



Sherry Garrison, Council Position 1  
Thane Harrison, Council Position 2  
Tommy Ginn, Council Position 3

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

James Stokes, City Manager  
Gary Jackson, Assistant City Manager

Jerry Mouton Jr., Mayor

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

Ordinance #4066

Resolution #2019-05

## CALL TO ORDER

*The 1729th meeting of the Deer Park City Council.*

## INVOCATION

## PLEDGE OF ALLEGIANCE

## PRESENTATIONS

1. Presentation - Acceptance of Paintings Depicting Shell and Deer Park's Early History Donated by Shell.

[PRE 19-007](#)

**Recommended Action:** Accept and acknowledge the donation from Shell.

**Department:** Parks & Recreation

**Attachments:** [Watercolor Paintings](#)

## CONSENT CALENDAR

2. Approval of minutes of workshop meeting on March 5, 2019.

[MIN 19-045](#)

**Recommended Action:** Approval

**Attachments:** [CC\\_MW\\_030519](#)

3. Approval of minutes of regular meeting on March 5, 2019.

[MIN 19-046](#)

**Recommended Action:** Approval

**Attachments:** [CC\\_MR\\_030519](#)

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*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.*

4. Approval of minutes of special meeting on March 7, 2019. (Strategic Planning 8:00 a.m.) [MIN 19-049](#)  
**Recommended Action:** Approval  
**Attachments:** [CC MSW 030719](#)
5. Approval of minutes of special meeting on March 7, 2019. (Strategic Planning 10:00 a.m.) [MIN 19-048](#)  
**Recommended Action:** Approval  
**Attachments:** [CC MSW 030719 Council.Staff](#)
6. Approval of tax refund to Love's Travel Stops & Country Stores Inc. in the amount of \$3,600.00 due to an overpayment. [TAXR 19-018](#)  
**Recommended Action:** Approve the tax refund to Loves Travel Stops & Country Stores Inc.  
**Department:** Finance
7. Approval of tax refund to Corelogic Inc. Escrow Reporting in the amount of \$787.62 due to an overpayment. [TAXR 19-019](#)  
**Recommended Action:** Approve the tax refund to Corelogic Inc. Escrow Reporting.  
**Department:** Finance
8. Approval of tax refund to Center Drive Inc. in the amount of \$738.00 due to a value decrease granted by Harris County Appraisal District. [TAXR 19-020](#)  
**Recommended Action:** Approve the tax refund to Center Drive Inc.  
**Department:** Finance
9. Approval of tax refund to Elena Osborn in the amount of \$674.68 due to a homestead exemption and a veteran's exemption granted by Harris County Appraisal District. [TAXR 19-021](#)  
**Recommended Action:** Approve the tax refund to Elena Osborn.  
**Department:** Finance
10. Approval of tax refund to Northeast R. E. Management LLC in the amount of \$5,907.76 due to a value decrease granted by Harris County Appraisal District. [TAXR 19-022](#)  
**Recommended Action:** Approve the tax refund to Northeast R.E. Management LLC.  
**Department:** Finance
11. Approval of tax refund to Lou A. Lord in the amount of \$664.31 due to a homestead exemption, an over-65 exemption, and a freeze granted by Harris County Appraisal District. [TAXR 19-023](#)  
**Recommended Action:** Approve the tax refund to Lou A. Lord.  
**Department:** Finance
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*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.*

12. Approval of tax refund to GSL Partners Sub Nine LP in the amount of \$2,778.83 due to a value decrease granted by Harris County Appraisal District. [TAXR 19-024](#)

**Recommended Action:** Approve the tax refund to GSL Partners Sub Nine LP.

**Department:** Finance

13. Approval of tax refund to GSL Constructors SUB 41 LLC in the amount of \$2,562.38 due to a value decrease granted by Harris County Appraisal District. [TAXR 19-025](#)

**Recommended Action:** Approve the tax refund to GSL Constructors SUB 41 LLC.

**Department:** Finance

14. Approval of tax refund to Elena Osborn in the amount of \$721.91 due to a homestead exemption and a veteran's exemption granted by Harris County Appraisal District. [TAXR 19-026](#)

**Recommended Action:** Approve the tax refund to Elena Osborn.

**Department:** Finance

15. Approval of tax refund to Lou Ann Lord in the amount of \$710.82 due to a homestead exemption, an over-65 exemption, and a freeze change granted by Harris County Appraisal District. [TAXR 19-027](#)

**Recommended Action:** Approve the tax refund to Lou Ann Lord.

**Department:** Finance

16. Approval of tax refund to U. S. Bank National Association in the amount of \$1,552.57 due to a value decrease granted by Harris County Appraisal District. [TAXR 19-028](#)

**Recommended Action:** Approve the tax refund to U.S. Bank National Association.

**Department:** Finance

17. Approval of tax refund to Elena Osborn in the amount of \$674.68 due to a homestead exemption and a veteran's exemption granted by Harris County Appraisal District. [TAXR 19-029](#)

**Recommended Action:** Approve the tax refund to Elena Osborn.

**Department:** Finance

18. Authorization to advertise and receive bids on the Concrete Pavement Maintenance Contract. [AUT 19-022](#)

**Recommended Action:** Staff recommends council authorization to advertise for bids

**Department:** Public Works

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*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.*

## COMMENTS FROM AUDIENCE

*The Mayor shall call upon those who have registered to address Council in the order registered. There is a five minute time limit . A registration form is available in the Council Chambers and citizens must register by 7:25 p.m.*

## NEW BUSINESS

19. Consideration of and action on the authorization to purchase from Vaught Services, Inc., through the TIPS Cooperative Purchasing Program to perform Sanitary Pipe-bursting of the 18" South Plant Force Main (Phase 1). [PUR 19-004](#)

**Department:** Public Works

20. Consideration of and action on authorization to accept the FY 2017-2018 Annual Audit. [ACT 18-035](#)

**Recommended Action:** Accept the FY 2017-2018 Annual Audit.

**Department:** Finance

**Attachments:** [Draft CAFR - 2018](#)

[Draft Mgmt Ltr - 2018](#)

[Draft Reg Audit Disclosure Letter - 2018](#)

21. Consideration of and action on the Mowing Service Contract Change Order with EconoCuts Landscape Management on annual basis. [CHO 19-003](#)

**Recommended Action:** Approve Mowing Service Contract Change Order with EconoCuts Landscape Management on an annual basis.

**Attachments:** [Mowing Contract](#)

22. Consideration of and action on entering into an agreement with RVi for professional services for the North East Hike and Bike Trails. [AGR 19-013](#)

**Recommended Action:** Authorize to enter into an agreement with RVi for professional services for the NE Hike and Bike Trails.

**Department:** Public Works

**Attachments:** [20181002171141418](#)

[rt15005-fed-award](#)

[AGREEMENT FOR ARCHITECTURAL SERVICES - RVi Northeast Trail](#)

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*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.*



23. Consideration of and action on an ordinance amending Section 18-507(e) (f) of the Code of Ordinances for the enforcement associated with the Cross-Connection (backflow) Control Program.

[ORD 19-033](#)

**Recommended Action:**

Review and adopt the ordinance changing Section 18-507(e)(f) of the Code of Ordinances for certain of the enforcement associated with the cross-connection (backflow) control program.

**Department:**

Public Works

**Attachments:**

[Backflow Ordinance](#)

## ADJOURN

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Shannon Bennett, TRMC  
City Secretary

Posted on Bulletin Board  
March 15, 2019

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

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*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.*



## Legislation Details (With Text)

**File #:** PRE 19-007    **Version:** 1    **Name:**  
**Type:** Presentation    **Status:** Agenda Ready  
**File created:** 3/5/2019    **In control:** City Council  
**On agenda:** 3/19/2019    **Final action:**  
**Title:** Presentation - Acceptance of Paintings Depicting Shell and Deer Park's Early History Donated by Shell.  
**Sponsors:** Parks & Recreation  
**Indexes:**  
**Code sections:**  
**Attachments:** [Watercolor Paintings](#)

Date	Ver.	Action By	Action	Result
3/19/2019	1	City Council		

Presentation - Acceptance of Paintings Depicting Shell and Deer Park's Early History Donated by Shell.

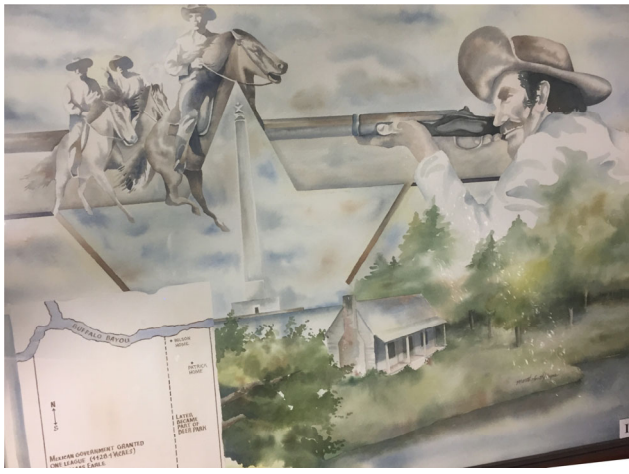
### Summary:

Shell is donating several paintings to the City that depict Shell and Deer Park's early history. These watercolor paintings show a pictorial history of Shell and the Deer Park area and were painting by Martha Hayes for the Sesquicentennial Celebration in Deer Park in 1986. Thumbnails of the painting are attached.

### Fiscal/Budgetary Impact:

None

Accept and acknowledge the donation from Shell.





## Legislation Details (With Text)

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**File #:** MIN 19-045    **Version:** 1    **Name:**  
**Type:** Minutes    **Status:** Agenda Ready  
**File created:** 3/13/2019    **In control:** City Council  
**On agenda:** 3/19/2019    **Final action:**  
**Title:** Approval of minutes of workshop meeting on March 5, 2019.  
**Sponsors:**  
**Indexes:**  
**Code sections:**  
**Attachments:** [CC\\_MW\\_030519](#)

Date	Ver.	Action By	Action	Result
3/19/2019	1	City Council		

Approval of minutes of workshop meeting on March 5, 2019.

Summary:

Fiscal/Budgetary Impact:

Approval

710 EAST SAN AUGUSTINE STREET

DEER PARK, TEXAS 77536

## Minutes

of

A WORKSHOP MEETING OF THE CITY COUNCIL OF THE CITY OF DEER PARK, TEXAS HELD AT CITY HALL, 710 EAST SAN AUGUSTINE STREET, DEER PARK, TEXAS ON MARCH 05, 2019, BEGINNING AT 6:30 P.M., WITH THE FOLLOWING MEMBERS PRESENT:

JERRY MOUTON, JR.  
SHERRY GARRISON  
THANE HARRISON  
TOMMY GINN  
BILL PATTERSON  
RON MARTIN  
RAE SINOR

MAYOR  
COUNCILWOMAN  
COUNCILMAN  
COUNCILMAN  
COUNCILMAN  
COUNCILMAN  
COUNCILWOMAN

## OTHER CITY OFFICIALS PRESENT:

JAY STOKES  
GARY JACKSON  
SHANNON BENNETT  
JIM FOX

CITY MANAGER  
ASSISTANT CITY MANAGER  
CITY SECRETARY  
CITY ATTORNEY

1. MEETING CALLED TO ORDER – Mayor Mouton called the workshop to order at 6:15 p.m.
2. EXECUTIVE SESSION – POTENTIAL ECONOMIC DEVELOPMENT INCENTIVES TO A BUSINESS PROSPECT – Mayor Mouton recessed the workshop meeting at 6:15 p.m. for an Executive Session.
3. EXECUTIVE SESSION – POTENTIAL PURCHASE OF REAL PROPERTY – Mayor Mouton recessed the workshop meeting at 6:15 p.m. for an Executive Session.
4. RECONVENED – Mayor Mouton reconvened the workshop meeting at 6:40 p.m.
5. DISCUSSION OF ISSUES RELATING TO THE PONY INTERNATIONAL GIRLS SOFTBALL TOURNAMENT – Parks and Recreation Director, Charlie Sandberg gave an overview of the Pony Girls Softball Tournament. Pony Girls Softball has taken the opportunity to bring the 2019 International Girls Softball Tournament to Deer Park, Texas proposed for the date of July 23-27, 2019. This event will use the newly renovated Girls Softball Complex and the Adult Softball Complex facilities.

In addition, Ad-Hoc Committee Chair T.J. Haight spoke of the tournament and the many collegiate coaches that have been invited to scout the athletes that potentially will be from



USA, Mexico, the Caribbean, Greece and possibly others. The decision to bring the tournament to Deer Park was based on the Pony Baseball Regional Tournaments and the tourism and field maintenance services that were provided to those tournaments. An Ad-Hoc Committee has been created consisting of Pony Baseball & Softball Representatives, Deer Park Tourism Committee, Park Pony Baseball, Deer Park Girls Softball, Deer Park Chamber of Commerce, Deer Park Independent School District and other local business representatives. (Exhibit A1-A4)

6. DISCUSSION OF ISSUES RELATING TO THE UPDATE ON MAXWELL ADULT CENTER FEES – Senior Services Supervisor, Janica Hughey, introduced the new Staff member, Recreational Specialist, Senior Services, Danielle Finney. Ms. Hughey also discussed the National Council for Therapeutic Recreation (NCTRC) which is the premier credentialing organization for the profession of Therapeutic Recreation. As the Senior Services Supervisor, Ms. Hughey will take an exam and upon completion, will be able to implement the new and innovative therapeutic based programs.

Parks and Recreation Director, Charlie Sandberg gave an overview of the Maxwell Adult Center's proposed recommendations of free group usage on Tuesday nights, proposed rental fees, and the proposed therapeutic programming. (Exhibit B1-B3)

Mr. Sandberg mentioned a survey given to many of the participants, that listed programs recommended by the participants themselves. A trend of declining interest in the Ceramics programming was present, but as of current, the program will still be available on Mondays from 9 a.m.-11:30 a.m. The task now is to look at the cost to keep the kilns in Deer Park.

7. ADJOURN – Mayor Mouton adjourned the workshop meeting at 7:08 p.m.

ATTEST:

APPROVED:

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Shannon Bennett, TRMC  
City Secretary

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Jerry Mouton, Jr.  
Mayor



# City of Deer Park

710 E SAN AUGUSTINE  
DEER PARK, TX 77536

## Legislation Details (With Text)

**File #:** MIN 19-046    **Version:** 1    **Name:**  
**Type:** Minutes    **Status:** Agenda Ready  
**File created:** 3/13/2019    **In control:** City Council  
**On agenda:** 3/19/2019    **Final action:**  
**Title:** Approval of minutes of regular meeting on March 5, 2019.  
**Sponsors:**  
**Indexes:**  
**Code sections:**  
**Attachments:** [CC\\_MR\\_030519](#)

Date	Ver.	Action By	Action	Result
3/19/2019	1	City Council		

Approval of minutes of regular meeting on March 5, 2019.

Summary:

Fiscal/Budgetary Impact:

Approval

CITY OF DEER PARK

CC 78-103

710 EAST SAN AUGUSTINE STREET

DEER PARK, TEXAS 77536

Minutes of

THE 1728th REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF DEER PARK, TEXAS HELD IN CITY HALL, 710 EAST SAN AUGUSTINE STREET, DEER PARK, TEXAS ON MARCH 5, 2019, AT 7:30 P.M., WITH THE FOLLOWING MEMBERS PRESENT:

JERRY MOUTON, JR.  
SHERRY GARRISON  
THANE HARRISON  
TOMMY GINN  
BILL PATTERSON  
RON MARTIN  
RAE SINOR

MAYOR  
COUNCILWOMAN  
COUNCILMAN  
COUNCILMAN  
COUNCILMAN  
COUNCILMAN  
COUNCILWOMAN

OTHER CITY OFFICIALS PRESENT:

JAY STOKES  
GARY JACKSON  
SHANNON BENNETT  
JIM FOX

CITY MANAGER  
ASSISTANT CITY MANAGER  
CITY SECRETARY  
CITY ATTORNEY

1. MEETING CALLED TO ORDER – Mayor Mouton called the meeting to order at 7:30 p.m.
2. INVOCATION – The invocation was given by Councilman Patterson.
3. PLEDGE OF ALLEGIANCE – Councilman Martin led the Pledge of Allegiance to the United States Flag and led the Texas Flag Pledge.
4. PUBLIC HEARING FROM THE REQUEST OF MOLTO PROPERTIES FOR A VOLUNTARY ANNEXATION OF FOUR TRACTS OF LAND TOTALING 49.0146 ACRES AND 83 SQUARE FEET IN THE CITY’S ETJ LOCATED ALONG THE WEST SIDE OF INDEPENDENCE PKWY AND NORTH OF STATE HIGHWAY 225 INTO THE DEER PARK CITY LIMITS – The public hearing was opened by the City Secretary reading the Notice of Public Hearing. (Exhibit A)

Mayor Mouton called for those persons desiring to speak in favor of the request.

- a. Chad Parrish of Molto Properties commented, “I am just here to answer any questions, if there are any. We are very excited for this project and we appreciate your support.”

Mayor Mouton called for those persons desiring to speak against the request. No one spoke.



5. CONSENT CALENDAR – Motion was made by Councilman Harrison and seconded by Councilman Ginn to approve the consent calendar as follows:
  - a. Approval of minutes of joint meeting on January 28, 2019.
  - b. Approval of minutes of workshop meeting on February 19, 2019.
  - c. Approval of minutes of regular meeting on February 19, 2019.
  - d. Authorization to seek bids for the removal of sludge sediment from Lagoon Cell 1 at the Surface Water Treatment Plant.
  - e. Authorization to extend the agreement with Texas A&M Engineering Extension Service (TEEX) for EMS student training.
  - f. Authorization to make payment toward the second year of the three year agreement with SHI for Microsoft Enterprise Services Agreement.
  - g. Authorization to purchase 30 desktop computers from Dell through a continuation of their lease/purchase via the Texas Department of Information Resources (DIR).

Motion carried 7 to 0.

6. COMMENTS FROM AUDIENCE –

- a. Ronald Moody, 413 W. Forrest Lane, gave an overview of his participation in the Maxwell Adult Center ceramics class. Mr. Moody expressed his enjoyment of participating in the ceramics class and is in favor of the continuation of the class at the Maxwell Adult Center.
- b. Cherilyn Keeney, 2214 Kilkenny Lane, gave an informational summary of programming suggestions for the new Community Center, that included a list of the different options she discussed. (Exhibit B)

7. CONSIDERATION OF AND ACTION ON A SOCCER COMPLEX CHANGE ORDER – Motion was by Councilman Martin and seconded by Councilman Patterson to approve the Soccer Complex change order. Motion carried 7 to 0.

8. CONSIDERATION OF AND ACTION ON AN ORDINANCE TO AMEND THE FISCAL YEAR 2017-2018 BUDGET FOR THE FIRE MARSHAL'S OFFICE – After a proposed ordinance was read by caption, motion was made by Councilwoman Garrison and seconded by Councilman Ginn to adopt on first and final reading Ordinance No. 4064, captioned as follows:

AN ORDINANCE AMENDING THE 2017-2018 BUDGET FOR THE CITY OF DEER PARK, TEXAS, AND APPROPRIATING THE SUMS SET UP THEREIN TO THE OBJECTS AND PURPOSES THEREIN NAMED; AND DECLARING AN EMERGENCY.

Motion carried 7 to 0.

9. CONSIDERATION OF AND ACTION ON AN ORDINANCE AMENDING SECTION 74-83(B) OF THE CODE OF ORDINANCES RELATED TO NEW FEES FOR THE AFTER SCHOOL ALLSTAR PROGRAM FOR 2019-2020 SCHOOL YEAR – After a proposed ordinance was read by caption, motion was made by Councilman Patterson and seconded by Councilman Harrison to adopt on first and final reading Ordinance No. 4065, captioned as follows:

AN ORDINANCE AMENDING SECTION 74-83 (B) OF THE CODE OF ORDINANCES OF THE CITY OF DEER PARK, PROVIDING NEW FEES FOR THE AFTER SCHOOL PROGRAM; AND DECLARING AN EMERGENCY.

Motion carried 7 to 0.

10. ADJOURN – Mayor Mouton adjourned the meeting at 8:03 p.m.

ATTEST:

APPROVED:

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Shannon Bennett, TRMC  
City Secretary

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Jerry Mouton, Jr.  
Mayor



## Legislation Details (With Text)

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**File #:** MIN 19-049    **Version:** 1    **Name:**  
**Type:** Minutes    **Status:** Agenda Ready  
**File created:** 3/13/2019    **In control:** City Council  
**On agenda:** 3/19/2019    **Final action:**  
**Title:** Approval of minutes of special meeting on March 7, 2019. (Strategic Planning 8:00 a.m.)  
**Sponsors:**  
**Indexes:**  
**Code sections:**  
**Attachments:** [CC\\_MSW\\_030719](#)

Date	Ver.	Action By	Action	Result
3/19/2019	1	City Council		

Approval of minutes of special meeting on March 7, 2019. (Strategic Planning 8:00 a.m.)

Summary:

Fiscal/Budgetary Impact:

Approval

710 EAST SAN AUGUSTINE STREET

DEER PARK, TEXAS 77536

Minutes

of

A SPECIAL WORKSHOP MEETING OF THE CITY COUNCIL OF THE CITY OF DEER PARK, TEXAS HELD AT DPISD EDUCATION SUPPORT CENTER, 2800 TEXAS AVENUE, DEER PARK, TEXAS ON MARCH 7, 2019 BEGINNING AT 8:00 A.M., WITH THE FOLLOWING MEMBERS PRESENT:

JERRY MOUTON, JR.	MAYOR
SHERRY GARRISON	COUNCILWOMAN
THANE HARRISON	COUNCILMAN
TOMMY GINN	COUNCILMAN
BILL PATTERSON	COUNCILMAN
RON MARTIN	COUNCILMAN
RAE A. SINOR	COUNCILWOMAN

OTHER CITY OFFICIALS PRESENT:

JAY STOKES	CITY MANAGER
GARY JACKSON	ASSISTANT CITY MANAGER
SHANNON BENNETT	CITY SECRETARY

1. MEETING CALLED TO ORDER – Mayor Mouton called the workshop to order at 8:00 a.m.
2. RECESS/RECONVENE – Mayor Mouton recessed the workshop at 8:00 and reconvened at 8:12 a.m.
3. STRATEGIC PLANNING GOVERNANCE SESSION WITH FACILITATOR RON COX – Facilitator Ron Cox began conversation on reconfirming governance and reflected on the strengths and weaknesses five years ago and compared them to now and identified the new issues and challenges. He also defined the City's mission and vision statements highlighting the core values (respect, integrity, honesty, fairness, responsibility, hope and faithfulness), characteristics of leadership, governance as meaningful communication and asked Council expectations of other members of Council, expectations of City Staff, and what they thought City Staff's expectations are of Council. Each of these areas was discussed.
4. ADJOURN - Mayor Mouton adjourned the workshop at 9:37 a.m.

