IN ASSUMPTIONS		364.36
425-000-23250	NET PENSION OBLIGATION		1,378.39
425-750-41970	Pension expense		8,370.37
425-750-41970	Pension expense		11,239.11
820-000-18130	DEF OUT-CHANGES IN ASSUMPTIONS		931.10
820-000-23250	NET PENSION OBLIGATION		3,522.36
820-750-41970	PENSION EXPENSE		21,389.78
820-750-41970	PENSION EXPENSE		28,720.60
830-000-18130	DEF OUT-CHANGES IN ASSUMPTIONS		1,674.09
830-000-23250	NET PENSION OBLIGATION		6,333.15
830-750-41970	PENSION EXPENSE		38,458.39
830-750-41970	PENSION EXPENSE		51,639.06
Total		**807,097.36**	**807,097.36**

Adjusting Journal Entries JE # 8
GASB 68 AJE#5 - To recognize deferred outflows/contributions after measurement date for current fiscal year.

400-000-18110	DEF OUT - CONTRIBUTIONS	267,983.48	
425-000-18110	DEF OUT - CONTRIBUTIONS	9,038.47	
820-000-18110	DEF OUT - CONTRIBUTIONS	23,097.06	
830-000-18110	DEF OUT - CONTRIBUTIONS	41,528.05	
400-750-41970	PENSION EXPENSE		267,983.48
425-750-41970	Pension expense		9,038.47
820-750-41970	PENSION EXPENSE		23,097.06
830-750-41970	PENSION EXPENSE		41,528.05
Total		**341,647.06**	**341,647.06**

Adjusting Journal Entries JE # 9
GASB 75 Health Insurance AJE#1 - To recognize current year deferred items.

400-000-18140	DEF OUT-CHANGES IN ASSUMPTIONS-OPEB	176,695.01	
400-000-23260	NET OPEB OBLIGATION	9,827.36	
425-000-18140	DEF OUT-CHANGES IN ASSUMPTIONS-OPEB	7,747.91	
425-000-23260	TOTAL OPEB LIABILITY	430.92	
820-000-18140	DEF OUT-CHANGES IN ASSUMPTIONS-OPEB	27,010.38	
820-000-23260	TOTAL OPEB LIABILITY	1,502.25	

Client: ***City of Deer Park, Texas***
Engagement: ***City of Deer Park 09/30/20***
Period Ending: ***9/30/2020***
Trial Balance: ***2.2.01 - TB***
Workpaper: ***2.6.06 - Adjusting Journal Entries Report***