ATTEST:

APPROVED:

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Shannon Bennett, TRMC  
City Secretary

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Jerry Mouton, Jr.  
Mayor



## Legislation Details (With Text)

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**File #:** MIN 19-048    **Version:** 1    **Name:**  
**Type:** Minutes    **Status:** Agenda Ready  
**File created:** 3/13/2019    **In control:** City Council  
**On agenda:** 3/19/2019    **Final action:**  
**Title:** Approval of minutes of special meeting on March 7, 2019. (Strategic Planning 10:00 a.m.)  
**Sponsors:**  
**Indexes:**  
**Code sections:**  
**Attachments:** [CC\\_MSW\\_030719 Council.Staff](#)

Date	Ver.	Action By	Action	Result
3/19/2019	1	City Council		

Approval of minutes of special meeting on March 7, 2019. (Strategic Planning 10:00 a.m.)

Summary:

Fiscal/Budgetary Impact:

Approval

710 EAST SAN AUGUSTINE STREET

DEER PARK, TEXAS 77536

Minutes

of

A SPECIAL WORKSHOP MEETING OF THE CITY COUNCIL OF THE CITY OF DEER PARK, TEXAS HELD AT THE DEER PARK ISD EDUCATIONAL SUPPORT BUILDING, 2800 TEXAS AVENUE, DEER PARK, TEXAS ON MARCH 7, 2019 BEGINNING AT 10:00 A.M., WITH THE FOLLOWING MEMBERS PRESENT:

JERRY MOUTON, JR.  
SHERRY GARRISON  
THANE HARRISON  
TOMMY GINN  
BILL PATTERSON  
RON MARTIN  
RAE A. SINOR

MAYOR  
COUNCILWOMAN  
COUNCILMAN  
COUNCILMAN  
COUNCILMAN  
COUNCILMAN  
COUNCILWOMAN

OTHER CITY OFFICIALS PRESENT:

JAY STOKES  
GARY JACKSON  
SHANNON BENNETT  
JIM FOX

CITY MANAGER  
ASSISTANT CITY MANAGER  
CITY SECRETARY  
CITY ATTORNEY

DEPARTMENTAL DIRECTORS PRESENT:

GREG GRIGG  
JAMES LEWIS  
BILL PEDERSEN  
BILL PHILIBERT  
REBECCA POOL  
CHARLIE SANDBERG  
ROBERT HEMMINGER  
DONNA TODD  
DON DAVIS  
ADAM BALLESTEROS  
KRISTIN CALLAHAN

CHIEF OF POLICE  
IT DIRECTOR  
PUBLIC WORKS DIRECTOR  
HUMAN RESOURCES DIRECTOR  
LIBRARY director  
PARKS & RECREATION DIRECTOR  
EMERGENCY SERVICES DIRECTOR  
FINANCE DIRECTOR  
FIRE CHIEF  
CITY ENGINEER  
PUBLIC RELATIONS/MARKETING  
SPECIALIST

1. MEETING CALLED TO ORDER – Mayor Mouton called the workshop to order at 10:00 a.m.

2. STRATEGIC PLANNING SESSION WITH FACILITATOR RON COX – Facilitator Ron Cox began conversation with an overview of the meeting held with Council earlier this morning highlighting governance, the City’s mission, vision, core values, leadership and communication styles, expectations of Council, expectations of City Staff, and what they thought City Staff’s expectations are of Council.

He then reviewed the City’s Policy Statement as it relates to the five areas of emphasis: Leadership and Governance, Quality of Life, Comprehensive Planning, Economic Planning and Public Safety, then solicited a new area of emphasis if Council and Staff sees a need.

Mr. Cox divided Council and Staff into four different groups to identify the community and organizational strengths and weaknesses, issues and challenges and strategies.

RECESS/RECONVENE – Mayor Mouton recessed the workshop at 11:35 for lunch and reconvened at 12:00.

The group activities continued. Then strategies for areas of emphasis were identified for creating a new Strategic Plan for 2019 to include a new area: New Organizational Excellence.

In conclusion, Mr. Cox will use all the strategies to prepare a formal Strategic Plan for the City of Deer Park in 2019.

3. ADJOURN - Mayor Mouton adjourned the workshop at 1:52 p.m.

ATTEST:

APPROVED:

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Shannon Bennett, TRMC  
City Secretary

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Jerry Mouton, Jr.  
Mayor



## Legislation Details (With Text)

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**File #:** TAXR 19-018   **Version:** 1   **Name:**

**Type:** Tax Refund   **Status:** Agenda Ready

**File created:** 2/28/2019   **In control:** City Council

**On agenda:** 3/19/2019   **Final action:**

**Title:** Approval of tax refund to Love's Travel Stops & Country Stores Inc. in the amount of \$3,600.00 due to an overpayment.

**Sponsors:** Finance

**Indexes:**

**Code sections:**

**Attachments:**

Date	Ver.	Action By	Action	Result
3/19/2019	1	City Council		

Approval of tax refund to Love's Travel Stops & Country Stores Inc. in the amount of \$3,600.00 due to an overpayment.

### Summary:

Section 31.11 of the Texas Property Tax Code requires that all refunds exceeding \$500 be approved by the governing body prior to the issuance of a check to the payee. The following refund is pending:

Love's Travel Stops & Country Stores Inc. in the total amount of \$3,600.00 due to an overpayment (Account #133-893-000-0001).

Fiscal/Budgetary Impact: None.

Approve the tax refund to Loves Travel Stops & Country Stores Inc.





## Legislation Details (With Text)

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**File #:** TAXR 19-019   **Version:** 1   **Name:**

**Type:** Tax Refund   **Status:** Agenda Ready

**File created:** 2/28/2019   **In control:** City Council

**On agenda:** 3/19/2019   **Final action:**

**Title:** Approval of tax refund to Corelogic Inc. Escrow Reporting in the amount of \$787.62 due to an overpayment.

**Sponsors:** Finance

**Indexes:**

**Code sections:**

**Attachments:**

Date	Ver.	Action By	Action	Result
3/19/2019	1	City Council		

Approval of tax refund to Corelogic Inc. Escrow Reporting in the amount of \$787.62 due to an overpayment.

### Summary:

Section 31.11 of the Texas Property Tax Code requires that all refunds exceeding \$500 be approved by the governing body prior to the issuance of a check to the payee. The following refund is pending:

Corelogic Inc. Escrow Reporting in the total amount of \$787.62 due to an overpayment (Account #109-043-000-0024).

Fiscal/Budgetary Impact: None.

Approve the tax refund to Corelogic Inc. Escrow Reporting.



## Legislation Details (With Text)

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**File #:** TAXR 19-020   **Version:** 1   **Name:**

**Type:** Tax Refund   **Status:** Agenda Ready

**File created:** 3/6/2019   **In control:** City Council

**On agenda:** 3/19/2019   **Final action:**

**Title:** Approval of tax refund to Center Drive Inc. in the amount of \$738.00 due to a value decrease granted by Harris County Appraisal District.

**Sponsors:** Finance

**Indexes:**

**Code sections:**

**Attachments:**

Date	Ver.	Action By	Action	Result
3/19/2019	1	City Council		

Approval of tax refund to Center Drive Inc. in the amount of \$738.00 due to a value decrease granted by Harris County Appraisal District.

### Summary:

Section 31.11 of the Texas Property Tax Code requires that all refunds exceeding \$500 be approved by the governing body prior to the issuance of a check to the payee. The following refund is pending:

Center Drive Inc. in the total amount of \$738.00 due to a value decrease granted by Harris County Appraisal District on the 2018 Correction Roll #06 (Account #046-225-000-0003).

Fiscal/Budgetary Impact: None.

Approve the tax refund to Center Drive Inc.



## Legislation Details (With Text)

**File #:** TAXR 19-021 **Version:** 1 **Name:**  
**Type:** Tax Refund **Status:** Agenda Ready  
**File created:** 3/6/2019 **In control:** City Council  
**On agenda:** 3/19/2019 **Final action:**  
**Title:** Approval of tax refund to Elena Osborn in the amount of \$674.68 due to a homestead exemption and a veteran's exemption granted by Harris County Appraisal District.  
**Sponsors:** Finance  
**Indexes:**  
**Code sections:**  
**Attachments:**

Date	Ver.	Action By	Action	Result
3/19/2019	1	City Council		

Approval of tax refund to Elena Osborn in the amount of \$674.68 due to a homestead exemption and a veteran's exemption granted by Harris County Appraisal District.

### Summary:

Section 31.11 of the Texas Property Tax Code requires that all refunds exceeding \$500 be approved by the governing body prior to the issuance of a check to the payee. The following refund is pending:

Elena Osborn in the total amount of \$674.68 due to a homestead exemption and a veteran's exemption granted by Harris County Appraisal District on the 2018 Correction Roll #06 (Account #078 -113-001-0008).

Fiscal/Budgetary Impact: None.

Approve the tax refund to Elena Osborn.



## Legislation Details (With Text)

**File #:** TAXR 19-022 **Version:** 1 **Name:**  
**Type:** Tax Refund **Status:** Agenda Ready  
**File created:** 3/6/2019 **In control:** City Council  
**On agenda:** 3/19/2019 **Final action:**  
**Title:** Approval of tax refund to Northeast R. E. Management LLC in the amount of \$5,907.76 due to a value decrease granted by Harris County Appraisal District.  
**Sponsors:** Finance  
**Indexes:**  
**Code sections:**  
**Attachments:**

Date	Ver.	Action By	Action	Result
3/19/2019	1	City Council		

Approval of tax refund to Northeast R. E. Management LLC in the amount of \$5,907.76 due to a value decrease granted by Harris County Appraisal District.

### Summary:

Section 31.11 of the Texas Property Tax Code requires that all refunds exceeding \$500 be approved by the governing body prior to the issuance of a check to the payee. The following refund is pending:

Northeast R.E. Management LLC in the total amount of \$5,907.76 due to a value decrease granted by Harris County Appraisal District on the 2018 Correction Roll # 06 (Account #043-148-000-0257).

Fiscal/Budgetary Impact: None.

Approve the tax refund to Northeast R.E. Management LLC.



## Legislation Details (With Text)

**File #:** TAXR 19-023 **Version:** 1 **Name:**  
**Type:** Tax Refund **Status:** Agenda Ready  
**File created:** 3/6/2019 **In control:** City Council  
**On agenda:** 3/19/2019 **Final action:**  
**Title:** Approval of tax refund to Lou A. Lord in the amount of \$664.31 due to a homestead exemption, an over-65 exemption, and a freeze granted by Harris County Appraisal District.  
**Sponsors:** Finance  
**Indexes:**  
**Code sections:**  
**Attachments:**

Date	Ver.	Action By	Action	Result
3/19/2019	1	City Council		

Approval of tax refund to Lou A. Lord in the amount of \$664.31 due to a homestead exemption, an over-65 exemption, and a freeze granted by Harris County Appraisal District.

### Summary:

Section 31.11 of the Texas Property Tax Code requires that all refunds exceeding \$500 be approved by the governing body prior to the issuance of a check to the payee. The following refund is pending:

Lou A. Lord in the total amount of \$664.31 due to a homestead exemption, an over-65 exemption, and a freeze granted by Harris County Appraisal District on the 2018 Correction Roll #06 (Account #102-225-000-0333).

Fiscal/Budgetary Impact: None.

Approve the tax refund to Lou A. Lord.



## Legislation Details (With Text)

**File #:** TAXR 19-024 **Version:** 1 **Name:**  
**Type:** Tax Refund **Status:** Agenda Ready  
**File created:** 3/6/2019 **In control:** City Council  
**On agenda:** 3/19/2019 **Final action:**  
**Title:** Approval of tax refund to GSL Partners Sub Nine LP in the amount of \$2,778.83 due to a value decrease granted by Harris County Appraisal District.  
**Sponsors:** Finance  
**Indexes:**  
**Code sections:**  
**Attachments:**

Date	Ver.	Action By	Action	Result
3/19/2019	1	City Council		

Approval of tax refund to GSL Partners Sub Nine LP in the amount of \$2,778.83 due to a value decrease granted by Harris County Appraisal District.

### Summary:

Section 31.11 of the Texas Property Tax Code requires that all refunds exceeding \$500 be approved by the governing body prior to the issuance of a check to the payee. The following refund is pending:

GSL Partners Sub Nine LP in the total amount of \$2,778.83 due to a value decrease granted by Harris County Appraisal District on the 2015 Correction Roll #39 (Account #119-915-002-0010).

Fiscal/Budgetary Impact: None.

Approve the tax refund to GSL Partners Sub Nine LP.



## Legislation Details (With Text)

**File #:** TAXR 19-025 **Version:** 1 **Name:**  
**Type:** Tax Refund **Status:** Agenda Ready  
**File created:** 3/6/2019 **In control:** City Council  
**On agenda:** 3/19/2019 **Final action:**  
**Title:** Approval of tax refund to GSL Constructors SUB 41 LLC in the amount of \$2,562.38 due to a value decrease granted by Harris County Appraisal District.  
**Sponsors:** Finance  
**Indexes:**  
**Code sections:**  
**Attachments:**

Date	Ver.	Action By	Action	Result
3/19/2019	1	City Council		

Approval of tax refund to GSL Constructors SUB 41 LLC in the amount of \$2,562.38 due to a value decrease granted by Harris County Appraisal District.

### Summary:

Section 31.11 of the Texas Property Tax Code requires that all refunds exceeding \$500 be approved by the governing body prior to the issuance of a check to the payee. The following refund is pending:

GSL Constructors SUB 41 LLC in the total amount of \$2,562.38 due to a value decrease granted by Harris County Appraisal District on the 2015 Correction Roll # 39 (Account #119-915-002-0013).

Fiscal/Budgetary Impact: None.

Approve the tax refund to GSL Constructors SUB 41 LLC.



## Legislation Details (With Text)

**File #:** TAXR 19-026 **Version:** 1 **Name:**  
**Type:** Tax Refund **Status:** Agenda Ready  
**File created:** 3/6/2019 **In control:** City Council  
**On agenda:** 3/19/2019 **Final action:**  
**Title:** Approval of tax refund to Elena Osborn in the amount of \$721.91 due to a homestead exemption and a veteran's exemption granted by Harris County Appraisal District.  
**Sponsors:** Finance  
**Indexes:**  
**Code sections:**  
**Attachments:**

Date	Ver.	Action By	Action	Result
3/19/2019	1	City Council		

Approval of tax refund to Elena Osborn in the amount of \$721.91 due to a homestead exemption and a veteran's exemption granted by Harris County Appraisal District.

### Summary:

Section 31.11 of the Texas Property Tax Code requires that all refunds exceeding \$500 be approved by the governing body prior to the issuance of a check to the payee. The following refund is pending:

Elena Osborn in the total amount of \$721.91 due to a homestead exemption and a veteran's exemption granted by Harris County Appraisal District on the 2017 Correction Roll #17 (Account #078 -113-001-0008).

Fiscal/Budgetary Impact: None.

Approve the tax refund to Elena Osborn.





## Legislation Details (With Text)

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**File #:** TAXR 19-027   **Version:** 1   **Name:**

**Type:** Tax Refund   **Status:** Agenda Ready

**File created:** 3/6/2019   **In control:** City Council

**On agenda:** 3/19/2019   **Final action:**

**Title:** Approval of tax refund to Lou Ann Lord in the amount of \$710.82 due to a homestead exemption, an over-65 exemption, and a freeze change granted by Harris County Appraisal District.

**Sponsors:** Finance

**Indexes:**

**Code sections:**

**Attachments:**

Date	Ver.	Action By	Action	Result
3/19/2019	1	City Council		

Approval of tax refund to Lou Ann Lord in the amount of \$710.82 due to a homestead exemption, an over-65 exemption, and a freeze change granted by Harris County Appraisal District.

### Summary:

Section 31.11 of the Texas Property Tax Code requires that all refunds exceeding \$500 be approved by the governing body prior to the issuance of a check to the payee. The following refund is pending:

Lou Ann Lord in the total amount of \$710.82 due to a homestead exemption, an over-65 exemption, and a freeze change granted by Harris County Appraisal District on the 2017 Correction Roll #17 (Account #102-225-000-0333).

Fiscal/Budgetary Impact: None.

Approve the tax refund to Lou Ann Lord.



## Legislation Details (With Text)

**File #:** TAXR 19-028 **Version:** 1 **Name:**  
**Type:** Tax Refund **Status:** Agenda Ready  
**File created:** 3/6/2019 **In control:** City Council  
**On agenda:** 3/19/2019 **Final action:**  
**Title:** Approval of tax refund to U. S. Bank National Association in the amount of \$1,552.57 due to a value decrease granted by Harris County Appraisal District.  
**Sponsors:** Finance  
**Indexes:**  
**Code sections:**  
**Attachments:**

Date	Ver.	Action By	Action	Result
3/19/2019	1	City Council		

Approval of tax refund to U. S. Bank National Association in the amount of \$1,552.57 due to a value decrease granted by Harris County Appraisal District.

### Summary:

Section 31.11 of the Texas Property Tax Code requires that all refunds exceeding \$500 be approved by the governing body prior to the issuance of a check to the payee. The following refund is pending:

U.S. Bank National Association in the total amount of \$1,552.57 due to a value decrease granted by Harris County Appraisal District on the 2014 Correction Roll #50 (Account #038-525-9).

Fiscal/Budgetary Impact: None.

Approve the tax refund to U.S. Bank National Association.



## Legislation Details (With Text)

**File #:** TAXR 19-029 **Version:** 1 **Name:**  
**Type:** Tax Refund **Status:** Agenda Ready  
**File created:** 3/6/2019 **In control:** City Council  
**On agenda:** 3/19/2019 **Final action:**  
**Title:** Approval of tax refund to Elena Osborn in the amount of \$674.68 due to a homestead exemption and a veteran's exemption granted by Harris County Appraisal District.  
**Sponsors:** Finance  
**Indexes:**  
**Code sections:**  
**Attachments:**

Date	Ver.	Action By	Action	Result
3/19/2019	1	City Council		

Approval of tax refund to Elena Osborn in the amount of \$674.68 due to a homestead exemption and a veteran's exemption granted by Harris County Appraisal District.

### Summary:

Section 31.11 of the Texas Property Tax Code requires that all refunds exceeding \$500 be approved by the governing body prior to the issuance of a check to the payee. The following refund is pending:

Elena Osborn in the total amount of \$674.68 due to a homestead exemption and a veteran's exemption granted by Harris County Appraisal District on the 2016 Correction Roll #28 (Account #078 -113-001-0008).

Fiscal/Budgetary Impact: None.

Approve the tax refund to Elena Osborn.



## Legislation Details (With Text)

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**File #:** AUT 19-022    **Version:** 1    **Name:**

**Type:** Authorization    **Status:** Agenda Ready

**File created:** 3/1/2019    **In control:** City Council

**On agenda:** 3/19/2019    **Final action:**

**Title:** Authorization to advertise and receive bids on the Concrete Pavement Maintenance Contract.

**Sponsors:** Public Works

**Indexes:**

**Code sections:**

**Attachments:**

Date	Ver.	Action By	Action	Result
3/19/2019	1	City Council		

Authorization to advertise and receive bids on the Concrete Pavement Maintenance Contract.

### Summary:

Staff is requesting authorization to advertise and receive bids to replace 3000 square yards of concrete pavement and damaged sidewalk in various parts of the City. The replacement is necessary due to pavement failure. The areas replaced will be assigned by work order through the Public Works Department based on need and damage evaluation.

### Fiscal/Budgetary Impact:

This project would be paid out of the Street & Bridge Maintenance Division's contracted street maintenance budget.

Staff recommends council authorization to advertise for bids



## Legislation Details (With Text)

<b>File #:</b>	PUR 19-004	<b>Version:</b>	1	<b>Name:</b>	
<b>Type:</b>	Purchase	<b>Status:</b>		Agenda Ready	
<b>File created:</b>	3/4/2019	<b>In control:</b>		City Council	
<b>On agenda:</b>	3/19/2019	<b>Final action:</b>			
<b>Title:</b>	Consideration of and action on the authorization to purchase from Vaught Services, Inc., through the TIPS Cooperative Purchasing Program to perform Sanitary Pipe-bursting of the 18" South Plant Force Main (Phase 1).				
<b>Sponsors:</b>	Public Works				
<b>Indexes:</b>					
<b>Code sections:</b>					
<b>Attachments:</b>					

Date	Ver.	Action By	Action	Result
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Consideration of and action on the authorization to purchase from Vaught Services, Inc., through the TIPS Cooperative Purchasing Program to perform Sanitary Pipe-bursting of the 18" South Plant Force Main (Phase 1).

### Summary:

This project consists of Pipe-bursting 3300 linear feet of 18" sanitary sewer force main that runs from the South Plant Lift Station to the WWTP. The current line has had several failures over the past couple years and is the main sewer line for the City's largest lift station. This project will be done in phases in order to maintain service and consideration to residents. The other phases will be done in conjunction, but will use a UV liner technology for the sections that run through the backyard easements. Those Phases will be awarded under a different contract. This project is part of the SSO initiative to rehabilitate sewer lines in areas found to have severely deteriorated pipe in subdivisions with overflow issues. The services for this Project will be purchased through the TIPS Cooperative Purchasing Program using Vaught Services, Inc. (A Vortex Companies). The total price for this project is \$1,398,595.80.

**Fiscal/Budgetary Impact:** This project will be funded through Water/Sewer CIP Funds (Fund 51)



## Legislation Details (With Text)

**File #:** ACT 18-035    **Version:** 1    **Name:**  
**Type:** Acceptance    **Status:** Agenda Ready  
**File created:** 10/9/2018    **In control:** City Council  
**On agenda:** 3/19/2019    **Final action:**  
**Title:** Consideration of and action on authorization to accept the FY 2017-2018 Annual Audit.  
**Sponsors:** Finance  
**Indexes:**  
**Code sections:**  
**Attachments:** [Draft CAFR - 2018](#)  
[Draft Mgmt Ltr - 2018](#)  
[Draft Req Audit Disclosure Letter - 2018](#)

Date	Ver.	Action By	Action	Result
3/19/2019	1	City Council		

Consideration of and action on authorization to accept the FY 2017-2018 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 (CAFR), which shall be filed within 180 days after the last day of the City's fiscal year.

For Fiscal Year 2017-2018 (October 1, 2017 - September 30, 2018), the CAFR must be filed by Friday, March 29, 2019. The audit firm of Belt Harris Pechacek, LLP 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, 2018...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 workshop preceding this regular meeting of the City Council.

Note: because the CAFR is under final review, all documents must be marked "draft" at this time, but no significant changes are expected to the final document.

Fiscal/Budgetary Impact:

N/A.