Account	Description	Debit	Credit
830-000-18140	DEF OUT-CHANGES IN ASSUMPTIONS-OPEB	30,869.38	
830-000-23260	TOTAL OPEB LIABILITY	1,716.88	
400-000-23260	NET OPEB OBLIGATION		176,695.01
400-000-28130	DEF IN - EXP AND ACT EXPERIENCE - OPEB		9,827.36
425-000-23260	TOTAL OPEB LIABILITY		7,747.91
425-000-28130	DEF IN - EXP AND ACTUAL EXPERIENCE - OPEB		430.92
820-000-23260	TOTAL OPEB LIABILITY		27,010.38
820-000-28130	DEF IN - EXP AND ACT EXPERIENCE - OPEB		1,502.25
830-000-23260	TOTAL OPEB LIABILITY		30,869.38
830-000-28130	DEF IN - EXP AND ACT EXPERIENCE - OPEB		1,716.88
Total		**255,800.09**	**255,800.09**
Adjusting Journal Entries JE # 10			
GASB 75 Health Insurance AJE#2 - To recognize current year amortization of prior deferred items.			
400-750-41980	OPEB EXPENSE	91,635.90	
425-750-41980	OPEB expense	4,018.15	
820-750-41980	OPEB EXPENSE	14,007.87	
830-750-41980	OPEB EXPENSE	16,009.19	
400-000-18140	DEF OUT-CHANGES IN ASSUMPTIONS-OPEB		51,293.52
400-000-18150	DEF OUT-EXP AND ACT EXPERIENCE-OPEB		40,342.38
425-000-18140	DEF OUT-CHANGES IN ASSUMPTIONS-OPEB		2,249.17
425-000-18150	DEF OUT-EXP AND ACT EXPERIENCE-OPEB		1,768.98
820-000-18140	DEF OUT-CHANGES IN ASSUMPTIONS-OPEB		7,840.95
820-000-18150	DEF OUT-EXP AND ACT EXPERIENCE-OPEB		6,166.92
830-000-18140	DEF OUT-CHANGES IN ASSUMPTIONS-OPEB		8,961.20
830-000-18150	DEF OUT-EXP AND ACT EXPERIENCE-OPEB		7,047.99
Total		**125,671.11**	**125,671.11**
Adjusting Journal Entries JE # 11			
GASB 75 Health Insurance AJE#3 - To recognize OPEB expense and current year amortizations.			
400-000-28130	DEF IN - EXP AND ACT EXPERIENCE - OPEB	1,121.00	
400-750-41980	OPEB EXPENSE	19,034.48	
400-750-41980	OPEB EXPENSE	172,871.36	
425-000-28130	DEF IN - EXP AND ACTUAL EXPERIENCE - OPEB	49.16	
425-750-41980	OPEB expense	834.64	
425-750-41980	OPEB expense	7,580.25	
820-000-28130	DEF IN - EXP AND ACT EXPERIENCE - OPEB	171.37	
820-750-41980	OPEB EXPENSE	2,909.69	
820-750-41980	OPEB EXPENSE	26,425.88	
830-000-28130	DEF IN - EXP AND ACT EXPERIENCE - OPEB	195.85	
830-750-41980	OPEB EXPENSE	3,325.40	
830-750-41980	OPEB EXPENSE	30,201.37	
400-000-18140	DEF OUT-CHANGES IN ASSUMPTIONS-OPEB		20,155.48
400-000-23260	NET OPEB OBLIGATION		172,871.36
425-000-18140	DEF OUT-CHANGES IN ASSUMPTIONS-OPEB		883.80
425-000-23260	TOTAL OPEB LIABILITY		7,580.25
820-000-18140	DEF OUT-CHANGES IN ASSUMPTIONS-OPEB		3,081.06
820-000-23260	TOTAL OPEB LIABILITY		26,425.88
830-000-18140	DEF OUT-CHANGES IN ASSUMPTIONS-OPEB		3,521.25
830-000-23260	TOTAL OPEB LIABILITY		30,201.37
Total		**264,720.45**	**264,720.45**
Adjusting Journal Entries JE # 12			
JN06935 - JN06944 prepared by client to accrue accounts receivable and reclass expenditures.			
010-000-13100	MISC ACCOUNTS RECEIVABLE	500.00	
010-000-13100	MISC ACCOUNTS RECEIVABLE	2,137.52	
010-000-13100	MISC ACCOUNTS RECEIVABLE	85,815.65	
010-000-13100	MISC ACCOUNTS RECEIVABLE	100,027.70	
010-300-41010	SALARIES FULL TIME	10,348.80	
010-436-41040	SALARIES OVERTIME	74.00	
010-436-41040	SALARIES OVERTIME	259.00	
010-436-41040	SALARIES OVERTIME	379.25	
010-436-41060	SOCIAL SECURITY/MEDICARE	5.66	
010-436-41060	SOCIAL SECURITY/MEDICARE	19.81	
010-436-41060	SOCIAL SECURITY/MEDICARE	29.01	
090-000-13100	MISC ACCOUNTS RECEIVABLE	201,238.64	
104-000-10000	CLAIM ON POOLED CASH	766.73	
104-000-12100	ACCOUNTS RECEIVABLE	99,555.75	
400-000-13100	MISC ACCOUNTS RECEIVABLE	4,400.00	
820-000-12100	ACCOUNTS RECEIVABLE	3,458.38	
999-000-24000	DUE TO OTHER FUNDS	766.73	
010-000-10000	CLAIM ON POOLED CASH		766.73
010-000-35250	DPISD OFFICER PROGRAM		100,027.70
010-000-36990	INTERGOVERNMENTAL REVENUE		2,137.52
010-000-36990	INTERGOVERNMENTAL REVENUE		85,815.65
010-105-42520	DUES & FEES		500.00
010-300-41020	SALARIES PART TIME		10,348.80
090-000-22120	DEFERRED REVENUE		133,238.64

Client: ***City of Deer Park, Texas***
Engagement: ***City of Deer Park 09/30/20***
Period Ending: ***9/30/2020***
Trial Balance: ***2.2.01 - TB***
Workpaper: ***2.6.06 - Adjusting Journal Entries Report***

Account	Description	Debit	Credit
090-000-36310	MISC REVENUE		68,000.00
104-000-35210	SCHOOL CROSSING GUARDS		99,555.75
104-300-41040	SALARIES OVERTIME		74.00
104-300-41040	SALARIES OVERTIME		259.00
104-300-41040	SALARIES OVERTIME		379.25
104-300-41060	SOCIAL SECURITY/MEDICARE		5.66
104-300-41060	SOCIAL SECURITY/MEDICARE		19.81
104-300-41060	SOCIAL SECURITY/MEDICARE		29.01
400-501-44100	SANITARY SEWER		3,850.00
400-502-42310	EQUIPMENT & OTHER RENTALS		550.00
820-300-42790	SOFTWARE OTHER		3,458.38
999-000-24000	DUE TO OTHER FUNDS		766.73
Total		**509,782.63**	**509,782.63**

Adjusting Journal Entries JE # 13
To correct negative cash balance for reporting purposes.

010-000-14104	DUE FROM FUND 104	5,866.42	
104-000-10000	CLAIM ON POOLED CASH	5,866.42	
010-000-10000	CLAIM ON POOLED CASH		5,866.42
104-000-24100	DUE TO FUND 010		5,866.42
Total		**11,732.84**	**11,732.84**

Adjusting Journal Entries JE # 14
To accrue FEMA reimbursement received 10/13/20 for Storm Water Outfall Pipe project.

105-000-12100	ACCOUNTS RECEIVABLE	85,630.18	
105-000-36990	INTERGOVERNMENTAL REVENUE		85,630.18
Total		**85,630.18**	**85,630.18**

Adjusting Journal Entries JE # 15
To recgonize CRF in geneal fund for CU's.

010-000-13100	MISC ACCOUNTS RECEIVABLE	113,300.32	
010-300-45300	CONTRIBUTIONS TO FUND 820	48,775.89	
010-311-45300	CONTRIBUTIONS TO FUND 830	64,524.43	
820-000-14100	DUE FROM FUND 10	48,775.89	
830-000-14100	DUE FROM FUND 10	64,524.43	
010-000-24820	DUE TO FUND 82		48,775.89
010-000-24830	DUE TO FUND 83		64,524.43
010-000-36990	INTERGOVERNMENTAL REVENUE		113,300.32
820-000-12100	ACCOUNTS RECEIVABLE		48,775.89
830-000-12100	ACCOUNTS RECEIVABLE		64,524.43
Total		**339,900.96**	**339,900.96**

Adjusting Journal Entries JE # 16
To record AP invoice.

820-300-42790	SOFTWARE OTHER	29,627.96	
820-000-21510	ACCOUNTS PAYABLE		29,627.96
Total		**29,627.96**	**29,627.96**

Adjusting Journal Entries JE # 17
Entry to adjust property tax receivables, allowances, and deferrals.

010-000-11210	ALLOWANCE FOR UNCOLL DELINQ	54,081.11	
010-000-11250	PENALTIES/INTEREST RECEIVABLE	8,045.00	
200-000-11210	ALLOWANCE FOR UNCOLL DELINQ	14,540.96	
200-000-11260	ALLOWANCE FOR P&I RECEIVABLE	109.83	
200-000-25050	DEFERRED REVENUE-P&I	36.62	
010-000-11200	TAXES RECEIVABLE DELINQUENT		32,513.62
010-000-11260	ALLOWANCE FOR P&I RECEIVABLE		6,033.75
010-000-25000	DEFERRED REVENUES-PROPERTY TAX		21,567.49
010-000-25050	DEFERRED REVENUE-P&I		2,011.25
200-000-11200	TAXES RECEIVABLE DELINQUENT		10,330.08
200-000-11250	PENALTIES/INTEREST RECEIVABLE		146.45
200-000-25000	DEFERRED REVENUES-PROPERTY TAX		4,210.88
Total		**76,813.52**	**76,813.52**

Adjusting Journal Entries JE # 18
Entry to adjust ambulance receivables, allowances, and deferrals.

010-000-13310	ALLOWANCE-AMBULANCE	1,557,018.95	
010-000-25300	DEFERRED REVENUE-AMBULANCE	1,443,975.27	
010-000-13300	ACCOUNTS RECEIVABLE-AMBULANCE		1,443,975.27
010-000-25300	DEFERRED REVENUE-AMBULANCE		1,557,018.95
Total		**3,000,994.22**	**3,000,994.22**

Adjusting Journal Entries JE # 19
Entries prepared by client: JN06776, JN06777, and JN06791.