Accept the FY 2017-2018 Annual Audit.

# DRAFT

***COMPREHENSIVE  
ANNUAL FINANCIAL REPORT***

of the

## **CITY OF DEER PARK, TEXAS**

For the Year Ended  
September 30, 2018

**Prepared by  
Finance Department**

**Donna Todd  
Director of Finance**



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**CITY OF DEER PARK, TEXAS**  
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# **CITY OF DEER PARK, TEXAS**

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## ***INTRODUCTORY SECTION***

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**DONNA TODD**  
**Director of Finance**

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E-Mail: dtodd@deerparktx.org

March 14, 2019

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

Texas law and the City charter require that the City of Deer Park (the "City") publish a complete set of financial statements presented in conformity with generally accepted accounting principles ("GAAP") and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, I am pleased to submit the Comprehensive Annual Financial Report ("CAFR") of the City for the fiscal year ended September 30, 2018. This report is published to provide the citizens, City Council, City management and staff, bondholders and other interested parties detailed information concerning the financial condition of the City. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To provide a reasonable basis for making these representations, the City has established a comprehensive internal control framework designed to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements. I believe the data, as presented, is accurate in all material respects and that it is reported in a manner that fairly presents the financial position and results of operations of the City as measured by the financial activity of the various funds and account groups. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activities have been included.

### **The Report**

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

### **City Profile**

The City of Deer Park, incorporated in 1948, is located in the center of the highly industrialized ship channel area just east of Houston. The City currently occupies a land area of 15 square miles and serves a population of approximately 35,270. The City is empowered to levy an ad valorem tax on both real and personal property located within its boundaries. Further, the City is empowered to extend its corporate limits by annexation. The City receives annual "in-lieu-of-tax" payments from industries located within its extraterritorial jurisdiction. This "industrial district" includes the operations of 24 companies that contract with the City. The current contract, which was modified and renewed effective January 1, 2015, has a 12-year term and will expire on December 31, 2026.

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

The City provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; sanitation, water and sewer services; library services; recreational and cultural opportunities; and general administrative services. In fiscal year 2012 following a special election for each, the City added two component units to be funded by sales and use taxes: the Crime Control and Prevention and 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 adjacent to the Port of Houston, which has evolved to become the largest U.S. port. The region immediately surrounding Deer Park is home to flourishing chemicals, plastics and fuels industries. The world's growing populations and rising standards of living in developing nations have increased the demand for more energy and products derived from these Deer Park area companies. The year 2018 showed that Deer Park continues to be a thriving community and with new storefronts and home-based businesses, over 400 new employees were added in the City.

The following are just a few examples of companies choosing Deer Park for their corporate expansion projects in 2018:

Two large logistic/distribution facilities began construction in 2018. The first, Underwood Port Logistics Center, is a 404,000 sq. ft. distribution center expected to be completed in April 2019. The second development, Victory Commerce Center, is a 350,000 sq. ft. distribution center on track to be completed in February 2019. Both are being built as speculative investments, but the developers and brokers believe there is a high demand for this type of office and industrial space in Deer Park, and both developments should bring many new companies and jobs to the area.

Shell Federal Credit Union, which is headquartered in the City of Deer Park, is planning an expansion project to include more office space and an accessory parking garage. The credit union has applied for and received a zoning change to allow for this expansion, which includes an additional 100,000 sq. ft. office building and a three-story parking garage with a covered walkway to the new building.

Additionally, the City applied for and received approval from the State of Texas, under the Texas Enterprise Zone program, for two large Enterprise Projects at Shell totaling \$426 million. The first project, at Shell Chemical L.P., is a \$167 million investment that will retain 500 jobs. The second project, through the Deer Park Refining Limited Partnership (Shell Refinery), is a \$259 million investment that will also retain 500 jobs.

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

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

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

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

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

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



## **Independent Audit**

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

## **Awards**

The Government Finance Officers Association ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Deer Park for its CAFR for the fiscal year ended September 30, 2017. This was the 31st consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

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

## **Acknowledgements**

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

Respectfully submitted,

*Donna Todd*

Donna Todd  
Director of Finance

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



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Deer Park  
Texas**

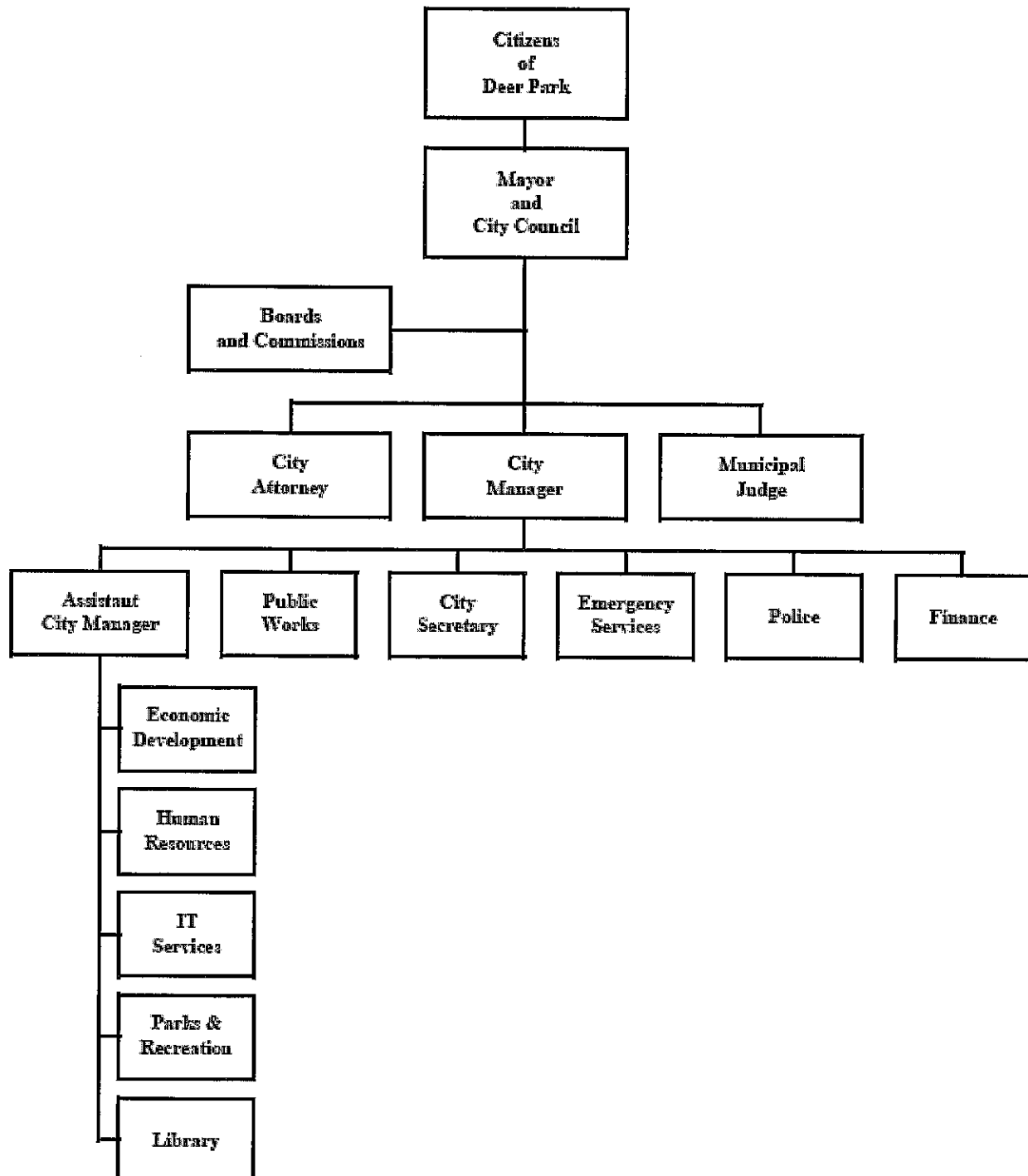
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2017**

*Christopher P. Morrell*

Executive Director/CEO

**CITY OF DEER PARK, TEXAS**  
**ORGANIZATIONAL CHART**  
September 30, 2018



**CITY OF DEER PARK, TEXAS**  
**PRINCIPAL OFFICIALS**  
September 30, 2018

<b>City Officials</b>	<b>Elective Position</b>
Jerry Mouton, Jr.	Mayor
Sherry Garrison	Council Member
Thane Harrison	Council Member
Tommy Ginn	Council Member
Bill Patterson	Council Member
Ron Martin	Council Member
Rae A. Sinor	Council Member

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

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## ***FINANCIAL SECTION***

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## ***INDEPENDENT AUDITORS' REPORT***

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Deer Park, Texas (the "City") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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



## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Change in Accounting Principle*

In 2018, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

## **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 OPEB 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.

**DRAFT**  
DRAFT HARRIS RECHANEK LLP  
DRAFT HARRIS RECHANEK LLP  
Certified Public Accountants

Houston, Texas

March 14, 2019

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

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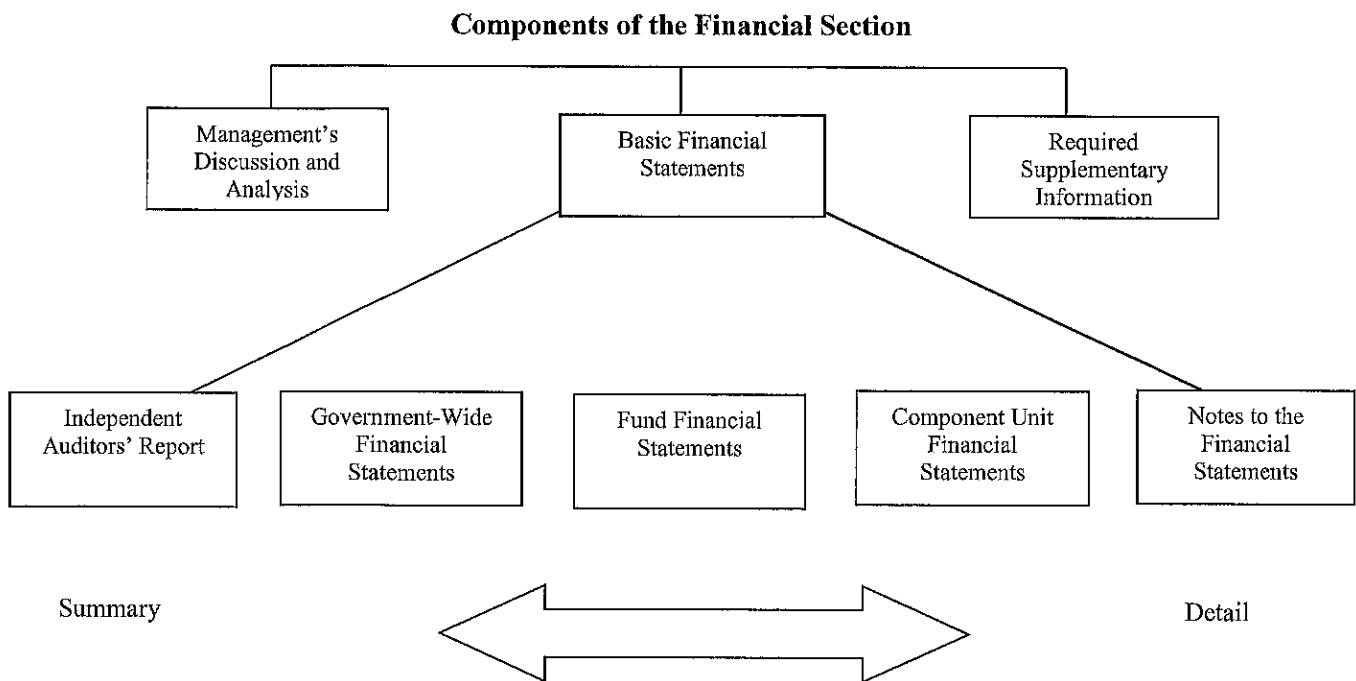
# **CITY OF DEER PARK, TEXAS**

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

**For the Year Ended September 30, 2018**

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, 2018. 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**



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

#### **Government-Wide Statements**

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

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

**CITY OF DEER PARK, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2018**

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

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

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

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

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

## **FUND FINANCIAL STATEMENTS**

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

### **Governmental Funds**

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

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

The City maintains 17 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, capital improvement bond fund (CIBF) 2016 fund, and the capital improvement fund, which are considered to be major funds for reporting purposes.

**CITY OF DEER PARK, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2018**

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 two fiduciary funds, the senior citizens trust fund and the local emergency planning committee fund (an agency fund). The City's fiduciary activities are reported in a separate statement of net position and statement of changes in net position.

**Notes to Financial Statements**

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

**Other Information**

In addition to basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general fund, the schedule of changes in net pension and total 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 \$122,135,766 as of September 30, 2018. This compares with \$110,293,243 from the prior fiscal year. The largest portion of the City's net position, 68.54 percent, reflects its investments in capital assets (e.g., land, buildings, equipment, improvements, construction in progress, and infrastructure), less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.



**CITY OF DEER PARK, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2018

**Statement of Net Position:**

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 65,481,732	\$ 76,580,173	\$ 27,980,238	\$ 28,975,855	\$ 93,461,970	\$ 105,556,028
Capital assets, net	90,426,346	73,786,526	47,138,668	39,229,593	137,565,014	113,016,119
<b>Total Assets</b>	<b>155,908,078</b>	<b>150,366,699</b>	<b>75,118,906</b>	<b>68,205,448</b>	<b>231,026,984</b>	<b>218,572,147</b>
Deferred charge on refunding	320,303	378,009	58,211	72,083	378,514	450,092
Deferred outflows - pensions	2,376,717	6,756,891	312,359	932,213	2,689,076	7,689,104
Deferred outflows - OPEB	72,228	5,692	-	-	72,228	5,692
<b>Total Deferred Outflows of Resources</b>	<b>2,769,248</b>	<b>7,140,592</b>	<b>370,570</b>	<b>1,004,296</b>	<b>3,139,818</b>	<b>8,144,888</b>
Long-term liabilities	55,848,599	66,370,512	45,565,877	41,105,286	101,414,476	107,475,798
Other liabilities	4,246,622	4,204,958	3,129,567	4,421,786	7,376,189	8,626,744
<b>Total Liabilities</b>	<b>60,095,221</b>	<b>70,575,470</b>	<b>48,695,444</b>	<b>45,527,072</b>	<b>108,790,665</b>	<b>116,102,542</b>
Deferred inflows - pensions	2,858,679	282,354	381,692	38,896	3,240,371	321,250
<b>Total Deferred Inflows of Resources</b>	<b>2,858,679</b>	<b>282,354</b>	<b>381,692</b>	<b>38,896</b>	<b>3,240,371</b>	<b>321,250</b>
<b>Net Position:</b>						
Net investment in						
capital assets	65,700,068	56,664,574	18,011,665	16,822,172	83,711,733	73,486,746
Restricted	6,998,162	6,658,676	-	146,542	6,998,162	6,805,218
Unrestricted	23,025,196	23,326,217	8,400,675	6,675,062	31,425,871	30,001,279
<b>Total Net Position</b>	<b>\$ 95,723,426</b>	<b>\$ 86,649,467</b>	<b>\$ 26,412,340</b>	<b>\$ 23,643,776</b>	<b>\$ 122,135,766</b>	<b>\$ 110,293,243</b>

A portion of the City's net position, \$6,998,162 or 5.73 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$31,425,871 or 25.73 percent, may be used to meet the City's ongoing obligations to citizens and creditors.

The City's total net position increased by \$11,842,523 during the current fiscal year, an increase of 10.74 percent in comparison to the prior year net position. Compared to the prior year, total assets increased \$12,454,837 largely due to the current year operating surplus and an increase in capital assets largely attributable to construction projects. Deferred outflows of resources decreased \$5,005,070 compared to the prior year due to an increase in investment earnings on pension plan assets. Long-term liabilities decreased \$6,061,322 compared to the prior year due to the decrease in the net pension liabilities and scheduled bond payments. Other liabilities decreased \$1,250,555 due largely to a decrease in payables related to various construction projects. Deferred inflows of resources increased \$2,919,121 due to an increase in investment earnings on pension plan assets.

**CITY OF DEER PARK, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2018

**Statement of Activities:**

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

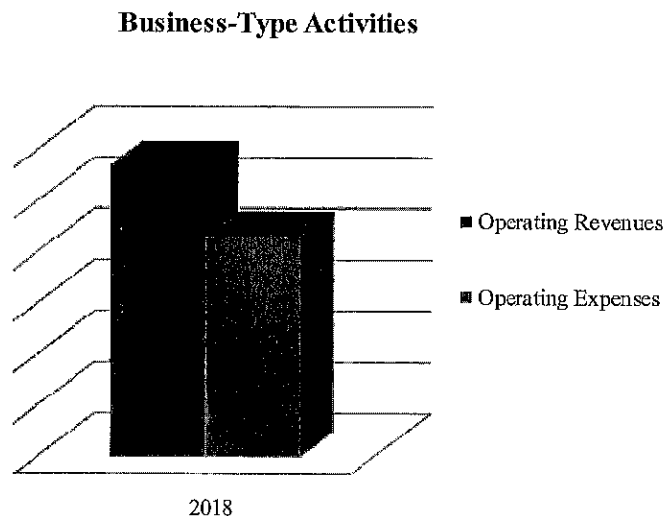
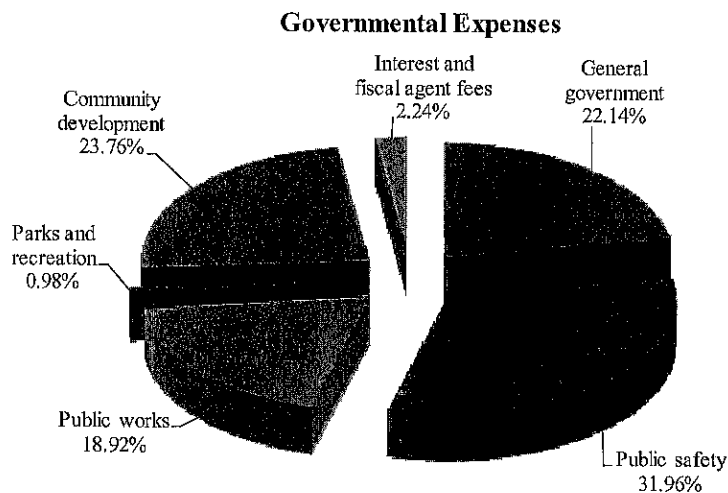
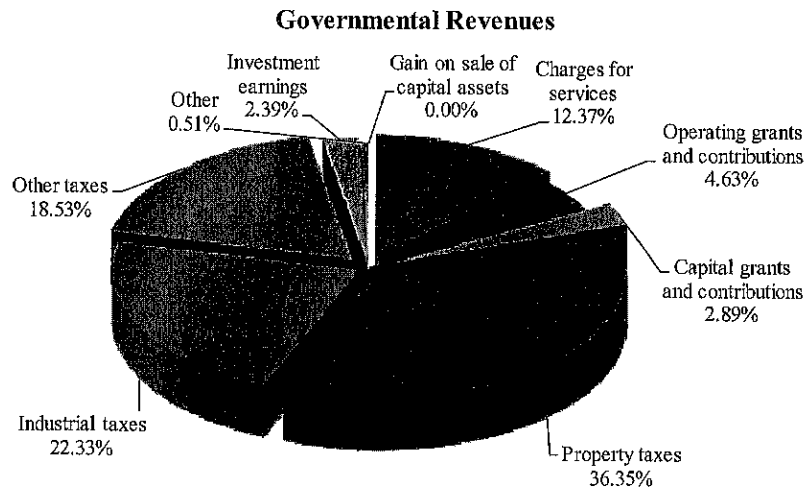
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 6,268,955	\$ 6,482,291	\$ 11,375,400	\$ 11,112,634	\$ 17,644,355	\$ 17,594,925
Operating grants and contributions	2,347,843	2,349,238	-	-	2,347,843	2,349,238
Capital grants and contributions	1,464,298	986,324	-	-	1,464,298	986,324
General revenues:						
Property taxes	18,423,349	17,845,389	-	-	18,423,349	17,845,389
Industrial taxes	11,316,198	11,255,235	-	-	11,316,198	11,255,235
Other taxes and fees	9,393,809	9,143,009	-	-	9,393,809	9,143,009
Investment earnings	1,210,930	601,325	331,845	150,971	1,542,775	752,296
Other	260,331	306,592	-	-	260,331	306,592
Gain on sale of capital assets	-	42,405	-	-	-	42,405
<b>Total Revenues</b>	<b>50,685,713</b>	<b>49,011,808</b>	<b>11,707,245</b>	<b>11,263,605</b>	<b>62,392,958</b>	<b>60,275,413</b>
<b>Expenses</b>						
General government	8,991,472	8,221,386	-	-	8,991,472	8,221,386
Public safety	12,987,761	13,054,883	-	-	12,987,761	13,054,883
Public works	7,683,728	8,112,235	-	-	7,683,728	8,112,235
Parks and recreation	398,187	351,435	-	-	398,187	351,435
Community development	9,649,900	9,973,129	-	-	9,649,900	9,973,129
Interest on long-term debt	908,599	1,020,878	-	-	908,599	1,020,878
Water and sewer	-	-	9,894,062	10,006,970	9,894,062	10,006,970
Storm water utility	-	-	36,726	112,159	36,726	112,159
<b>Total Expenses</b>	<b>40,619,647</b>	<b>40,733,946</b>	<b>9,930,788</b>	<b>10,119,129</b>	<b>50,550,435</b>	<b>50,853,075</b>
<b>Increase in Net Position Before Transfers</b>	<b>10,066,066</b>	<b>8,277,862</b>	<b>1,776,457</b>	<b>1,144,476</b>	<b>11,842,523</b>	<b>9,422,338</b>
Transfers in (out)	(992,107)	98,200	992,107	(98,200)	-	-
<b>Change in Net Position</b>	<b>9,073,959</b>	<b>8,376,062</b>	<b>2,768,564</b>	<b>1,046,276</b>	<b>11,842,523</b>	<b>9,422,338</b>
Beginning net position	86,649,467	78,273,405	23,643,776	22,597,500	110,293,243	100,870,905
<b>Ending Net Position</b>	<b>\$ 95,723,426</b>	<b>\$ 86,649,467</b>	<b>\$ 26,412,340</b>	<b>\$ 23,643,776</b>	<b>\$ 122,135,766</b>	<b>\$ 110,293,243</b>

# CITY OF DEER PARK, TEXAS

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### For the Year Ended September 30, 2018

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



**CITY OF DEER PARK, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2018**

For the year ended September 30, 2018, revenues from governmental activities totaled \$50,685,713, an increase of \$1,673,905 compared to the prior year. Capital grants and contributions increased due to Deer Park Community Development Corporation contributions towards capital projects and a land donation. Property taxes increased compared to the prior year due to an increase in the assessed values of properties. Sales tax revenues increased compared to the prior year due to an increase in economic activity within the City. Investment earnings increased compared to the prior year due to higher interest rates.

For the year ended September 30, 2018, expenses for governmental activities totaled \$40,619,647, a decrease of \$114,299. This decrease is mainly due to the decrease in the net pension liability.

Total revenues for business-type activities increased by a total of \$443,640 compared to the prior year. This was due to an increase in customer consumption and investment earnings. Total expenses for business-type activities decreased by \$188,341. This decrease is primarily due to a decrease in expenses related to repair and maintenance projects.

**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 \$60,241,753. Of this, \$119,183 is nonspendable, \$15,218,654 is restricted, \$7,645,032 is assigned, and \$37,258,884 is unassigned.

There was a decrease in the combined fund balance of \$11,243,304 compared to the prior year. Compared to the prior year change in fund balance, the current year change in fund balance decreased \$12,058,689. This is largely attributable to an increase in capital outlay related to various projects.

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 \$37,258,884, while total fund balance reached \$38,347,432. 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 104.63 percent of total general fund expenditures, while total fund balance represents 107.68 percent of the total general fund expenditures. The general fund demonstrated an overall increase in fund balance of \$1,826,633. Revenues increased \$1,354,185 compared to the prior year due to increases in property tax revenues, sales tax revenues, intergovernmental revenues, and investment earnings. Expenditures increased \$14,198 compared to the prior year due to an increase in personnel costs and Chapter 380 payments. These increases were partially offset by a decrease in capital outlay.

The debt service fund has a total fund balance of \$5,181,426, all of which is restricted for the payment of debt service. Revenues decreased due to the City lowering the debt service property tax rate. The debt service fund transferred \$1,091,528 to the water and sewer fund for debt service payments.

The capital improvement bond fund (CIBF) 2016 fund had a decrease in fund balance of \$7,448,206 due to capital projects.

**CITY OF DEER PARK, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2018**

The capital improvement fund had a decrease in fund balance of \$1,438,461 due to various capital projects during the fiscal year.

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

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The City budgeted for the use of fund balance of \$760,458 in the general fund. However, the net change in fund balance increased by \$1,826,633, resulting in a positive variance of \$2,587,091.

Actual general fund revenues were greater than the amended budgeted revenues by \$2,520,215 during the fiscal year. The largest positive variances were from sales taxes, franchise fees, intergovernmental, charges for services, and investment earnings.

Actual expenditures were less than budgeted amounts in total by \$4,618,759 for the fiscal year. The largest positive variances were in general government, planning and development, recreation, senior services, library, street maintenance, fleet maintenance, and police.

**CAPITAL ASSETS**

At the end of the fiscal year, the City's governmental and business-type activities had invested \$137,565,014 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$24,548,895.

Major capital asset events during the year included the following:

- Water and Sewer Maintenance Building Backup Emergency Operations Center for \$638,629
- Land – Patrick's Bayou Watershed for \$1,777,340
- Land – Spencerview Baseball Parking for \$645,000
- Construction in progress additions:
  - Dow Park Pavilion \$650,976
  - Maxwell Adult Center Parking \$1,495,154
  - Girls Softball Renovation \$2,885,271
  - Soccer Field \$3,230,691
  - Animal Shelter \$1,526,247
  - Wetlands Project \$587,931
  - City Hall Expansion \$3,108,210
  - Street Replacement Project \$1,500,629
  - Wastewater Treatment Plant Expansion \$6,845,120
  - Sanitary Sewer Rehabilitation – Deer Meadows \$1,474,657

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

**CITY OF DEER PARK, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2018**

**LONG-TERM DEBT**

At the end of the current year, the City had total bonds and certificates of obligation outstanding of \$72,089,998. Of this amount, \$15,204,998 was general obligation debt and certificates of obligation accounted for \$56,885,000.

During the year, the City had a net decrease in bonds and certificates of obligation of \$1,130,000 as the result of one new bond issuance and scheduled debt payments. The City also recognized two new capital leases totaling \$418,825.

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 \$262,574,803, 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.D. to the financial statements.

Current underlying ratings on debt issues are as follows:

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

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The City budgeted for an increase in property tax revenues of \$557,116, which is a 3.28 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 2019 fiscal year budget, the total tax rate of \$0.720 per \$100 of assessed value is the same as the prior year rate. Compared to the prior year budget, the City budgeted for a decrease in total general fund revenues/expenditures and other resources of approximately \$232,854.

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

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

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## ***BASIC FINANCIAL STATEMENTS***



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# CITY OF DEER PARK, TEXAS

## STATEMENT OF NET POSITION

September 30, 2018

### Primary Government

	Governmental Activities	Business-Type Activities	Total	Component Units
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 62,256,215	\$ 26,192,968	\$ 88,449,183	\$ 6,821,781
Restricted cash and cash equivalents	-	801,108	801,108	-
Receivables, net of allowances	2,959,131	986,162	3,945,293	1,087,547
Due from other governments	147,203	-	147,203	-
Inventories	109,811	-	109,811	-
Prepaid items	9,372	-	9,372	-
Capital assets:				
Nondepreciable capital assets	50,010,626	17,694,558	67,705,184	2,903,089
Depreciable capital assets, net	40,415,720	29,444,110	69,859,830	2,853,566
<b>Total Assets</b>	<b>155,908,078</b>	<b>75,118,906</b>	<b>231,026,984</b>	<b>13,665,983</b>
<b><u>Deferred Outflows of Resources</u></b>				
Deferred charge on refunding	320,303	58,211	378,514	-
Deferred outflows of resources - pensions (TMRS)	2,225,690	312,359	2,538,049	69,056
Deferred outflows of resources - pensions (TESRS)	151,027	-	151,027	-
Deferred outflows of resources - OPEB (SDBF)	72,228	-	72,228	-
<b>Total Deferred Outflows of Resources</b>	<b>2,769,248</b>	<b>370,570</b>	<b>3,139,818</b>	<b>69,056</b>
<b><u>Liabilities</u></b>				
Accounts payable	2,836,785	1,834,644	4,671,429	88,050
Accrued liabilities	588,238	86,264	674,502	106,007
Customer deposits	13,705	801,108	814,813	-
Other payables	768,527	407,551	1,176,078	-
Accrued interest payable	38,446	-	38,446	-
Unearned revenue	921	-	921	-
Noncurrent liabilities:				
Due within one year	5,283,540	2,280,367	7,563,907	137,775
Due in more than one year	50,565,059	43,285,510	93,850,569	1,509,231
<b>Total Liabilities</b>	<b>60,095,221</b>	<b>48,695,444</b>	<b>108,790,665</b>	<b>1,841,063</b>
<b><u>Deferred Inflows of Resources</u></b>				
Deferred inflows of resources - pensions (TMRS)	2,858,679	381,692	3,240,371	114,367
<b>Total Deferred Inflows of Resources</b>	<b>2,858,679</b>	<b>381,692</b>	<b>3,240,371</b>	<b>114,367</b>
<b><u>Net Position</u></b>				
Net investment in capital assets	65,700,068	18,011,665	83,711,733	4,705,639
Restricted for:				
Debt service	5,181,426	-	5,181,426	-
Enabling legislation:				
Hotel/motel occupancy tax	1,070,809	-	1,070,809	-
Police forfeiture	41,311	-	41,311	-
Municipal court	209,226	-	209,226	-
Special projects - restricted contributions	399,019	-	399,019	7,073,970
Capital projects	96,371	-	96,371	-
Unrestricted	23,025,196	8,400,675	31,425,871	-
<b>Total Net Position</b>	<b>\$ 95,723,426</b>	<b>\$ 26,412,340</b>	<b>\$ 122,135,766</b>	<b>\$ 11,779,609</b>

See Notes to Financial Statements.

# CITY OF DEER PARK, TEXAS

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 8,991,472	\$ 386,289	\$ -	\$ -
Public safety	12,987,761	3,030,763	-	29,269
Public works	7,683,728	1,376,163	-	38,549
Parks and recreation	398,187	73,761	-	-
Community development	9,649,900	1,401,979	2,347,843	1,396,480
Interest on long-term debt	908,599	-	-	-
<b>Total Governmental Activities</b>	<b>40,619,647</b>	<b>6,268,955</b>	<b>2,347,843</b>	<b>1,464,298</b>
<b>Business-Type Activities</b>				
Water and sewer	9,894,062	11,037,737	-	-
Storm water utility	36,726	337,663	-	-
<b>Total Business-Type Activities</b>	<b>9,930,788</b>	<b>11,375,400</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 50,550,435</b>	<b>\$ 17,644,355</b>	<b>\$ 2,347,843</b>	<b>\$ 1,464,298</b>
<b>Component Units</b>				
Governmental	\$ 5,155,293	\$ -	\$ -	\$ -
<b>Total Component Units</b>	<b>\$ 5,155,293</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

### General Revenues:

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

**Total General Revenues and Transfers**

**Change in Net Position**

Beginning net position

**Ending Net Position**

See Notes to Financial Statements.

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

<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ (8,605,183)	\$ -	\$ (8,605,183)	\$ -
(9,927,729)	-	(9,927,729)	-
(6,269,016)	-	(6,269,016)	-
(324,426)	-	(324,426)	-
(4,503,598)	-	(4,503,598)	-
(908,599)	-	(908,599)	-
<u>(30,538,551)</u>	<u>-</u>	<u>(30,538,551)</u>	<u>-</u>
-	1,143,675	1,143,675	-
-	300,937	300,937	-
-	1,444,612	1,444,612	-
<u>(30,538,551)</u>	<u>1,444,612</u>	<u>(29,093,939)</u>	<u>-</u>
-	-	-	(5,155,293)
-	-	-	(5,155,293)
18,423,349	-	18,423,349	-
11,316,198	-	11,316,198	-
2,093,316	-	2,093,316	-
6,639,058	-	6,639,058	6,641,688
661,435	-	661,435	-
1,210,930	331,845	1,542,775	3,895
260,331	-	260,331	5,550
(992,107)	992,107	-	-
<u>39,612,510</u>	<u>1,323,952</u>	<u>40,936,462</u>	<u>6,651,133</u>
9,073,959	2,768,564	11,842,523	1,495,840
<u>86,649,467</u>	<u>23,643,776</u>	<u>110,293,243</u>	<u>10,283,769</u>
<u>\$ 95,723,426</u>	<u>\$ 26,412,340</u>	<u>\$ 122,135,766</u>	<u>\$ 11,779,609</u>

# CITY OF DEER PARK, TEXAS

## BALANCE SHEET

### GOVERNMENTAL FUNDS

September 30, 2018

	General	Debt Service	CIBF 2016	Capital Improvement
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 38,457,472	\$ 5,184,727	\$ 2,115,952	\$ 7,362,338
Receivables, net	2,705,427	84,843	-	-
Due from other governments	147,203	-	-	-
Inventories	109,811	-	-	-
Prepaid items	9,372	-	-	-
<b>Total Assets</b>	<b>\$ 41,429,285</b>	<b>\$ 5,269,570</b>	<b>\$ 2,115,952</b>	<b>\$ 7,362,338</b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 1,140,097	\$ 3,301	\$ 1,082,918	\$ 313,204
Accrued liabilities	585,110	-	-	-
Customer deposits	13,705	-	-	-
Other payables	395,060	-	-	373,467
Unearned revenue	921	-	-	-
<b>Total Liabilities</b>	<b>2,134,893</b>	<b>3,301</b>	<b>1,082,918</b>	<b>686,671</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue - court fines and warrants	213,222	-	-	-
Unavailable revenue - ambulance	507,943	-	-	-
Unavailable revenue - industrial district taxes	78	-	-	-
Unavailable revenue - property taxes	225,717	84,843	-	-
<b>Total Deferred Inflows of Resources</b>	<b>946,960</b>	<b>84,843</b>	<b>-</b>	<b>-</b>
<b><u>Fund Balances</u></b>				
Nonspendable:				
Inventories	109,811	-	-	-
Prepaid items	9,372	-	-	-
Restricted for:				
Debt service	-	5,181,426	-	-
Enabling legislation	-	-	-	-
Special projects	-	-	-	-
Capital projects	-	-	1,033,034	-
Assigned:				
Disaster response/repair	816,000	-	-	-
Park maintenance	153,365	-	-	-
Capital projects	-	-	-	6,675,667
Unassigned	37,258,884	-	-	-
<b>Total Fund Balances</b>	<b>38,347,432</b>	<b>5,181,426</b>	<b>1,033,034</b>	<b>6,675,667</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 41,429,285</b>	<b>\$ 5,269,570</b>	<b>\$ 2,115,952</b>	<b>\$ 7,362,338</b>

See Notes to Financial Statements.

<b>Nonmajor Governmental</b>	<b>Total Governmental Funds</b>
\$ 9,135,726	\$ 62,256,215
168,861	2,959,131
-	147,203
-	109,811
-	9,372
<u>\$ 9,304,587</u>	<u>\$ 65,481,732</u>
\$ 297,265	\$ 2,836,785
3,128	588,238
-	13,705
-	768,527
-	921
<u>300,393</u>	<u>4,208,176</u>
-	213,222
-	507,943
-	78
-	310,560
<u>-</u>	<u>1,031,803</u>
-	109,811
-	9,372
-	5,181,426
1,321,346	1,321,346
399,019	399,019
7,283,829	8,316,863
-	816,000
-	153,365
-	6,675,667
-	37,258,884
<u>9,004,194</u>	<u>60,241,753</u>
<u>\$ 9,304,587</u>	<u>\$ 65,481,732</u>

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**CITY OF DEER PARK, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
September 30, 2018

Total fund balances for governmental funds		\$ 60,241,753
--	--	---------------

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	50,010,626		
Capital assets, net depreciable	40,415,720		
			90,426,346

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		1,031,803
--	--	-----------

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

Accrued interest	(38,446)		
Deferred charge on refunding	320,303		
Deferred outflows - pensions (TMRS)	2,225,690		
Deferred outflows - pensions (TESRS)	151,027		
Deferred inflows - pensions (TMRS)	(2,858,679)		
Deferred outflows - OPEB (SDBF)	72,228		
Noncurrent liabilities due in one year	(5,283,540)		
Noncurrent liabilities due in more than one year	(50,565,059)		
			(55,976,476)
			\$ 95,723,426

See Notes to Financial Statements.



**CITY OF DEER PARK, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2018

	General	Debt Service	CIBF 2016	Capital Improvement
<b><u>Revenues</u></b>				
Property taxes	\$ 13,661,972	\$ 4,722,084	\$ -	\$ -
Industrial district taxes	11,316,198	-	-	-
Sales taxes	6,639,058	-	-	-
Franchise fees	2,093,316	-	-	-
Hotel/motel occupancy taxes	-	-	-	-
Fees and fines	1,422,619	-	-	-
Licenses and permits	530,559	-	-	-
Intergovernmental	335,974	2,024,358	751,480	-
Charges for services	3,959,196	-	-	-
Investment earnings	916,088	30,021	109,587	2,134
Miscellaneous	105,726	7	-	-
<b>Total Revenues</b>	<b>40,980,706</b>	<b>6,776,470</b>	<b>861,067</b>	<b>2,134</b>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
General government	7,540,076	-	-	-
Community development	8,032,448	-	-	-
Public works	6,317,066	-	-	1,000
Parks and recreation	63,211	-	-	-
Public safety	11,936,825	-	-	-
<b>Capital outlay</b>	<b>1,317,876</b>	<b>-</b>	<b>8,309,273</b>	<b>5,921,839</b>
<b>Debt service:</b>				
Principal	386,668	4,303,024	-	-
Interest and other charges	17,305	986,031	-	-
<b>Total Expenditures</b>	<b>35,611,475</b>	<b>5,289,055</b>	<b>8,309,273</b>	<b>5,922,839</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>5,369,231</b>	<b>1,487,415</b>	<b>(7,448,206)</b>	<b>(5,920,705)</b>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	415,089	151,489	-	4,482,244
Transfers (out)	(4,482,244)	(1,091,528)	-	-
Proceeds from sale of capital assets	105,732	-	-	-
Capital leases	418,825	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(3,542,598)</b>	<b>(940,039)</b>	<b>-</b>	<b>4,482,244</b>
<b>Net Change in Fund Balances</b>	<b>1,826,633</b>	<b>547,376</b>	<b>(7,448,206)</b>	<b>(1,438,461)</b>
Beginning fund balances	36,520,799	4,634,050	8,481,240	8,114,128
<b>Ending Fund Balances</b>	<b>\$ 38,347,432</b>	<b>\$ 5,181,426</b>	<b>\$ 1,033,034</b>	<b>\$ 6,675,667</b>

See Notes to Financial Statements.

<b>Nonmajor Governmental</b>	<b>Total Governmental Funds</b>
\$ -	\$ 18,384,056
-	11,316,198
-	6,639,058
-	2,093,316
661,435	661,435
204,177	1,626,796
-	530,559
10,000	3,121,812
92,866	4,052,062
153,100	1,210,930
154,598	260,331
<u>1,276,176</u>	<u>49,896,553</u>
338,579	7,878,655
490,893	8,523,341
-	6,318,066
-	63,211
152,043	12,088,868
4,552,750	20,101,738
-	4,689,692
5,400	1,008,736
<u>5,539,665</u>	<u>60,672,307</u>
<u>(4,263,489)</u>	<u>(10,775,754)</u>
-	5,048,822
(467,157)	(6,040,929)
-	105,732
-	418,825
<u>(467,157)</u>	<u>(467,550)</u>
(4,730,646)	(11,243,304)
13,734,840	71,485,057
<u>\$ 9,004,194</u>	<u>\$ 60,241,753</u>

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**CITY OF DEER PARK, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2018**

Net changes in fund balances - total governmental funds \$ (11,243,304)

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	19,627,203
Depreciation expense	(3,489,445)
Disposals, net	(158,998)
Capital contributions	661,060

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	4,689,692
Amortization of deferred loss on refunding	(57,706)
Amortization of premiums on bonds	153,475
Amortization of deferred outflows - pensions (TMRS)	(138,827)
Amortization of deferred outflows - pensions (TESRS)	(71,397)
Amortization of deferred inflows - pensions (TMRS)	(6,746,275)
Amortization of deferred outflows - OPEB (SDBF)	66,536
Compensated absences	(10,003)
Capital lease activity	(418,825)
Closure costs	(1,183)
Net pension liability - TMRS	6,563,909
Net pension liability - TESRS	183,342
Total OPEB liability - Health	(508,947)
Total OPEB liability - SDBF	(129,547)
Accrued interest	4,368

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

98,831

**Change in Net Position of Governmental Activities \$ 9,073,959**

See Notes to Financial Statements.

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# CITY OF DEER PARK, TEXAS

## STATEMENT OF NET POSITION

### PROPRIETARY FUNDS

September 30, 2018

	Business-Type Activities		
	Water and Sewer	Storm Water Utility	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 25,712,651	\$ 480,317	\$ 26,192,968
Restricted cash and cash equivalents	801,108	-	801,108
Accounts receivable, net	958,071	28,091	986,162
<b>Total Current Assets</b>	<b>27,471,830</b>	<b>508,408</b>	<b>27,980,238</b>
Noncurrent assets:			
Capital assets:			
Land	591,397	-	591,397
Buildings	4,795,184	-	4,795,184
Utility system	57,133,324	-	57,133,324
Machinery and equipment	4,660,852	-	4,660,852
Construction in progress	17,103,161	-	17,103,161
Less: accumulated depreciation	(37,145,250)	-	(37,145,250)
<b>Total Noncurrent Assets</b>	<b>47,138,668</b>	<b>-</b>	<b>47,138,668</b>
<b>Total Assets</b>	<b>74,610,498</b>	<b>508,408</b>	<b>75,118,906</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources - pensions (TMRS)	302,258	10,101	312,359
Deferred charge on refunding	58,211	-	58,211
<b>Total Deferred Outflows of Resources</b>	<b>360,469</b>	<b>10,101</b>	<b>370,570</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	1,834,644	-	1,834,644
Accrued liabilities	86,264	-	86,264
Customer deposits	801,108	-	801,108
Other payables	407,551	-	407,551
Compensated absences	125,478	-	125,478
Bonds payable - current	2,066,685	-	2,066,685
Capital leases payable	-	88,204	88,204
<b>Total Current Liabilities</b>	<b>5,321,730</b>	<b>88,204</b>	<b>5,409,934</b>
Noncurrent liabilities:			
Net pension liability - TMRS	811,280	15,370	826,650
Total OPEB liability - Health	2,084,759	14,070	2,098,829
Compensated absences	13,942	-	13,942
Bonds payable, net of deferred charges	40,233,571	-	40,233,571
Capital leases payable	-	112,518	112,518
<b>Total Noncurrent Liabilities</b>	<b>43,143,552</b>	<b>141,958</b>	<b>43,285,510</b>
<b>Total Liabilities</b>	<b>48,465,282</b>	<b>230,162</b>	<b>48,695,444</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources - pensions (TMRS)	367,852	13,840	381,692
<b>Total Deferred Inflows of Resources</b>	<b>367,852</b>	<b>13,840</b>	<b>381,692</b>
<b>Net Position</b>			
Net investment in capital assets	18,011,665	-	18,011,665
Unrestricted	8,126,168	274,507	8,400,675
<b>Total Net Position</b>	<b>\$ 26,137,833</b>	<b>\$ 274,507</b>	<b>\$ 26,412,340</b>

See Notes to Financial Statements.

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# CITY OF DEER PARK, TEXAS

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

For the Year Ended September 30, 2018

	Business-Type Activities		
	Water and Sewer	Storm Water Utility	Total
<b><u>Operating Revenues</u></b>			
Charges for services	\$ 11,037,737	\$ 337,663	\$ 11,375,400
<b>Total Operating Revenues</b>	<u>11,037,737</u>	<u>337,663</u>	<u>11,375,400</u>
<b><u>Operating Expenses</u></b>			
Personnel services	3,257,853	27,848	3,285,701
Contractual services	1,252,663	919	1,253,582
Repairs and maintenance	359,952	-	359,952
Other supplies and expenses	1,805,904	2,997	1,808,901
Depreciation	1,898,594	-	1,898,594
<b>Total Operating Expenses</b>	<u>8,574,966</u>	<u>31,764</u>	<u>8,606,730</u>
<b>Operating Income</b>	<u>2,462,771</u>	<u>305,899</u>	<u>2,768,670</u>
<b><u>Nonoperating Revenues (Expenses)</u></b>			
Investment earnings	331,845	-	331,845
Interest and fiscal agent fees	(1,319,096)	(4,962)	(1,324,058)
<b>Total Nonoperating (Expenses)</b>	<u>(987,251)</u>	<u>(4,962)</u>	<u>(992,213)</u>
<b>Income Before Transfers</b>	<u>1,475,520</u>	<u>300,937</u>	<u>1,776,457</u>
Transfers in	1,091,528	-	1,091,528
Transfers (out)	(99,421)	-	(99,421)
<b>Total Transfers</b>	<u>992,107</u>	<u>-</u>	<u>992,107</u>
<b>Change in Net Position</b>	<u>2,467,627</u>	<u>300,937</u>	<u>2,768,564</u>
Beginning net position	<u>23,670,206</u>	<u>(26,430)</u>	<u>23,643,776</u>
<b>Ending Net Position</b>	<u>\$ 26,137,833</u>	<u>\$ 274,507</u>	<u>\$ 26,412,340</u>

See Notes to Financial Statements.