Client: ***City of Deer Park, Texas***
Engagement: ***City of Deer Park 09/30/20***
Period Ending: ***9/30/2020***
Trial Balance: ***2.2.01 - TB***
Workpaper: ***2.6.06 - Adjusting Journal Entries Report***

Account	Description	Debit	Credit
510-000-17410	ACCUM DEPR IMPROVEMENTS	38,271.02	
510-900-45360	DEPRECIATION	19,135.51	
511-000-17410	ACCUM DEPR IMPROVEMENTS	60,133.80	
511-000-17800	CONSTRUCTION IN PROGRESS	1,968,096.27	
511-900-45360	DEPRECIATION	30,066.90	
510-000-17410	ACCUM DEPR IMPROVEMENTS		19,135.51
510-900-45360	DEPRECIATION		38,271.02
511-000-17400	OTHER IMPROVEMENTS		1,968,096.27
511-000-17410	ACCUM DEPR IMPROVEMENTS		30,066.90
511-900-45360	DEPRECIATION		60,133.80
Total		**2,115,703.50**	**2,115,703.50**

Adjusting Journal Entries JE # 20
JN06999 provided by client to record operating transfers.

010-105-45300	OPERATING TRANSFERS	130,000.00	
010-105-45300	OPERATING TRANSFERS	159,297.00	
010-105-45300	OPERATING TRANSFERS	498,570.35	
010-105-45300	OPERATING TRANSFERS	2,958,447.00	
084-000-10000	CLAIM ON POOLED CASH	498,570.35	
086-000-10000	CLAIM ON POOLED CASH	130,000.00	
090-000-10000	CLAIM ON POOLED CASH	2,958,447.00	
101-601-45300	OPERATING TRANSFERS	12,000.00	
101-602-45300	OPERATING TRANSFERS	11,000.00	
101-602-45300	OPERATING TRANSFERS	24,141.61	
101-602-45300	OPERATING TRANSFERS	99,000.00	
101-603-45300	OPERATING TRANSFERS	17,000.00	
101-603-45300	OPERATING TRANSFERS	20,000.00	
104-104-45300	OPERATING TRANSFERS	18,159.00	
104-104-45300	OPERATING TRANSFERS	19,218.00	
104-104-45300	OPERATING TRANSFERS	70,090.00	
104-300-45300	OPERATING TRANSFERS	20,000.00	
400-900-45300	OPERATING TRANSFERS	39,297.00	
400-900-45300	OPERATING TRANSFERS	104,383.00	
425-000-10000	CLAIM ON POOLED CASH	198,594.00	
999-000-24000	DUE TO OTHER FUNDS	127,467.00	
999-000-24000	DUE TO OTHER FUNDS	143,680.00	
999-000-24000	DUE TO OTHER FUNDS	183,141.61	
999-000-24000	DUE TO OTHER FUNDS	3,331,322.74	
010-000-10000	CLAIM ON POOLED CASH		3,331,322.74
010-000-36400	TRANSFER FROM OTHER FUNDS		104,383.00
010-000-36420	TRANSFER FROM SPECIAL REVENUE		127,467.00
010-000-36420	TRANSFER FROM SPECIAL REVENUE		183,141.61
084-000-36400	TRANSFER FROM OTHER FUNDS		498,570.35
086-000-36400	TRANSFER FROM OTHER FUNDS		130,000.00
090-000-36400	TRANSFER FROM OTHER FUNDS		2,958,447.00
101-000-10000	CLAIM ON POOLED CASH		183,141.61
104-000-10000	CLAIM ON POOLED CASH		127,467.00
400-000-10000	CLAIM ON POOLED CASH		143,680.00
425-000-36400	TRANSFER FROM OTHER FUNDS		39,297.00
425-000-36400	TRANSFER FROM OTHER FUNDS		159,297.00
999-000-24000	DUE TO OTHER FUNDS		130,000.00
999-000-24000	DUE TO OTHER FUNDS		198,594.00
999-000-24000	DUE TO OTHER FUNDS		498,570.35
999-000-24000	DUE TO OTHER FUNDS		2,958,447.00
Total		**11,771,825.66**	**11,771,825.66**

Adjusting Journal Entries JE # 21
To reclass golf cart lease payments for reporting purposes.

084-450-49080	LEASE PURCHASE	49,187.20	
084-450-42310	EQUIPMENT & OTHER RENTALS		49,187.20
Total		**49,187.20**	**49,187.20**