# CITY OF DEER PARK, TEXAS

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2018

	Business-Type Activities		
	Water and Sewer	Storm Water Utility	Total
<b><u>Cash Flows from Operating Activities</u></b>			
Receipts from customers and users	\$ 11,136,349	\$ 335,103	\$ 11,471,452
Payments to suppliers for goods and services	(2,486,761)	(8,226)	(2,494,987)
Payments to employees for services	(3,127,525)	(27,175)	(3,154,700)
<b>Net Cash Provided by Operating Activities</b>	<b>5,522,063</b>	<b>299,702</b>	<b>5,821,765</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>			
Transfer from other funds	1,091,528	-	1,091,528
Transfer to other funds	(99,421)	-	(99,421)
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>992,107</b>	<b>-</b>	<b>992,107</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>			
Acquisition and construction of capital assets	(9,807,669)	-	(9,807,669)
Proceeds from debt issuance	5,312,086	-	5,312,086
Principal paid on capital debt	(1,976,976)	(160,767)	(2,137,743)
Interest and fiscal agent fees paid	(1,433,743)	(4,962)	(1,438,705)
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<b>(7,906,302)</b>	<b>(165,729)</b>	<b>(8,072,031)</b>
<b><u>Cash Flows from Investing Activities</u></b>			
Earnings on investments	331,845	-	331,845
<b>Net Cash Provided by Investing Activities</b>	<b>331,845</b>	<b>-</b>	<b>331,845</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(1,060,287)</b>	<b>133,973</b>	<b>(926,314)</b>
Beginning cash and cash equivalents	27,574,046	346,344	27,920,390
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 26,513,759</b>	<b>\$ 480,317</b>	<b>\$ 26,994,076</b>
<b><u>Ending Cash and Cash Equivalents</u></b>			
Unrestricted cash and cash equivalents	\$ 25,712,651	\$ 480,317	\$ 26,192,968
Restricted cash and cash equivalents	801,108	-	801,108
	<b>\$ 26,513,759</b>	<b>\$ 480,317</b>	<b>\$ 26,994,076</b>

See Notes to Financial Statements.

# CITY OF DEER PARK, TEXAS

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2018

	Business-Type Activities		
	Water and Sewer	Storm Water Utility	Total
<b>Reconciliation of Operating Income to Net</b>			
<b>Cash Provided by Operating Activities</b>			
Operating income	\$ 2,462,771	\$ 305,899	\$ 2,768,670
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,898,594	-	1,898,594
<b>Changes in Operating Assets and Liabilities:</b>			
<b>(Increase) Decrease in Assets:</b>			
Accounts receivable	9,452	(2,560)	6,892
Due from other funds	62,411	-	62,411
Deferred outflows of resources	616,026	17,700	633,726
<b>Increase (Decrease) in Liabilities:</b>			
Accounts payable	669,887	(67)	669,820
Accrued liabilities	(80,520)	-	(80,520)
Accrued interest payable	-	(4,243)	(4,243)
Other payables	342,391	-	342,391
Compensated absences payable	(6,015)	(1,375)	(7,390)
Net pension liability	(883,312)	(29,792)	(913,104)
Deferred inflows of resources	329,159	13,637	342,796
Total OPEB liability	74,470	503	74,973
Customer deposits	26,749	-	26,749
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 5,522,063</b>	<b>\$ 299,702</b>	<b>\$ 5,821,765</b>

See Notes to Financial Statements.

# CITY OF DEER PARK, TEXAS

## STATEMENT OF NET POSITION

### FIDUCIARY FUNDS

September 30, 2018

	Senior Citizens Trust	LEPC
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 114,841	\$ 48
<b>Total Assets</b>	<b>\$ 114,841</b>	<b>\$ 48</b>
<b><u>Liabilities</u></b>		
Due to others	\$ -	\$ 48
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 48</b>
<b><u>Net Position</u></b>		
Restricted	\$ 114,841	\$ -
<b>Total Net Position</b>	<b>\$ 114,841</b>	<b>\$ -</b>

See Notes to Financial Statements.

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

For the Year Ended September 30, 2018

	<u>Senior Citizens Trust</u>
<b><u>Additions</u></b>	
Investment earnings	\$ 1,737
	<u>1,737</u>
<b>Total Additions</b>	<u>1,737</u>
<b>Change in Net Position</b>	<u>1,737</u>
Beginning net position	<u>113,104</u>
<b>Ending Net Position</b>	<u><u>\$ 114,841</u></u>

See Notes to Financial Statements.

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**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2018

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

The basic financial statements contain discretely presented component units. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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

**Discretely Presented Component Units**

**Deer Park Crime Control and Prevention District**

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

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2018**

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

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

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

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

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

**Deer Park Community Development Corporation**

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

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

**B. Government-Wide Financial Statements**

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

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2018**

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

**C. Basis of Presentation – Government-Wide Financial Statements**

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

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

**D. Basis of Presentation – Fund Financial Statements**

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

The City reports the following governmental funds:

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

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

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

The *capital projects funds* are used to account for the expenditures of resources accumulated from the sale of long-term debt and related interest earnings for capital improvement projects. The capital improvement fund and the CIBF 2016 fund are considered major funds for reporting purposes. The remaining capital project funds are considered nonmajor funds for reporting purposes.



**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2018**

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 types:

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.

The *agency fund* is used to account for proceeds received for community awareness and emergency response programs on behalf of the Local Emergency Planning Committee (LEPC). The City maintains the LEPC fund in a custodial capacity.

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.

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2018**

The government-wide, proprietary, and private-purpose trust fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

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 (TexPool and TexSTAR). 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 deposits, are reported at cost.

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2018**

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

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

**3. Inventories and Prepaid Items**

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

**4. Restricted Assets**

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

**5. Capital Assets**

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

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

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

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

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

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2018

**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. The City has five items that qualify for reporting in this category on the government-wide Statement of Net Position. 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. Deferred outflows have been recognized for the net difference between the projected and actual investment earnings on the pension plan assets. This amount is deferred and amortized over a period of five years. Another deferred outflow is recognized for the differences between the actuarial expectations and the actual economic experience related to the City's defined benefit pension plan. This amount is deferred and amortized over the average of the expected service lives of pension plan members. A deferred charge has been recognized for the changes in actuarial assumptions. This amount is deferred and amortized over the average of the expected service lives of pension/OPEB plan members. Another deferred charge has been recognized for employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year. This amount is deferred and recognized as a reduction to the net pension/total OPEB liability during the measurement period in which the contributions were made.

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. The City has two items that qualify for reporting in this category in the government-wide Statement of Net Position. Deferred inflows of resources are recognized as a result of differences between the actuarial expectations and the actual economic experience related to the City's defined benefit pension plan. This amount is deferred and amortized over the average of the expected service lives of pension plan members. Deferred inflows have been recognized for the net difference between the projected and actual investment earnings on the pension plan assets. This amount is deferred and amortized over a period of five years. 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 property taxes. These amounts are deferred and recognized as inflows of resources in the period that the amount becomes 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.

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2018**

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premium or discount.

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

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

Assets acquired under the terms of a 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

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2018**

limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

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

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

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

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

## **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

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2018**

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.

**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 other postemployment (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. This plan is an unfunded, pay-as-you-go plan. Information about the City's OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense is provided by the City's consulting actuary.

**G. Revenues and Expenditures/Expenses**

**1. Program Revenues**

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

**2. Property Taxes**

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

**3. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

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

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2018

**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, 2018.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

As of September 30, 2018, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
TexSTAR	\$ 23,475,599	0.08
TexPool	19,079,431	0.08
Certificates of deposit	33,407,675	0.41
<b>Total Fair Value</b>	<u><u>\$ 75,962,705</u></u>	
Portfolio weighted average maturity		0.22

*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, 2018, the City's investments in TexPool and TexSTAR were rated 'AAAm' by Standard & Poor's.

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of September 30, 2018, market values of pledged securities were \$21,653,621 and bank balances were \$12,067,342.

As of September 30, 2018, the discretely presented component units' bank balances of \$6,866,737 were collateralized with securities held by the pledging financial institution or covered by FDIC insurance.

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



**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2018**

**TexPool**

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

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

**TexSTAR**

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

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

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2018

**B. Receivables**

Amounts recorded as receivable as of September 30, 2018 for the City's individual major and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Water and Sewer</u>	<u>Storm Water Utility</u>
Taxes	\$ 2,087,730	\$ 339,374	\$ -	\$ -	\$ -
Accounts	1,474,914	-	168,861	1,417,431	40,577
Ambulance	3,265,606	-	-	-	-
Less allowance	(4,122,823)	(254,531)	-	(459,360)	(12,486)
<b>Total</b>	<u>\$ 2,705,427</u>	<u>\$ 84,843</u>	<u>\$ 168,861</u>	<u>\$ 958,071</u>	<u>\$ 28,091</u>

**C. Capital Assets**

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

	<u>Primary Government</u>			
	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)/ Reclassifications</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 22,791,056	\$ 2,543,223	\$ -	\$ 25,334,279
Construction in progress	10,119,466	15,126,195	(569,314)	24,676,347
<b>Total capital assets not being depreciated</b>	<u>32,910,522</u>	<u>17,669,418</u>	<u>(569,314)</u>	<u>50,010,626</u>
Other capital assets:				
Buildings	23,808,675	538,129	-	24,346,804
Improvements	64,778,316	1,367,119	-	66,145,435
Machinery and equipment	19,855,055	1,282,911	(761,915)	20,376,051
<b>Total other capital assets</b>	<u>108,442,046</u>	<u>3,188,159</u>	<u>(761,915)</u>	<u>110,868,290</u>
Less accumulated depreciation for:				
Buildings	(11,710,995)	(600,883)	-	(12,311,878)
Improvements	(41,590,965)	(1,409,112)	-	(43,000,077)
Machinery and equipment	(14,264,082)	(1,479,450)	602,917	(15,140,615)
<b>Total accumulated depreciation</b>	<u>(67,566,042)</u>	<u>(3,489,445)</u>	<u>602,917</u>	<u>(70,452,570)</u>
<b>Other capital assets, net Governmental Activities</b>	<u>40,876,004</u>	<u>(301,286)</u>	<u>(158,998)</u>	<u>40,415,720</u>
<b>Capital Assets, Net</b>	<u>\$ 73,786,526</u>	<u>\$ 17,368,132</u>	<u>\$ (728,312)</u>	<u>90,426,346</u>
			Less associated debt	(33,267,073)
			Plus deferred charge on refunding	320,303
			Plus unspent bond proceeds	8,220,492
			<b>Net Investment in Capital Assets</b>	<u>\$ 65,700,068</u>

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2018**

Depreciation was charged to governmental functions as follows:

General government	\$ 435,181
Public safety	506,980
Public works	1,272,507
Parks and recreation	334,976
Community development	<u>939,801</u>
<b>Total Governmental Activities Depreciation Expense</b>	<b><u>\$ 3,489,445</u></b>

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

<b>Project Description</b>	<b>Authorized Contract</b>	<b>Contract Expenditures</b>	<b>Remaining Contract</b>
Access Control System - Maxwell	\$ 11,366	\$ 5,683	\$ 5,683
Maxwell Center/Parking	1,787,000	1,766,323	20,677
Deer Park Baseball	3,009,000	2,808,254	200,746
Soccer Field	3,659,688	3,512,187	147,501
Community Center and Gym	26,000	20,774	5,226
Animal Shelter	2,398,668	1,974,260	424,408
Access Control System - Animal Shelter	36,695	16,638	20,058
Camera System - Animal Shelter	29,075	14,225	14,850
HCFCB B112 Ditch	76,163	20,025	56,138
Drainage Recovery - Heritage/Deer Meadows	60,230	24,092	36,138
Street Replacement Project	5,728,015	1,996,521	3,731,494
<b>Total</b>	<b><u>\$ 16,821,900</u></b>	<b><u>\$ 12,158,981</u></b>	<b><u>\$ 4,662,919</u></b>

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2018

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
<b>Business-Type Activities:</b>			
Capital assets not being depreciated:			
Land	\$ 591,397	\$ -	\$ -
Construction in progress	9,762,416	8,836,005	(1,495,260)
<b>Total capital assets not being depreciated</b>	<b>10,353,813</b>	<b>8,836,005</b>	<b>(1,495,260)</b>
Other capital assets:			
Buildings	3,861,540	933,644	-
Improvements	55,746,369	1,386,955	-
Machinery and equipment	4,593,290	146,325	(78,763)
<b>Total other capital assets</b>	<b>64,201,199</b>	<b>2,466,924</b>	<b>(78,763)</b>
Less accumulated depreciation for:			
Buildings	(1,192,878)	(119,428)	-
Improvements	(30,841,389)	(1,522,418)	-
Machinery and equipment	(3,291,152)	(256,748)	78,763
<b>Total accumulated depreciation</b>	<b>(35,325,419)</b>	<b>(1,898,594)</b>	<b>78,763</b>
<b>Other capital assets, net</b>	<b>28,875,780</b>	<b>568,330</b>	<b>-</b>
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 39,229,593</b>	<b>\$ 9,404,335</b>	<b>\$ (1,495,260)</b>
			Less associated debt (42,500,978)
			Plus deferred charge on refunding 58,211
			Plus unspent bond proceeds 13,315,764
			<b>Net Investment in Capital Assets \$ 18,011,665</b>

Depreciation was charged to business-type functions as follows:

Water and sewer	\$ 1,898,594
<b>Total Business-Type Activities Depreciation Expense</b>	<b>\$ 1,898,594</b>

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
Backwash System Improvements	14,500	7,803	6,697
Camera System - WTP Well Sites Network	22,914	10,957	11,957
Manhole Rehab - Phase 3	249,309	108,735	140,574
Sanitary Sewer Rehab - Deer Meadows	1,746,211	1,474,657	271,554
P Street Ground Storage Tank	65,000	30,000	35,000
<b>Total</b>	<b>\$ 2,583,933</b>	<b>\$ 1,632,901</b>	<b>\$ 951,032</b>

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2018

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
<b>Discretely presented component units:</b>				
Capital assets not being depreciated:				
Construction in progress	\$ 2,517,397	\$ 385,692	\$ -	\$ 2,903,089
<b>Total capital assets not being depreciated</b>	<u>2,517,397</u>	<u>385,692</u>	<u>-</u>	<u>2,903,089</u>
Capital assets, being depreciated:				
Building	87,641	-	-	87,641
Improvements	115,182	-	-	115,182
Machinery and equipment	3,530,330	1,565,253	(53,226)	5,042,357
<b>Total capital assets, being depreciated</b>	<u>3,733,153</u>	<u>1,565,253</u>	<u>(53,226)</u>	<u>5,245,180</u>
Less accumulated depreciation for:				
Building	(6,573)	(2,191)	-	(8,764)
Improvements	(34,506)	(8,380)	-	(42,886)
Machinery and equipment	(1,875,562)	(517,628)	53,226	(2,339,964)
<b>Total accumulated depreciation</b>	<u>(1,916,641)</u>	<u>(528,199)</u>	<u>53,226</u>	<u>(2,391,614)</u>
<b>Capital assets, being depreciated, net</b>	<u>1,816,512</u>	<u>1,037,054</u>	<u>-</u>	<u>2,853,566</u>
<b>Discretely Presented Component Units Capital Assets, Net</b>	<u>\$ 4,333,909</u>	<u>\$ 1,422,746</u>	<u>\$ -</u>	<u>5,756,655</u>
			Less associated debt	<u>(1,051,016)</u>
			<b>Net Investment in Capital Assets</b>	<u>\$ 4,705,639</u>

Depreciation was charged to component units as follows:

Crime control and prevention district	\$ 286,112
Fire control, prevention, and emergency medical services district	242,087
<b>Total Component Units Depreciation Expense</b>	<u>\$ 528,199</u>

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

Project Description	Authorized Contract	Contract Expenditures	Remaining Contract
Firearms Range	\$ 2,746,095	\$ 2,692,429	\$ 53,666
<b>Total</b>	<u>\$ 2,746,095</u>	<u>\$ 2,692,429</u>	<u>\$ 53,666</u>

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2018

**D. Long-Term Debt**

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
<b>Governmental Activities:</b>					
General obligation bonds	\$ 13,258,698	\$ -	\$ 1,278,024	\$ 11,980,674 *	\$ 1,512,962
Certificates of obligation	22,300,000	-	3,025,000	19,275,000 *	2,190,000
Capital leases	868,776	418,825	386,668	900,933 *	395,595
Premium on bond issuance	1,263,941	-	153,475	1,110,466 *	146,481
Compensated absences	1,143,889	1,215,823	1,205,820	1,153,892	1,038,502
Net pension liability					
TMRS	12,274,158	-	6,563,909	5,710,249	-
TESRS	626,893	-	183,342	443,551	-
Total OPEB liability					
SDBF	844,048	129,547	-	973,595	-
Health	13,738,665	508,947	-	14,247,612	-
Closure costs	51,444	1,183	-	52,627	-
<b>Total Governmental Activities</b>	<b>\$ 66,370,512</b>	<b>\$ 2,274,325</b>	<b>\$ 12,796,238</b>	<b>\$ 55,848,599</b>	<b>\$ 5,283,540</b>
				<b>Long-term debt due in more than one year</b>	<b>\$ 50,565,059</b>
				<b>*Debt associated with governmental activities capital assets</b>	<b>\$ 33,267,073</b>

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
<b>Business-Type Activities:</b>					
General obligation bonds	\$ 3,746,300	\$ -	\$ 521,976	\$ 3,224,324 **	\$ 667,038
Certificates of obligation	33,665,000	5,150,000	1,205,000	37,610,000 **	1,285,000
Revenue bonds	250,000	-	250,000	- **	-
Capital leases	361,489	-	160,767	200,722 **	88,204
Premium on bond issuance	1,418,493	162,086	114,647	1,465,932 **	114,647
Net pension liability - TMRS	1,739,754	-	913,104	826,650	-
Total OPEB liability - Health	2,023,856	74,973	-	2,098,829	-
Compensated absences	146,810	149,138	156,528	139,420	125,478
<b>Total Business-Type Activities</b>	<b>\$ 43,351,702</b>	<b>\$ 5,536,197</b>	<b>\$ 3,322,022</b>	<b>\$ 45,565,877</b>	<b>\$ 2,280,367</b>
				<b>Long-term debt due in more than one year</b>	<b>\$ 43,285,510</b>
				<b>**Debt associated with business-type activities capital assets</b>	<b>\$ 42,500,978</b>

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2018

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Discretely Presented Component Units:</b>					
Capital leases	\$ -	\$ 1,163,743	\$ 112,727	\$ 1,051,016 ***	\$ 137,775
Net pension liability - TMRS	336,359	-	213,013	123,346	-
Total OPEB liability - Health	455,760	16,884	-	472,644	-
<b>Total Discretely Presented Component Units</b>	<b>\$ 792,119</b>	<b>\$ 1,180,627</b>	<b>\$ 325,740</b>	<b>\$ 1,647,006</b>	<b>\$ 137,775</b>
<b>Long-term debt due in more than one year</b>				<b>\$ 1,509,231</b>	
<b>***Debt associated with discretely presented component units capital assets</b>				<b>\$ 1,051,016</b>	

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

Description	Interest Rates	Balance
<b>Governmental Activities</b>		
<b>General Obligation Bonds</b>		
2010 General Obligation Refunding Bonds	4.00-4.50%	\$ 887,772
2012 General Obligation Refunding Bonds	2.00-3.00%	3,255,000
2014 General Obligation Bonds	3.00-4.00%	845,000
2014 General Obligation Refunding Bonds	3.00-4.00%	732,902
2016 Limited Tax Refunding Bonds	2.25-4.00%	6,260,000
<b>Total General Obligation Bonds</b>		<b>11,980,674</b>
<b>Certificates of Obligation</b>		
2010 Certificates of Obligation	4.00-5.00%	5,670,000
2015 Certificates of Obligation	2.00-4.00%	5,315,000
2016 Certificates of Obligation	1.59%	5,650,000
2017 Certificates of Obligation	1.89%	2,640,000
<b>Total Certificates of Obligation</b>		<b>19,275,000</b>
<b>Total Bonds and Certificates of Obligation</b>		<b>31,255,674</b>
<b>Capital Leases</b>		
2016 Freightliner Trash Truck	1.55%	35,362
2016 Golf Cars and Beverage Vehicle	3.15%	208,122
2017 Freightliner Trash Truck	1.84%	91,938
2018 Freightliner 108SD	1.83%	112,169
2018 Freightliner Bus	1.69%	55,875
2018 Freightliner M2-106-80	2.68%	170,464
VOIP Telephone Equipment	2.87%	227,003
<b>Total Capital Leases</b>		<b>900,933</b>
<b>Total Governmental Activities Long-Term Debt</b>		<b>\$ 32,156,607</b>

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2018

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

Description	Interest Rates	Balance
<b><u>Business-Type Activities</u></b>		
<b>General Obligation Bonds</b>		
2010 General Obligation Refunding Bonds	4.00-4.50%	\$ 587,225
2011 General Obligation Refunding Bonds	2.50-3.00%	1,455,000
2014 General Obligation Refunding Bonds	3.00-4.00%	1,182,099
<b>Total General Obligation Bonds</b>		<b>3,224,324</b>
<b>Certificates of Obligation</b>		
2011 Certificates of Obligation	2.50-4.00%	2,745,000
2012 Certificates of Obligation	2.00-3.00%	4,300,000
2013 Certificates of Obligation	2.50-3.35%	6,625,000
2014 Certificates of Obligation	3.00-4.00%	5,790,000
2015-A Certificates of Obligation	2.00-3.50%	6,590,000
2016-A Certificates of Obligation	2.00-4.00%	6,540,000
2017-A Certificates of Obligation	2.00-3.00%	5,020,000
<b>Total Certificates of Obligation</b>		<b>37,610,000</b>
<b>Capital Leases</b>		
Gradall XL5100 Excavator	1.81%	200,722
<b>Total Capital Leases</b>		<b>200,722</b>
<b>Total Business-Type Activities Long-Term Debt</b>		<b>\$ 41,035,046</b>

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

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

Description	Interest Rates	Balance
<b><u>Component Unit</u></b>		
<b>Capital Leases</b>		
2018 Pierce Velocity	2.00%	\$ 1,051,016
<b>Total Component Unit Long-Term Debt</b>		<b>\$ 1,051,016</b>



**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2018

Annual debt service requirements for governmental activities are as follows:

Year Ending Sep 30	Governmental Activities				
	General Obligation Bonds		Certificates of Obligation		Total
	Principal	Interest	Principal	Interest	
2019	\$ 1,512,962	\$ 353,133	\$ 2,190,000	\$ 524,863	\$ 4,580,958
2020	1,564,954	303,642	2,245,000	466,072	4,579,668
2021	1,539,671	254,861	2,305,000	403,254	4,502,786
2022	1,483,025	205,597	2,360,000	343,462	4,392,084
2023	1,538,025	153,331	2,415,000	282,173	4,388,529
2024-2028	3,967,037	326,068	6,700,000	648,704	11,641,809
2029-2033	305,000	45,500	1,060,000	53,750	1,464,250
2034	70,000	1,400	-	-	71,400
<b>Total</b>	<b>\$ 11,980,674</b>	<b>\$ 1,643,532</b>	<b>\$ 19,275,000</b>	<b>\$ 2,722,278</b>	<b>\$ 35,621,484</b>

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

Year Ending Sep 30	Business-Type Activities				
	General Obligation Bonds		Certificates of Obligation		Total
	Principal	Interest	Principal	Interest	
2019	\$ 667,038	\$ 92,367	\$ 1,285,000	\$ 1,175,765	\$ 3,220,170
2020	660,047	69,983	1,385,000	1,142,628	3,257,658
2021	590,329	48,839	1,595,000	1,102,653	3,336,821
2022	426,975	32,803	1,665,000	1,057,578	3,182,356
2023	416,975	20,144	1,735,000	1,011,528	3,183,647
2024-2028	462,960	6,944	12,040,000	4,046,920	16,556,824
2029-2033	-	-	13,595,000	1,858,576	15,453,576
2034-2037	-	-	4,310,000	192,288	4,502,288
<b>Total</b>	<b>\$ 3,224,324</b>	<b>\$ 271,080</b>	<b>\$ 37,610,000</b>	<b>\$ 11,587,936</b>	<b>\$ 52,693,340</b>

#### General Obligation Bonds

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

#### Certificates of Obligations

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

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2018

During fiscal year 2018, the City issued Certificates of Obligation, Series 2017-A in the amount of \$5,150,000. Proceeds from this issuance will be used to pay costs associated with the repair and renovation of, the construction of improvements to, and the equipment of the water and sewer system. The certificates mature on March 15, 2037 and have interest rates that range from 2.00% to 3.00%.

**Revenue Bonds**

The City also issues bonds where the City pledges net revenues derived from the City's waterworks and sanitary sewer system to pay for debt service. Revenue bonds were issued to finance construction and improvements to the waterworks and sanitary sewer system. A number of limitations and restrictions are contained in the various bond ordinances. The City has complied with all significant limitations and restrictions. The revenue bonds fully matured during the fiscal year.

**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 1.55 percent to 3.15 percent and have maturity dates ranging from 2019 to 2026.

Annual requirements to satisfy these obligations are as follows:

Year Ending Sep 30	Governmental Activities		
	Capital Leases		
	Principal	Interest	Total
2019	\$ 395,595	\$ 18,558	\$ 414,153
2020	384,315	9,047	393,362
2021	121,023	1,661	122,684
<b>Total</b>	<b>\$ 900,933</b>	<b>\$ 29,266</b>	<b>\$ 930,199</b>

Year Ending Sep 30	Business-Type Activities		
	Capital Leases		
	Principal	Interest	Total
2019	\$ 88,204	\$ 2,899	\$ 91,103
2020	89,811	1,292	91,103
2021	22,707	68	22,775
<b>Total</b>	<b>\$ 200,722</b>	<b>\$ 4,259</b>	<b>\$ 204,981</b>

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2018

Year Ending Sep30	Component Units		
	Capital Leases		
	Principal	Interest	Total
2019	\$ 137,775	\$ 19,762	\$ 157,537
2020	140,555	16,981	157,536
2021	143,392	14,144	157,536
2022	146,287	11,250	157,537
2023	149,239	8,297	157,536
2024-2026	333,768	7,563	341,331
<b>Total</b>	<b>\$ 1,051,016</b>	<b>\$ 77,997</b>	<b>\$ 1,129,013</b>

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activities	Component Units
<b>Assets:</b>			
Machinery and equipment	\$ 1,422,505	\$ 435,228	\$ 1,163,743
Less: accumulated depreciation	(354,012)	(130,568)	(64,652)
<b>Total</b>	<b>\$ 1,068,493</b>	<b>\$ 304,660</b>	<b>\$ 1,099,091</b>

**Federal Arbitrage**

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

**E. 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	\$ 99,421
General	Nonmajor governmental	315,668
Debt service	Nonmajor governmental	151,489
Nonmajor governmental	General	4,482,244
Water and sewer	Debt service	1,091,528
		<b>\$ 6,140,350</b>

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.

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2018

- The general fund transferred \$4,482,244 to the capital improvement fund to fund current and future capital improvement projects.
- Transfers to the general fund were made by the water and sewer fund and the nonmajor governmental funds to reimburse the general fund for the respective funds' portion of expenditures paid by the general fund.
- Transfers to the water and sewer fund were made by the debt service fund for current year debt service payments.

**F. Fund Equity**

As of September 30, 2018, \$1,321,346 of the City's total fund balance is restricted by enabling legislation.

**G. Restatement of Net Position**

The City has restated beginning net position for the implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75) as follows:

	<u>Governmental Activities</u>	<u>Water and Sewer</u>	<u>Storm Water Utility</u>	<u>Business-Type Activities</u>
<b>Beginning net position as reported</b>	\$ 87,841,180	\$ 25,680,495	\$ (12,863)	\$ 25,667,632
Total OPEB liability - SDBF	(844,048)	-	-	-
Deferred outflows - contributions after measurement date - SDBF	5,692	-	-	-
Total OPEB liability - Health	(13,738,665)	(2,010,289)	(13,567)	(2,023,856)
Total OPEB obligation - Health	13,385,308	-	-	-
<b>Beginning net position - restated</b>	<u>\$ 86,649,467</u>	<u>\$ 23,670,206</u>	<u>\$ (26,430)</u>	<u>\$ 23,643,776</u>

	<u>Crime Control District</u>	<u>Fire Control District</u>	<u>Component Units</u>
<b>Beginning net position as reported</b>	\$ 4,389,009	\$ 3,108,647	\$ 10,739,529
Total OPEB liability - Health	(129,226)	(326,534)	(455,760)
<b>Beginning net position - restated</b>	<u>\$ 4,259,783</u>	<u>\$ 2,782,113</u>	<u>\$ 10,283,769</u>

**IV. OTHER INFORMATION**

**A. Risk Management**

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

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2018**

**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 of the financial condition of the City.

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

**C. Pension Plans**

**1. Texas Municipal Retirement System**

Plan Description

The City participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by TMRS. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees (the "Board"). Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at [www.tmr.com](http://www.tmr.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.

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2018

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

	<u>2018</u>	<u>2017</u>
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	50% of CPI	50% of CPI

Employees Covered by Benefit Terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	203
Inactive employees entitled to, but not yet receiving, benefits	133
Active employees	305
<b>Total</b>	<u><u>641</u></u>

Contributions

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

Employees for the City were required to contribute seven percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 14.44 percent and 14.36 percent in calendar years 2018 and 2017, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2018 were \$2,767,719, which were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2018**

Actuarial Assumptions

The TPL in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109 percent and female rates multiplied by 103 percent. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109 percent and female rates multiplied by 103 percent with a three-year set-forward for both males and females. In addition, a three percent minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the three percent floor.

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

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

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2018

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.90%
Real Return	10.0%	3.80%
Real Estate	10.0%	4.50%
Absolute Return	10.0%	3.75%
Private Equity	5.0%	7.50%
<b>Total</b>	<b>100.0%</b>	

Discount Rate

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

Changes in the NPL

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (A)</u>	<u>Plan Fiduciary Net Position (B)</u>	<u>Net Pension Liability (A) - (B)</u>
Changes for the year:			
Service cost	\$ 3,285,191	\$ -	\$ 3,285,191
Interest	8,293,823	-	8,293,823
Difference between expected and actual experience	(107,539)	-	(107,539)
Contributions - employer	-	2,709,671	(2,709,671)
Contributions - employee	-	1,320,869	(1,320,869)
Net investment income	-	15,213,811	(15,213,811)
Benefit payments, including refunds of employee contributions	(5,811,848)	(5,811,848)	-
Administrative expense	-	(78,855)	78,855
Other changes	-	(3,995)	3,995
<b>Net Changes</b>	<b>5,659,627</b>	<b>13,349,653</b>	<b>(7,690,026)</b>
Balance at December 31, 2016	124,134,775	109,784,504	14,350,271
<b>Balance at December 31, 2017</b>	<b>\$ 129,794,402</b>	<b>\$ 123,134,157</b>	<b>\$ 6,660,245</b>



**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2018

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%)
City's Net Pension Liability/(Asset)	\$ 24,514,802	\$ 6,660,245	\$ (7,990,437)

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 on the Internet at [www.tmrs.com](http://www.tmrs.com).

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

For the fiscal year ended September 30, 2018, the City recognized net pension expense of \$3,149,057.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 46,208	\$ 275,359
Changes in actuarial assumptions	459,432	-
Difference between projected and actual investment earnings	-	3,079,379
Contributions subsequent to the measurement date	2,101,465	-
<b>Total</b>	<b>\$ 2,607,105</b>	<b>\$ 3,354,738</b>

\$2,101,465 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, 2019.

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2018

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

Fiscal Year Ended September 30	Pension Expense
2019	\$ 218,515
2020	51,235
2021	(1,532,183)
2022	(1,582,529)
2023	(4,136)
<b>Total</b>	<b>\$ (2,849,098)</b>

**2. Texas Emergency Services Retirement System**

Plan Description

The City participates in a cost-sharing multiple employer pension plan that has a special funding situation. The plan is administered by the TESRS and established and administered by the State of Texas (the "State") to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. At August 31, 2017, there were 235 contributing fire and/or emergency services department members participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

On August 31, 2017, the pension system membership consisted of:

Retirees and beneficiaries currently receiving benefits	3,104
Terminated members entitled to, but not yet receiving, benefits	2,208
Active participants	4,046

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](http://www.tesrs.org). The separately issued actuarial valuations that may be of interest are also available at the same link.

Benefits Provided

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

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2018**

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 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.

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

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2018**

there is no maximum contribution rate. For the fiscal year ending August 31, 2017, total contributions (dues, prior service, and interest on prior service financing) of \$89,400 were paid by the City. The State appropriated \$1,583,825 for the fiscal year ending August 31, 2017 to the plan as a whole.

Actuarial Assumptions

The TPL in the August 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	8/31/2016
Actuarial cost method	Entry age
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Market value smoothed by a 5-year deferred recognition method with an 80%/120% corridor on market value
Actuarial assumptions:	
Investment rate of return*	7.75%
Projected salary increases	N/A
*Includes inflation at	3.00%
Cost of living adjustments	None

Mortality rates were based on the RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2024 by scale AA. The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage (currently 4.97%) and by adding expected inflation (3.00%). In addition, the final 7.75 percent assumption reflected a reduction of 0.22 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%	5.72%
Small cap domestic	10.0%	5.96%
Developed international	21.0%	6.21%
Emerging markets	6.0%	7.18%
Master limited partnership	5.0%	7.61%
Fixed income		
Domestic	21.0%	1.61%
International	5.0%	1.81%
<b>Total</b>	<b>100.0%</b>	
Weighted average		4.97%

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2018

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, 2016 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. Because of the 30-year amortization period with the conservative amortization method and with a lower value of assets, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the 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	\$ 828,297	\$ 443,551	\$ 200,834

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

At August 31, 2017, the City reported a liability of 443,551 for its proportionate share of the plan'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 net pension liability that was associated with the City were as follows:

City's proportionate share of the collective NPL	\$ 443,551
*State's proportionate share that is associated with the City	145,246
<b>Total</b>	<b>\$ 588,797</b>

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

The TPL used to calculate the NPL was determined by an actuarial valuation as of August 31, 2016. GASB Statement No. 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, 2017. The City used the assumption that any differences in the NPL measured as of August 31, 2017 versus September 30, 2017 would be immaterial. The employer's proportion of the NPL was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2016 through August 31, 2017.

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2018**

At August 31, 2017, the employer's proportion of the collective NPL was 1.848 percent, which was a decrease of 0.304 percent from its proportion measured as of August 31, 2016.

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 year ended August 31, 2017, the City recognized pension expense of \$93,067. The City recognized on-behalf revenues of \$30,476 calculated by taking the State's total contributions to TESRS multiplied by the City's proportionate share.

At August 31, 2017, the City reported its proportionate share of the TESRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual investment earnings	\$ 41,363	\$ -
Changes in assumptions	6,479	-
Differences between expected and actual experience	471	-
Contributions paid to TESRS subsequent to the measurement date	102,714	-
<b>Total</b>	<b>\$ 151,027</b>	<b>\$ -</b>

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

<b>Fiscal Year Ended September 30</b>	<b>Pension Expense</b>
2019	\$ 20,871
2020	38,286
2021	(1,838)
2022	(9,006)
<b>Total</b>	<b>\$ 48,313</b>

**D. Other Postemployment Benefits**

**1. Healthcare Plan**

Plan Description

The City provides medical benefits (the "Plan") to eligible retirees through an unfunded single-employer defined benefit 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

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2018**

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

Participation in the SDBF as of September 30, 2018 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	67
Inactive employees entitled to, but not yet receiving, benefits	-
Active employees	131
<b>Total</b>	<u><u>198</u></u>

Total OPEB Liability

The City's total OPEB liability of \$16,819,085 was measured as of September 30, 2018 and was determined by an actuarial valuation as of that date.

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2018

Actuarial Assumptions and Other Inputs

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

Inflation	3.00%
Salary increases	3.50%
Discount rate	4.06%*
Health care trend rate	5.00%
Actuarial cost method	Individual entry-age
Service cost	Determined for each employee as the Actuarial Present Value of Benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the plan's benefit formula. This allocation is based on each participant's service between date of hire and date of expected termination.
Average per capita claim cost	The City is using 195% of the active employee rate for pre-65 retiree coverage and the Medicare supplement rate for the age 65 and later coverage. Since these rates are not subsidized by the active employee rates, they are used for the fiscal year 2017 claims costs rates.
Mortality	RPB-2014 Total Table with Projection MP-2018
Turnover	Rates varying based on gender, age, and select and ultimate at 9 years. Rates based on the TMRS actuarial assumptions from the 2017 retirement plan valuation report.
Retiree contributions	Retirees pay a portion of the monthly contribution rate for individual medical coverage and 100% of the contribution for dependent coverage.
Disability	None assumed.
Participation rates (coverage)	100% of all retirees who currently have healthcare coverage will continue with the same coverage.  75% of all actives who currently have individual healthcare coverage will continue with individual coverage upon retirement. 75% of actives who have family coverage will continue with individual coverage and the balance will keep family coverage.

\* The discount rate is based on the Bond Buyer GO Bond 20 Index as of September 30, 2018.

Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
Changes for the year:	
Service cost	\$ 361,607
Interest	664,510
Changes of assumptions	-
Benefit payments	(425,313)
<b>Net Changes</b>	<b>600,804</b>
Balance at September 30, 2017	16,218,281
<b>Balance at September 30, 2018</b>	<b>\$ 16,819,085</b>



**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2018

There were no 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 and Healthcare Costs Trend Rate Assumptions

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

	1% Decrease in Discount Rate (3.06%)	Discount Rate (4.06%)	1% Increase in Discount Rate (5.06%)
City's Total OPEB Liability	\$ 20,196,244	\$ 16,819,085	\$ 14,216,991

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
City's Total OPEB Liability	\$ 14,048,652	\$ 16,819,085	\$ 20,487,271

OPEB Expense and Deferred Outflows/Inflows of Resources

For the year ended September 30, 2018, the City recognized OPEB expense of \$1,026,117. The City had no deferred items to report as of September 30, 2018 related to this OPEB plan.

**2. TMRS Supplemental Death Benefits Plan**

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

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2018**

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.

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, 2017 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	159
Inactive employees entitled to, but not yet receiving, benefits	34
Active employees	305
<b>Total</b>	<u><u>498</u></u>

Total OPEB Liability

The City's total OPEB liability of \$973,595 was measured as of December 31, 2017 and was determined by an actuarial valuation as of that date.

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2018

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 10.50% including inflation
Discount rate	3.31%*
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 Statement No. 68.
Mortality rates-service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projects on a fully generational basis with scale BB.
Mortality rates-disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rate are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

\* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Changes for the year:	
Service cost	\$ 26,417
Interest	32,262
Changes of assumptions	78,416
Benefit payments*	(7,548)
	<u>Net Changes</u>
	129,547
Balance at December 31, 2016	844,048
<b>Balance at December 31, 2017</b>	<b><u>\$ 973,595</u></b>

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

There were no 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.

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2018

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

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

	<b>1% Decrease in Discount Rate (3.06%)</b>	<b>Discount Rate (4.06%)</b>	<b>1% Increase in Discount Rate (5.06%)</b>
City's Total OPEB Liability	\$ 1,176,129	\$ 973,595	\$ 817,659

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

For the year ended September 30, 2018, the City recognized OPEB expense of \$70,688.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in actuarial assumptions	\$ 66,407	\$ -
Contributions subsequent to the measurement date	5,821	-
	<u>\$ 72,228</u>	<u>\$ -</u>

\$5,821 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, 2019.

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

<b>Year Ended September 30</b>	<b>OPEB Expense Amount</b>
2019	\$ 12,009
2020	12,009
2021	12,009
2022	12,009
2023	12,009
Thereafter	6,362
<b>Total</b>	<u>\$ 66,407</u>

**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

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2018**

from any other use than intended under the Plan (eventual payment to employees deferring the compensation) in accordance with federal tax laws. Amounts of compensation deferred by employees under Plan provisions are disbursed monthly by the City to a third-party administrator. The third-party administrator handles all funds in the Plan and makes investment decisions and disburses funds to employees in accordance with Plan provisions.

**E. Industrial District Contracts**

A significant portion of the City's revenue is derived from separate contractual agreements (the "Contracts") with 27 separate industrial companies (the "Companies") that lie within the City's extraterritorial jurisdiction (known as the "Industrial District"). In 2007, the City and the Companies located in the Industrial District agreed to new Contracts extending to December 31, 2014. The City completed negotiations on new Contracts with the Companies located in the Industrial District, with a new expiration date of December 31, 2026. These Contracts call for each Company to annually render to the City a written description of its land, improvements, and tangible personal property as of the immediately preceding January 1 (based on the opinion of the legal counsel for the Harris County Appraisal District that the value of land and improvements that were not physically located within the corporate area of the City could not be included in the City's tax roll). The Companies have agreed to pay an amount "in lieu" of taxes in the unannexed area of an amount equal to the sum of 63 percent of the amount of ad valorem taxes that would be payable to the City if all of the Company's land and improvements that existed on each January 1 had been within the corporate limits of the City. Under the new Contract, the Companies have agreed to pay an amount "in lieu" of taxes in the unannexed area of an amount equal to the sum of 63 percent of the amount of ad valorem taxes that would be payable to the City if all of the Company's land and improvements that existed on January 1, 2015, 2016, 2017, and 2018 had been within the corporate limits of the City; 64 percent of the amount of ad valorem taxes that would be payable to the City if all of the Company's land and improvements that existed on January 1, 2019, 2020, 2021, and 2022 had been within the corporate limits of the City; and 65 percent of the amount of ad valorem taxes that would be payable to the City if all of the Company's land and improvements which existed on January 1, 2023, 2024, 2025, and 2026 had been within the corporate limits of the City. Payments in lieu of taxes on new construction will be based on percentages of new value as described in the Contract as ten percent the first year, 20 percent the second year, 30 percent the third year, 40 percent the fourth year, 50 percent the fifth year, and 100 percent after the fifth year of operations. For new construction in excess of \$100,000,000, the new Contracts allow for each Company to negotiate these payment percentages. If those particular negotiations are not completed by January 1, the stated Contract rates will apply to the new construction value. During the fiscal year, the City received revenues of \$11,316,198 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.

**CITY OF DEER PARK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2018

**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, 2018, the total estimated closure costs for the City's Transfer Station are \$52,627. 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 2018, the City recognized expenditures of \$389,558 related to this Agreement.

**I. Subsequent Events**

In December 2018, the City Council approved the issuance of Certificates of Obligation, Series 2018 (the "Certificates") in the amount of \$6,300,000. 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, 2038. The interest rates will range from 3.25 percent to 5.00 percent.



***REQUIRED SUPPLEMENTARY INFORMATION***



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

**GENERAL FUND (Page 1 of 2)**  
**For the Year Ended September 30, 2018**

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Property taxes	\$ 13,625,217	\$ 13,625,217	\$ 13,661,972	\$ 36,755
Industrial district taxes	11,321,524	11,321,524	11,316,198	(5,326)
Sales taxes	5,850,000	5,850,000	6,639,058	789,058
Franchise fees	1,950,000	1,950,000	2,093,316	143,316
Fees and fines	1,504,200	1,504,200	1,422,619	(81,581)
Licenses and permits	536,300	536,300	530,559	(5,741)
Intergovernmental	60,000	60,000	335,974	275,974
Charges for services	3,454,250	3,454,250	3,959,196	504,946
Investment earnings	150,000	150,000	916,088	766,088
Miscellaneous	9,000	9,000	105,726	96,726
<b>Total Revenues</b>	<b>38,460,491</b>	<b>38,460,491</b>	<b>40,980,706</b>	<b>2,520,215</b>
<b><u>Expenditures</u></b>				
Current:				
General Government:				
Mayor and council	63,550	63,550	31,118	32,432
City manager	951,810	951,810	902,363	49,447
Boards and commissions	15,408	15,408	12,777	2,631
Municipal court	444,901	444,901	424,508	20,393
General government	4,522,271	4,475,491	3,140,926	1,334,565
Legal services	152,000	157,400	109,620	47,780
Human resources	382,418	382,418	352,975	29,443
Information technology services	1,512,167	1,512,167	1,418,557	93,610
Finance	687,220	687,220	653,018	34,202
City secretary	402,643	402,643	381,152	21,491
Warehouse	77,954	77,954	76,825	1,129
Disaster declarations	-	-	36,237	(36,237) *
<b>Total General Government</b>	<b>9,212,342</b>	<b>9,170,962</b>	<b>7,540,076</b>	<b>1,630,886</b>
Community Development:				
Planning and development	1,923,794	1,943,794	1,736,996	206,798
Beautification	45,000	45,000	6,865	38,135
Park maintenance	1,988,414	2,002,814	1,866,547	136,267
Recreation	1,614,593	1,614,593	1,369,749	244,844
Athletics and aquatics	875,642	875,642	844,296	31,346
Senior services	564,077	654,077	467,581	186,496
After-school program	370,988	370,988	289,476	81,512
Drama	503,232	503,232	446,930	56,302
Library	1,128,197	1,137,837	1,004,008	133,829
<b>Total Community Development</b>	<b>9,013,937</b>	<b>9,147,977</b>	<b>8,032,448</b>	<b>1,115,529</b>

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

**GENERAL FUND (Page 2 of 2)**

For the Year Ended September 30, 2018

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Public Works:				
Building maintenance	\$ 657,180	\$ 657,180	\$ 640,580	\$ 16,600
Sanitation	3,744,236	3,744,236	3,724,163	20,073
Street maintenance	1,906,725	1,906,725	1,169,854	736,871
Fleet maintenance	687,477	687,477	519,048	168,429
Humane division	263,072	263,472	263,421	51
<b>Total Public Works</b>	<b>7,258,690</b>	<b>7,259,090</b>	<b>6,317,066</b>	<b>942,024</b>
Public Safety:				
Police	9,797,120	9,797,120	9,469,286	327,834
Emergency management	460,660	460,660	434,510	26,150
Fire department	592,608	592,608	533,897	58,711
Ambulance	1,340,986	1,340,986	1,340,884	102
Fire marshal	157,653	158,253	158,248	5
<b>Total Public Safety</b>	<b>12,349,027</b>	<b>12,349,627</b>	<b>11,936,825</b>	<b>412,802</b>
Parks and Recreation:				
Golf course lease	106,000	106,000	63,211	42,789
<b>Total Parks and Recreation</b>	<b>106,000</b>	<b>106,000</b>	<b>63,211</b>	<b>42,789</b>
Debt service:				
Principal	378,595	437,628	386,668	50,960
Interest and other charges	17,305	17,305	17,305	-
<b>Total Debt Service</b>	<b>395,900</b>	<b>454,933</b>	<b>403,973</b>	<b>50,960</b>
Capital outlay	844,576	1,741,645	1,317,876	423,769
<b>Total Expenditures</b>	<b>39,180,472</b>	<b>40,230,234</b>	<b>35,611,475</b>	<b>4,618,759</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(719,981)</b>	<b>(1,769,743)</b>	<b>5,369,231</b>	<b>7,138,974</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	4,102,560	5,092,982	415,089	(4,677,893)
Transfers (out)	(3,792,579)	(4,512,526)	(4,482,244)	30,282
Proceeds from sale of capital assets	10,000	10,000	105,732	95,732
Capital lease proceeds	-	418,829	418,825	(4)
<b>Total Other Financing Sources (Uses)</b>	<b>319,981</b>	<b>1,009,285</b>	<b>(3,542,598)</b>	<b>(4,551,883)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (400,000)</b>	<b>\$ (760,458)</b>	<b>1,826,633</b>	<b>\$ 2,587,091</b>
Beginning fund balance			36,520,799	
<b>Ending Fund Balance</b>			<b>\$ 38,347,432</b>	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. \*Disaster declarations is a sub-fund of the general fund and the City does not adopt a budget for this sub-fund.

**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, 2018**

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

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

**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, 2018**

	Measurement Year*			
	2014	2015	2016	2017
City's proportion of the net pension liability	2.115%	1.927%	2.152%	1.848%
City's proportionate share of the net pension liability	\$ 384,385	\$ 514,241	\$ 626,893	\$ 443,551
State's proportionate share of the net pension liability	129,211	178,251	216,723	145,246
<b>Total</b>	<b>\$ 513,596</b>	<b>\$ 692,492</b>	<b>\$ 843,616</b>	<b>\$ 588,797</b>
Number of active members**	80	76	82	62
City's net pension liability per active member	\$ 4,805	\$ 6,766	\$ 7,645	\$ 7,154
Plan fiduciary net position as a percentage of the total pension liability	83.50%	76.90%	76.30%	81.40%

**Notes to Required Supplementary Information:**

Defined Benefit Pension Plan

*Changes in benefit terms*

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

*Changes in assumptions*

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

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

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

**CITY OF DEER PARK, TEXAS**  
**SCHEDULE OF CONTRIBUTIONS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)**  
**For the Year Ended September 30, 2018**

	Fiscal Year*				
	2014	2015	2016	2017	2018
Actuarially determined contribution	\$ 2,407,731	\$ 2,527,680	\$ 2,632,998	\$ 2,650,445	\$ 2,767,719
Contributions in relation to the actuarially determined contribution	2,407,731	2,527,680	2,632,998	2,650,445	2,767,719
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 16,455,020	\$ 17,449,288	\$ 18,824,716	\$ 18,622,310	\$ 19,192,732
Contributions as a percentage of covered payroll	14.63%	14.49%	13.99%	14.23%	14.42%

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

**Notes to Required Supplementary Information:**

**1. Valuation Date:**

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

**2. Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	28 years
Asset valuation method	10 year smoothed market; 15% soft corridor
Inflation	2.5%
Salary increases	3.50% to 10.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

**3. Other Information:**

There were no benefit changes during the year.

**CITY OF DEER PARK, TEXAS**  
**SCHEDULE OF CONTRIBUTIONS**  
**TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS)**  
For the Year Ended September 30, 2018

	Fiscal Year*				
	2014	2015	2016	2017	2018
Contractually required contribution	\$ 96,300	\$ 91,000	\$ 98,600	\$ 89,400	\$ 102,714
Contributions in relation to the contractually required contribution	96,300	91,000	98,600	89,400	102,714
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Number of active members**	80	76	82	75	71
Contributions per active member	\$ 1,204	\$ 1,197	\$ 1,202	\$ 1,192	\$ 1,447

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

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

**CITY OF DEER PARK, TEXAS**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**SUPPLEMENTAL DEATH BENEFIT FUND (TMRS SDBF)**  
**For the Year Ended September 30, 2018**

	<b>Measurement Year*</b>
	<b>2017</b>
<b>Total OPEB Liability</b>	
Service cost	\$ 26,417
Interest (on the total pension liability)	32,262
Changes of assumptions	78,416
Benefit payments	(7,548)
<b>Net Change in Total OPEB Liability</b>	<b>129,547</b>
 Beginning total OPEB liability	 <b>844,048</b>
 <b>Ending Total OPEB Liability</b>	 <b>\$ 973,595</b>
 <b>Covered Payroll</b>	 <b>\$ 18,869,562</b>
 <b>Total OPEB Liability as a Percentage of Covered Payroll</b>	 <b>5.16%</b>

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

**CITY OF DEER PARK, TEXAS**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**RETIREE HEALTH PLAN**  
**For the Year Ended September 30, 2018**

	<u>Measurement Year*</u> <u>2017</u>
<b>Total OPEB Liability</b>	
Service cost	\$ 361,607
Interest (on the total pension liability)	664,510
Benefit payments	<u>(425,313)</u>
<b>Net Change in Total OPEB Liability</b>	<u>600,804</u>
 Beginning total OPEB liability	 <u>16,218,281</u>
 <b>Ending Total OPEB Liability</b>	 <b><u>\$ 16,819,085</u></b>
 <b>Covered Payroll</b>	 <b>\$ 16,778,986</b>
 <b>Total OPEB Liability as a Percentage of Covered Payroll</b>	 <b>100.24%</b>

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



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***COMBINING STATEMENTS  
AND SCHEDULES***

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

For the Year Ended September 30, 2018

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Property taxes	\$ 4,539,566	\$ 4,539,566	\$ 4,722,084	\$ 182,518
Intergovernmental	2,394,362	2,394,362	2,024,358	(370,004)
Investment earnings	10,000	10,000	30,021	20,021
Miscellaneous	-	-	7	7
<b>Total Revenues</b>	<b>6,943,928</b>	<b>6,943,928</b>	<b>6,776,470</b>	<b>(167,458)</b>
<b><u>Expenditures</u></b>				
Debt service:				
Principal	5,240,425	5,240,425	4,303,024	937,401
Interest and other charges	1,778,503	1,778,503	986,031	792,472
<b>Total Expenditures</b>	<b>7,018,928</b>	<b>7,018,928</b>	<b>5,289,055</b>	<b>1,729,873</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(75,000)</b>	<b>(75,000)</b>	<b>1,487,415</b>	<b>1,562,415</b>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	75,000	75,000	151,489	76,489
Transfer out	-	-	(1,091,528)	(1,091,528) *
<b>Total Other Financing Sources (Uses)</b>	<b>75,000</b>	<b>75,000</b>	<b>(940,039)</b>	<b>(1,015,039)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>547,376</b>	<b>\$ 547,376</b>
Beginning fund balance			4,634,050	
<b>Ending Fund Balance</b>			<b>\$ 5,181,426</b>	

Notes to Supplementary Information:

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

**CITY OF DEER PARK, TEXAS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
September 30, 2018

**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.

**FEMA Hurricane Ike Fund**

This fund is used to account for Federal Emergency Management Agency (FEMA) relief funds received by the City under a federal award. Expenditures of this fund relate to housing efforts as a result of Hurricane Ike. Expenditures are controlled by federal regulations. No appropriations style budget is adopted for this fund.

**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.

**Capital Projects Fund**

This fund is used to account for the receipt of special assessments and the expenditures of such funds to build the new police station.

**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.

**CITY OF DEER PARK, TEXAS**  
***NONMAJOR GOVERNMENTAL FUNDS (Continued)***  
**For the Year Ended September 30, 2018**

**General Obligations Series 2005 Fund**

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

**Capital Improvements Bond Fund 2007**

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

**Capital Improvements Bond Fund 2010**

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

**Capital Improvements Bond Fund 2014**

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 parks and recreational facilities.

**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.

**CITY OF DEER PARK, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)**  
**September 30, 2018**

Special Revenue Funds				
	Hotel/Motel Occupancy Tax	Grants	Police Forfeiture	Municipal Court
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 965,369	\$ 376,571	\$ 41,311	\$ 211,102
Accounts receivable	142,840	23,235	-	2,786
<b>Total Assets</b>	<b>\$ 1,108,209</b>	<b>\$ 399,806</b>	<b>\$ 41,311</b>	<b>\$ 213,888</b>
<b><u>Liabilities and Fund Balances</u></b>				
Liabilities:				
Accounts payable	\$ 37,400	\$ 787	\$ -	\$ 1,534
Accrued liabilities	-	-	-	3,128
<b>Total Liabilities</b>	<b>37,400</b>	<b>787</b>	<b>-</b>	<b>4,662</b>
Fund balances:				
Restricted				
Enabling legislation	1,070,809	-	41,311	209,226
Special projects	-	399,019	-	-
Capital projects	-	-	-	-
<b>Total Fund Balances</b>	<b>1,070,809</b>	<b>399,019</b>	<b>41,311</b>	<b>209,226</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,108,209</b>	<b>\$ 399,806</b>	<b>\$ 41,311</b>	<b>\$ 213,888</b>

Special Revenue Funds	Capital Projects Funds				
FEMA Hurricane Ike	Capital Projects	1997 Streets	Streets	General Obligation Series 2005	CIBF 2007
\$ -	\$ -	\$ 26,975	\$ 96,372	\$ 321,268	\$ 1,004,800
-	-	-	-	-	-
\$ -	\$ -	\$ 26,975	\$ 96,372	\$ 321,268	\$ 1,004,800
\$ -	\$ -	\$ -	\$ -	\$ 643	\$ 59,702
-	-	-	-	-	-
-	-	-	-	643	59,702
-	-	-	-	-	-
-	-	-	-	-	-
-	-	26,975	96,372	320,625	945,098
-	-	26,975	96,372	320,625	945,098
\$ -	\$ -	\$ 26,975	\$ 96,372	\$ 321,268	\$ 1,004,800



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**CITY OF DEER PARK, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)**  
**September 30, 2018**

	<b>Capital Projects Funds</b>			<b>Total Nonmajor Governmental Funds</b>
	<b>CIBF 2010</b>	<b>CIBF 2014</b>	<b>CIBF 2015</b>	
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 435,384	\$ -	\$ 5,656,574	\$ 9,135,726
Accounts receivable	-	-	-	168,861
<b>Total Assets</b>	<b>\$ 435,384</b>	<b>\$ -</b>	<b>\$ 5,656,574</b>	<b>\$ 9,304,587</b>
<b><u>Liabilities and Fund Balances</u></b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 197,199	\$ 297,265
Accrued liabilities	-	-	-	3,128
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>197,199</b>	<b>300,393</b>
Fund balances:				
Restricted				
Enabling legislation	-	-	-	1,321,346
Special projects	-	-	-	399,019
Capital projects	435,384	-	5,459,375	7,283,829
<b>Total Fund Balances</b>	<b>435,384</b>	<b>-</b>	<b>5,459,375</b>	<b>9,004,194</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 435,384</b>	<b>\$ -</b>	<b>\$ 5,656,574</b>	<b>\$ 9,304,587</b>

**CITY OF DEER PARK, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)**  
**For the Year Ended September 30, 2018**

	<b>Special Revenue Funds</b>			
	<b>Hotel/Motel Occupancy Tax</b>	<b>Grants</b>	<b>Police Forfeiture</b>	<b>Municipal Court</b>
<b><u>Revenues</u></b>				
Hotel/motel taxes	\$ 661,435	\$ -	\$ -	\$ -
Fees and fines	-	-	-	204,177
Intergovernmental	-	10,000	-	-
Charges for services	-	-	-	92,866
Investment earnings	-	-	445	-
Miscellaneous	1,650	122,652	26,548	3,748
<b>Total Revenues</b>	<b>663,085</b>	<b>132,652</b>	<b>26,993</b>	<b>300,791</b>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
General government	-	279,652	-	58,927
Community development	410,121	80,772	-	-
Public safety	-	24,725	14,375	112,943
<b>Debt service:</b>				
Interest and other charges	-	-	-	-
<b>Capital outlay</b>	<b>35,393</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>445,514</b>	<b>385,149</b>	<b>14,375</b>	<b>171,870</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>217,571</b>	<b>(252,497)</b>	<b>12,618</b>	<b>128,921</b>
<b><u>Other Financing (Uses)</u></b>				
Transfers (out)	(153,494)	-	-	(162,174)
<b>Total Other Financing (Uses)</b>	<b>(153,494)</b>	<b>-</b>	<b>-</b>	<b>(162,174)</b>
<b>Net Change in Fund Balances</b>	<b>64,077</b>	<b>(252,497)</b>	<b>12,618</b>	<b>(33,253)</b>
Beginning fund balances	1,006,732	651,516	28,693	242,479
<b>Ending Fund Balances</b>	<b>\$ 1,070,809</b>	<b>\$ 399,019</b>	<b>\$ 41,311</b>	<b>\$ 209,226</b>

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**CITY OF DEER PARK, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)**  
**For the Year Ended September 30, 2018**

	<b>Capital Projects Funds</b>			<b>Total Nonmajor Governmental Funds</b>
	<b>CIBF 2010</b>	<b>CIBF 2014</b>	<b>CIBF 2015</b>	
<b><u>Revenues</u></b>				
Hotel/motel taxes	\$ -	\$ -	\$ -	\$ 661,435
Fees and fines	-	-	-	204,177
Intergovernmental	-	-	-	10,000
Charges for services	-	-	-	92,866
Investment earnings	15,290	690	104,451	153,100
Miscellaneous	-	-	-	154,598
<b>Total Revenues</b>	<b>15,290</b>	<b>690</b>	<b>104,451</b>	<b>1,276,176</b>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
General government	-	-	-	338,579
Community development	-	-	-	490,893
Public safety	-	-	-	152,043
<b>Debt service:</b>				
Interest and other charges	-	-	-	5,400
<b>Capital outlay</b>	<b>2,149,568</b>	<b>-</b>	<b>1,598,468</b>	<b>4,552,750</b>
<b>Total Expenditures</b>	<b>2,149,568</b>	<b>-</b>	<b>1,598,468</b>	<b>5,539,665</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(2,134,278)</b>	<b>690</b>	<b>(1,494,017)</b>	<b>(4,263,489)</b>
<b><u>Other Financing (Uses)</u></b>				
Transfers (out)	(15,290)	(690)	(104,450)	(467,157)
<b>Total Other Financing (Uses)</b>	<b>(15,290)</b>	<b>(690)</b>	<b>(104,450)</b>	<b>(467,157)</b>
<b>Net Change in Fund Balances</b>	<b>(2,149,568)</b>	<b>-</b>	<b>(1,598,467)</b>	<b>(4,730,646)</b>
Beginning fund balances	2,584,952	-	7,057,842	13,734,840
<b>Ending Fund Balances</b>	<b>\$ 435,384</b>	<b>\$ -</b>	<b>\$ 5,459,375</b>	<b>\$ 9,004,194</b>

**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, 2018

Hotel/Motel Occupancy Tax				Variance with Final Budget Positive (Negative)
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	
<b>Revenues</b>				
Hotel/motel occupancy taxes	\$ 620,091	\$ 620,091	\$ 661,435	\$ 41,344
Miscellaneous	-	-	1,650	1,650
<b>Total Revenues</b>	<b>620,091</b>	<b>620,091</b>	<b>663,085</b>	<b>42,994</b>
<b>Expenditures</b>				
<b>Current:</b>				
Community development	559,182	559,182	410,121	149,061
<b>Capital outlay</b>	<b>342,950</b>	<b>342,950</b>	<b>35,393</b>	<b>307,557</b>
<b>Total Expenditures</b>	<b>902,132</b>	<b>902,132</b>	<b>445,514</b>	<b>456,618</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(282,041)</b>	<b>(282,041)</b>	<b>217,571</b>	<b>499,612</b>
<b>Other Financing (Uses)</b>				
Transfers (out)	(173,850)	(173,850)	(153,494)	20,356
<b>Total Other Financing (Uses)</b>	<b>(173,850)</b>	<b>(173,850)</b>	<b>(153,494)</b>	<b>20,356</b>
<b>Net Change in Fund Balance</b>	<b>\$ (455,891)</b>	<b>\$ (455,891)</b>	<b>64,077</b>	<b>\$ 519,968</b>
Beginning fund balance			1,006,732	
<b>Ending Fund Balance</b>			<b>\$ 1,070,809</b>	

Grants				Variance with Final Budget Positive (Negative)
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	
<b>Revenues</b>				
Intergovernmental	\$ 529,585	\$ 529,585	\$ 10,000	\$ (519,585)
Miscellaneous	-	-	122,652	122,652
<b>Total Revenues</b>	<b>529,585</b>	<b>529,585</b>	<b>132,652</b>	<b>(396,933)</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	279,652	279,652	279,652	-
Community development	225,208	225,208	80,772	144,436
Public works	24,725	24,725	24,725	-
<b>Total Expenditures</b>	<b>529,585</b>	<b>529,585</b>	<b>385,149</b>	<b>144,436</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(252,497)</b>	<b>\$ (252,497)</b>
Beginning fund balance			651,516	
<b>Ending Fund Balance</b>			<b>\$ 399,019</b>	

Notes to Supplementary Information:

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

**CITY OF DEER PARK, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS (Continued)**

For the Year Ended September 30, 2018

		Police Forfeiture			Variance with Final Budget Positive (Negative)
		Original Budget Amounts	Final Budget Amounts	Actual Amounts	
<b>Revenues</b>					
Investment earnings		\$ -	\$ -	\$ 445	\$ 445
Miscellaneous		1,000	1,000	26,548	25,548
<b>Total Revenues</b>		<u>1,000</u>	<u>1,000</u>	<u>26,993</u>	<u>25,993</u>
<b>Expenditures</b>					
<b>Current:</b>					
Public safety		14,403	14,403	14,375	28
<b>Total Expenditures</b>		<u>14,403</u>	<u>14,403</u>	<u>14,375</u>	<u>28</u>
<b>Other Financing Sources</b>					
Transfers in		13,403	13,403	-	(13,403)
<b>Total Other Financing Sources</b>		<u>13,403</u>	<u>13,403</u>	<u>-</u>	<u>(13,403)</u>
<b>Net Change in Fund Balance</b>		<u>\$ -</u>	<u>\$ -</u>	<u>12,618</u>	<u>\$ 12,618</u>
Beginning fund balance				28,693	
<b>Ending Fund Balance</b>				<u>\$ 41,311</u>	
		Municipal Court			Variance with Final Budget Positive (Negative)
		Original Budget Amounts	Final Budget Amounts	Actual Amounts	
<b>Revenues</b>					
Fees and fines		\$ 197,500	\$ 197,500	\$ 204,177	\$ 6,677
Charges for services		110,000	110,000	92,866	(17,134)
Miscellaneous		-	-	3,748	3,748
<b>Total Revenues</b>		<u>307,500</u>	<u>307,500</u>	<u>300,791</u>	<u>(6,709)</u>
<b>Expenditures</b>					
<b>Current:</b>					
General government		62,636	62,636	58,927	3,709
Public safety		130,938	130,938	112,943	17,995
<b>Total Expenditures</b>		<u>193,574</u>	<u>193,574</u>	<u>171,870</u>	<u>21,704</u>
<b>Excess of Revenues Over Expenditures</b>		<u>113,926</u>	<u>113,926</u>	<u>128,921</u>	<u>14,995</u>
<b>Other Financing (Uses)</b>					
Transfers (out)		(162,174)	(162,174)	(162,174)	-
<b>Total Other Financing (Uses)</b>		<u>(162,174)</u>	<u>(162,174)</u>	<u>(162,174)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>		<u>\$ (48,248)</u>	<u>\$ (48,248)</u>	<u>(33,253)</u>	<u>\$ 14,995</u>
Beginning fund balance				242,479	
<b>Ending Fund Balance</b>				<u>\$ 209,226</u>	

Notes to Supplementary Information:

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



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**CITY OF DEER PARK, TEXAS**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUND**

For the Year Ended September 30, 2018

	LEPC			
	Beginning Balance	Additions	Deductions	Ending Balance
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 146,688	\$ 52,603	\$ 199,243	\$ 48
<b>Total Assets</b>	<b>\$ 146,688</b>	<b>\$ 52,603</b>	<b>\$ 199,243</b>	<b>\$ 48</b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 11,381	\$ 187,224	\$ 198,605	\$ -
Due to others	135,307	52,603	187,862	48
<b>Total Liabilities</b>	<b>\$ 146,688</b>	<b>\$ 239,827</b>	<b>\$ 386,467</b>	<b>\$ 48</b>

See Notes to Financial Statements.

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

September 30, 2018

	Governmental Activities			
	Crime Control District	Fire Control District	Deer Park Community Development Corporation	Total
<b><u>Assets</u></b>				
Current assets:				
Cash and cash equivalents	\$ 1,720,207	\$ 1,869,695	\$ 3,231,879	\$ 6,821,781
Accounts receivable, net	266,825	273,029	547,693	1,087,547
Noncurrent assets:				
Construction in progress	2,692,429	210,660	-	2,903,089
Building	-	87,641	-	87,641
Improvements	-	115,182	-	115,182
Machinery and equipment	2,022,069	3,020,289	-	5,042,358
Less: accumulated depreciation	(1,350,641)	(1,040,974)	-	(2,391,615)
<b>Total Assets</b>	<b>5,350,889</b>	<b>4,535,522</b>	<b>3,779,572</b>	<b>13,665,983</b>
<b><u>Deferred Outflows of Resources</u></b>				
Deferred outflows of resources - pensions	27,517	41,539	-	69,056
<b>Total Deferred Outflows of Resources</b>	<b>27,517</b>	<b>41,539</b>	<b>-</b>	<b>69,056</b>
<b><u>Liabilities</u></b>				
Current liabilities:				
Accounts payable	17,073	70,977	-	88,050
Accrued liabilities	94,389	11,618	-	106,007
Capital leases payable	-	137,775	-	137,775
Noncurrent liabilities:				
Capital leases payable	-	913,241	-	913,241
Net pension liability	95,854	27,492	-	123,346
Total OPEB liability	134,013	338,631	-	472,644
<b>Total Liabilities</b>	<b>341,329</b>	<b>1,499,734</b>	<b>-</b>	<b>1,841,063</b>
<b><u>Deferred Inflows of Resources</u></b>				
Deferred inflows of resources - pensions	21,867	92,500	-	114,367
<b>Total Deferred Inflows of Resources</b>	<b>21,867</b>	<b>92,500</b>	<b>-</b>	<b>114,367</b>
<b><u>Net Position</u></b>				
Net investment in capital assets	3,363,857	1,341,782	-	4,705,639
Restricted for:				
Special projects - restricted contributions	1,651,353	1,643,045	3,779,572	7,073,970
<b>Total Net Position</b>	<b>\$ 5,015,210</b>	<b>\$ 2,984,827</b>	<b>\$ 3,779,572</b>	<b>\$ 11,779,609</b>

# CITY OF DEER PARK, TEXAS

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

For the Year Ended September 30, 2018

	Governmental Activities			Total
	Crime Control District	Fire Control District	Deer Park Community Development Corporation	
<b><u>Operating Revenues</u></b>				
Sales taxes	\$ 1,636,210	\$ 1,691,438	\$ 3,314,040	\$ 6,641,688
<b>Total Operating Revenues</b>	<u>1,636,210</u>	<u>1,691,438</u>	<u>3,314,040</u>	<u>6,641,688</u>
<b><u>Operating Expenses</u></b>				
Personnel services	341,146	783,231	-	1,124,377
Contractual services	3,324	238,388	2,000	243,712
Repairs and maintenance	160,125	128,901	751,480	1,040,506
Other supplies and expenses	96,655	97,485	2,024,358	2,218,498
Depreciation	286,113	242,087	-	528,200
<b>Total Operating Expenses</b>	<u>887,363</u>	<u>1,490,092</u>	<u>2,777,838</u>	<u>5,155,293</u>
<b>Operating Income</b>	<u>748,847</u>	<u>201,346</u>	<u>536,202</u>	<u>1,486,395</u>
<b><u>Nonoperating Revenues</u></b>				
Investment earnings	1,030	1,368	1,497	3,895
Miscellaneous	5,550	-	-	5,550
<b>Total Nonoperating Revenues</b>	<u>6,580</u>	<u>1,368</u>	<u>1,497</u>	<u>9,445</u>
<b>Change in Net Position</b>	<u>755,427</u>	<u>202,714</u>	<u>537,699</u>	<u>1,495,840</u>
Beginning net position	<u>4,259,783</u>	<u>2,782,113</u>	<u>3,241,873</u>	<u>10,283,769</u>
<b>Ending Net Position</b>	<u>\$ 5,015,210</u>	<u>\$ 2,984,827</u>	<u>\$ 3,779,572</u>	<u>\$ 11,779,609</u>

See Notes to Financial Statements.

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## **STATISTICAL SECTION**

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

<b>Contents</b>	<b>Page</b>
Financial Trends	124
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	134
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.</i>	
Debt Capacity	144
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	154
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	157
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

# CITY OF DEER PARK, TEXAS

## NET POSITION BY COMPONENT

Last Ten Years

(accrual basis of accounting)

	Fiscal Year			
	2009	2010	2011	2012
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 32,072,611	\$ 29,888,865	\$ 30,587,182	\$ 29,597,630
Restricted	4,788,311	4,491,224	4,102,964	4,574,770
Unrestricted	15,775,137	12,191,299	11,159,636	13,180,581
<b>Total Governmental Activities Net Position</b>	<u>\$ 52,636,059</u>	<u>\$ 46,571,388</u>	<u>\$ 45,849,782</u>	<u>\$ 47,352,981</u>
<b>Business-Type Activities</b>				
Net investment in capital assets	\$ 12,218,032	\$ 12,218,032	\$ 15,512,082	\$ 20,056,649
Restricted	-	-	-	-
Unrestricted	2,778,534	5,684,466	5,293,599	5,869,151
<b>Total Business-Type Activities Net Position</b>	<u>\$ 14,996,566</u>	<u>\$ 17,902,498</u>	<u>\$ 20,805,681</u>	<u>\$ 25,925,800</u>
<b>Primary Government</b>				
Net investment in capital assets	\$ 44,290,643	\$ 42,106,897	\$ 46,099,264	\$ 49,654,279
Restricted	4,788,311	4,491,224	4,102,964	4,574,770
Unrestricted	18,553,671	17,875,765	16,453,235	19,049,732
<b>Total Primary Government Net Position</b>	<u>\$ 67,632,625</u>	<u>\$ 64,473,886</u>	<u>\$ 66,655,463</u>	<u>\$ 73,278,781</u>

Notes:

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

Fiscal Year					
2013*	2014	2015	2016	2017	2018
\$ 35,765,964	\$ 41,639,757	\$ 44,597,669	\$ 47,111,755	\$ 56,664,574	\$ 65,700,068
7,982,104	5,508,456	5,487,510	6,544,124	6,658,676	6,998,162
17,087,208	19,126,447	23,162,700	25,809,239	23,326,217	23,025,196
<u>\$ 60,835,276</u>	<u>\$ 66,274,660</u>	<u>\$ 73,247,879</u>	<u>\$ 79,465,118</u>	<u>\$ 86,649,467</u>	<u>\$ 95,723,426</u>
\$ 16,499,908	\$ 16,377,808	\$ 15,978,461	\$ 15,837,484	\$ 16,822,172	\$ 18,011,665
984,962	152,344	147,896	147,229	146,542	-
5,186,325	6,877,343	7,828,651	8,636,643	6,675,062	8,400,675
<u>\$ 22,671,195</u>	<u>\$ 23,407,495</u>	<u>\$ 23,955,008</u>	<u>\$ 24,621,356</u>	<u>\$ 23,643,776</u>	<u>\$ 26,412,340</u>
\$ 52,265,872	\$ 58,017,565	\$ 60,576,130	\$ 62,949,239	\$ 73,486,746	\$ 83,711,733
8,967,066	5,660,800	5,635,406	6,691,353	6,805,218	6,998,162
22,273,533	26,003,790	30,991,351	34,445,882	30,001,279	31,425,871
<u>\$ 83,506,471</u>	<u>\$ 89,682,155</u>	<u>\$ 97,202,887</u>	<u>\$ 104,086,474</u>	<u>\$ 110,293,243</u>	<u>\$ 122,135,766</u>



# CITY OF DEER PARK, TEXAS

## CHANGES IN NET POSITION

Last Ten Years

(accrual basis of accounting)

	Fiscal Year			
	2009	2010	2011	2012
<b>Expenses</b>				
Governmental activities				
General government	\$ 10,966,814	\$ 14,132,823	\$ 13,666,778	\$ 11,708,476
Public safety	10,285,816	9,585,147	8,927,783	9,077,372
Public works	5,925,540	6,030,222	5,592,366	6,053,467
Parks and recreation	2,690,654	2,158,444	2,154,431	2,436,909
Community development	6,921,903	6,578,378	6,443,264	6,483,611
Interest on long-term debt	1,390,366	1,437,830	1,606,938	1,642,422
<b>Total Governmental Activities Expenses</b>	<b>38,181,093</b>	<b>39,922,844</b>	<b>38,391,560</b>	<b>37,402,257</b>
Business-type activities				
Water and sewer	8,061,221	7,690,164	7,822,999	7,490,715
Storm water utility	-	-	-	-
<b>Total Business-Type Activities Expenses</b>	<b>8,061,221</b>	<b>7,690,164</b>	<b>7,822,999</b>	<b>7,490,715</b>
<b>Total Expenses</b>	<b>\$ 46,242,314</b>	<b>\$ 47,613,008</b>	<b>\$ 46,214,559</b>	<b>\$ 44,892,972</b>
<b>Program Revenues</b>				
Governmental activities				
Charges for services:				
General government	\$ 677,102	\$ 40,164	\$ 50,603	\$ 82,593
Public safety	1,972,693	1,738,943	1,967,043	2,535,052
Public works	378,650	401,748	502,163	535,228
Parks and recreation	2,268,422	1,487,907	1,601,366	1,645,362
Community development	-	1,202,284	1,498,581	1,567,354
Operating grants and contributions	2,884,838	161,293	398,737	279,697
Capital grants and contributions	-	-	56,237	1,460,218
<b>Total Governmental Activities Program Revenues</b>	<b>8,181,705</b>	<b>5,032,339</b>	<b>6,074,730</b>	<b>8,105,504</b>
Business-type activities				
Charges for services:				
Water and sewer	8,084,177	8,041,795	10,942,116	9,873,528
Storm water utility	-	-	-	-
<b>Total Business-Type Activities Program Revenues</b>	<b>8,084,177</b>	<b>8,041,795</b>	<b>10,942,116</b>	<b>9,873,528</b>
<b>Total Program Revenues</b>	<b>\$ 16,265,882</b>	<b>\$ 13,074,134</b>	<b>\$ 17,016,846</b>	<b>\$ 17,979,032</b>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (29,999,388)	\$ (34,890,505)	\$ (32,316,830)	\$ (29,296,753)
Business-type activities	22,956	351,631	3,119,117	2,382,813
<b>Total Net Expense</b>	<b>\$ (29,976,432)</b>	<b>\$ (34,538,874)</b>	<b>\$ (29,197,713)</b>	<b>\$ (26,913,940)</b>

Fiscal Year					
2013*	2014	2015	2016	2017	2018
\$ 11,004,030	\$ 6,875,093	\$ 7,431,081	\$ 7,716,429	\$ 8,221,386	\$ 8,991,472
8,749,188	11,085,867	11,607,606	12,732,761	13,054,883	12,987,761
5,763,687	7,167,383	7,826,672	8,328,808	8,112,235	7,683,728
2,289,706	879,371	712,949	371,619	351,435	398,187
6,348,454	8,093,613	8,799,109	9,942,091	9,973,129	9,649,900
1,120,112	1,042,305	1,143,350	1,183,483	1,020,878	908,599
35,275,177	35,143,632	37,520,767	40,275,191	40,733,946	40,619,647
7,879,276	8,403,676	8,787,474	9,240,162	10,006,970	9,894,062
105,578	72,824	488,127	647,044	112,159	36,726
7,984,854	8,476,500	9,275,601	9,887,206	10,119,129	9,930,788
\$ 43,260,031	\$ 43,620,132	\$ 46,796,368	\$ 50,162,397	\$ 50,853,075	\$ 50,550,435
\$ 473,000	\$ 369,003	\$ 416,554	\$ 372,307	\$ 290,859	\$ 386,289
2,777,714	2,595,857	2,546,299	3,061,713	3,304,936	3,030,763
585,090	1,086,752	1,283,358	1,305,293	1,329,797	1,376,163
1,821,617	787,249	922,879	112,973	71,678	73,761
391,143	473,884	483,288	1,418,284	1,485,021	1,401,979
160,389	62,772	68,991	144,965	2,349,238	2,347,843
3,053,828	874,867	447,810	658,600	986,324	1,464,298
9,262,781	6,250,384	6,169,179	7,074,135	9,817,853	10,081,096
9,538,392	9,341,087	9,628,146	10,300,618	10,810,651	11,037,737
278,577	275,336	275,453	278,250	301,983	337,663
9,816,969	9,616,423	9,903,599	10,578,868	11,112,634	11,375,400
\$ 19,079,750	\$ 15,866,807	\$ 16,072,778	\$ 17,653,003	\$ 20,930,487	\$ 21,456,496
\$ (26,012,396)	\$ (28,893,248)	\$ (31,351,588)	\$ (33,201,056)	\$ (30,916,093)	\$ (30,538,551)
1,832,115	1,139,923	627,998	691,662	993,505	1,444,612
\$ (24,180,281)	\$ (27,753,325)	\$ (30,723,590)	\$ (32,509,394)	\$ (29,922,588)	\$ (29,093,939)

# CITY OF DEER PARK, TEXAS

## CHANGES IN NET POSITION (Continued)

Last Ten Years

(accrual basis of accounting)

		Fiscal Year			
		2009	2010	2011	2012
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities					
Taxes and fees:					
Property	\$	11,807,444	\$ 12,000,370	\$ 12,234,105	\$ 13,099,300
Industrial district		17,988,792	12,986,530	12,346,943	12,894,626
Franchise		1,748,053	2,063,774	1,932,237	2,209,371
Sales and use		4,564,184	4,069,523	4,221,452	4,746,096
Hotel occupancy		404,561	403,983	455,166	526,387
Investment earnings		225,077	65,499	41,978	47,460
Miscellaneous		479,596	222,660	83,875	11,714
Gain on sales of assets		233,525	66,794	60,948	-
Transfers		-	(2,550,000)	218,520	(2,735,002)
<b>Total Governmental Activities</b>		<b>37,451,232</b>	<b>29,329,133</b>	<b>31,595,224</b>	<b>30,799,952</b>
Business-type activities					
Investment earnings		18,164	4,301	2,586	2,304
Transfers in (out)		-	2,550,000	(218,520)	2,735,002
<b>Total Business-Type Activities</b>		<b>18,164</b>	<b>2,554,301</b>	<b>(215,934)</b>	<b>2,737,306</b>
<b>Total Primary Government</b>	<b>\$</b>	<b>37,469,396</b>	<b>\$ 31,883,434</b>	<b>\$ 31,379,290</b>	<b>\$ 33,537,258</b>
<b>Change in Net Position</b>					
Governmental activities	\$	7,451,844	\$ (5,561,372)	\$ (721,606)	\$ 1,503,199
Business-type activities		41,120	2,905,932	2,903,183	5,120,119
<b>Total Change in Net Position</b>	<b>\$</b>	<b>7,492,964</b>	<b>\$ (2,655,440)</b>	<b>\$ 2,181,577</b>	<b>\$ 6,623,318</b>

Notes:

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

Fiscal Year					
2013*	2014	2015	2016	2017	2018
\$ 13,002,159	\$ 14,219,581	\$ 15,143,994	\$ 16,338,414	\$ 17,845,389	\$ 18,423,349
14,106,107	14,250,173	13,649,200	13,058,596	11,255,235	11,316,198
2,315,334	2,338,146	2,321,036	2,129,053	2,095,518	2,093,316
5,037,072	5,201,364	6,246,868	6,553,553	6,425,345	6,639,058
607,709	679,646	711,406	663,147	622,146	661,435
40,416	23,014	30,502	202,351	601,325	1,210,930
210,969	53,644	86,050	276,011	306,592	260,331
-	214,571	44,411	102,690	42,405	-
96,988	84,509	91,340	94,480	98,200	(992,107)
<u>35,416,754</u>	<u>37,064,648</u>	<u>38,324,807</u>	<u>39,418,295</u>	<u>39,292,155</u>	<u>39,612,510</u>
12,647	4,702	10,855	69,166	150,971	331,845
(96,988)	(84,509)	(91,340)	(94,480)	(98,200)	992,107
(84,341)	(79,807)	(80,485)	(25,314)	52,771	1,323,952
<u>\$ 35,332,413</u>	<u>\$ 36,984,841</u>	<u>\$ 38,244,322</u>	<u>\$ 39,392,981</u>	<u>\$ 39,344,926</u>	<u>\$ 40,936,462</u>
\$ 9,404,358	\$ 8,171,400	\$ 6,973,219	\$ 6,217,239	\$ 8,376,062	\$ 9,073,959
1,747,774	1,060,116	547,513	666,348	1,046,276	2,768,564
<u>\$ 11,152,132</u>	<u>\$ 9,231,516</u>	<u>\$ 7,520,732</u>	<u>\$ 6,883,587</u>	<u>\$ 9,422,338</u>	<u>\$ 11,842,523</u>

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

	Fiscal Year			
	2009	2010	2011*	2012
<b>General Fund</b>				
Reserved	\$ 236,031	\$ 207,006	\$ -	\$ -
Unreserved	16,188,960	15,247,265	-	-
Nonspendable	-	-	196,355	197,244
Assigned	-	-	3,526,731	257,974
Committed	-	-	-	-
Unassigned	-	-	10,825,327	17,011,377
<b>Total General Fund</b>	<u>\$ 16,424,991</u>	<u>\$ 15,454,271</u>	<u>\$ 14,548,413</u>	<u>\$ 17,466,595</u>
<b>All Other Governmental Funds</b>				
Unreserved, reported in:				
Special revenue funds	\$ 2,563,441	\$ 2,402,716	\$ -	\$ -
Capital projects funds	10,392,992	14,657,635	-	-
Debt service funds	2,081,520	2,088,508	-	-
Nonspendable	-	-	-	2,914
Restricted	-	-	17,947,247	19,349,008
Assigned	-	-	2,118,012	2,995,806
<b>Total All Other Governmental Funds</b>	<u>\$ 15,037,953</u>	<u>\$ 19,148,859</u>	<u>\$ 20,065,259</u>	<u>\$ 22,347,728</u>

Notes:

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

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

Fiscal Year					
2013**	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
151,122	144,805	119,159	121,649	111,479	119,183
320,216	1,304,600	5,491,532	5,491,532	2,341,465	969,365
-	2,500,000	2,500,000	3,000,000	3,000,000	-
24,158,718	26,052,496	26,433,452	29,891,673	31,067,855	37,258,884
<u>\$ 24,630,056</u>	<u>\$ 30,001,901</u>	<u>\$ 34,544,143</u>	<u>\$ 38,504,854</u>	<u>\$ 36,520,799</u>	<u>\$ 38,347,432</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
16,118,927	14,754,786	20,899,783	29,066,724	26,850,130	15,218,654
1,818,845	2,877,003	3,307,213	4,728,864	8,114,128	6,675,667
<u>\$ 17,937,772</u>	<u>\$ 17,631,789</u>	<u>\$ 24,206,996</u>	<u>\$ 33,795,588</u>	<u>\$ 34,964,258</u>	<u>\$ 21,894,321</u>

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

		Fiscal Year			
		2009	2010	2011	2012
<b>Revenues</b>					
Taxes and fees	\$	36,553,195	\$ 31,905,813	\$ 31,189,903	\$ 33,551,435
Licenses and permits		307,496	314,313	436,015	510,790
Fines and fees		821,479	877,761	1,092,230	1,481,641
Charges for services		3,852,637	3,379,201	3,709,536	4,087,613
Intergovernmental		2,872,735	148,847	389,558	1,681,588
Donations		-	-	-	100,000
Investment earnings		225,077	65,499	41,978	47,460
Other revenues		492,997	525,932	401,843	330,965
<b>Total Revenues</b>		<b>45,125,616</b>	<b>37,217,366</b>	<b>37,261,063</b>	<b>41,791,492</b>
<b>Expenditures</b>					
General government		10,596,083	11,430,086	11,016,985	10,935,746
Community development		6,385,331	6,183,270	6,038,050	5,940,733
Public works		4,161,980	4,534,506	4,172,122	4,298,938
Parks and recreation		2,095,437	1,846,217	1,940,202	1,965,054
Public safety		9,112,933	8,845,527	8,216,278	7,965,646
Debt service:					
Principal		2,496,678	2,366,966	2,894,789	6,727,393
Payments to escrow account		-	-	-	-
Interest		1,409,628	1,527,530	1,694,234	1,862,015
Capital outlay		5,152,641	6,126,024	1,807,005	4,968,526
<b>Total Expenditures</b>		<b>41,410,711</b>	<b>42,860,126</b>	<b>37,779,665</b>	<b>44,664,051</b>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over (Under) Expenditures</b>		<b>3,714,905</b>	<b>(5,642,760)</b>	<b>(518,602)</b>	<b>(2,872,559)</b>
<b>Other Financing Sources (Uses)</b>					
Proceeds from issuance of debt	-	7,805,000	-	3,390,000	
Proceeds from capital leases	-	1,005,441	249,676	-	
Proceeds from sale of capital assets	-	84,469	60,948	91,082	
Refunding bonds issued	-	6,295,000	-	3,490,000	
Premium on issuance of bonds	-	650,160	-	353,878	
Payments to escrow account	-	(4,007,637)	-	-	
Proceeds from insurance recovery	268,575	3,812	-	23,252	
Transfers in	1,728,615	2,092,866	3,822,395	3,326,889	
Transfers out	(1,728,615)	(4,642,866)	(3,603,875)	(2,601,891)	
<b>Total Other Financing Sources (Uses)</b>		<b>268,575</b>	<b>9,286,245</b>	<b>529,144</b>	<b>8,073,210</b>
<b>Net Change in Fund Balances</b>	<b>\$</b>	<b>3,983,480</b>	<b>\$ 3,643,485</b>	<b>\$ 10,542</b>	<b>\$ 5,200,651</b>
<b>Debt service as a percentage</b>					
<b>of noncapital expenditures</b>		<b>10.77%</b>	<b>10.60%</b>	<b>12.76%</b>	<b>21.64%</b>

Notes:

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

Fiscal Year						
2013*	2014	2015	2016	2017	2018	
\$ 35,060,741	\$ 36,666,969	\$ 38,051,387	\$ 38,637,863	\$ 38,321,196	\$ 39,094,063	
565,191	513,697	531,262	569,766	451,948	530,559	
1,694,146	1,540,650	1,416,195	1,869,286	1,900,229	1,626,796	
3,695,964	3,212,842	3,643,881	3,864,460	4,110,702	4,052,062	
3,184,982	937,639	106,319	243,093	3,301,475	3,121,812	
150,202	-	-	-	-	-	
40,416	23,013	30,502	202,351	601,325	1,210,930	
82,107	54,333	86,050	195,711	271,353	260,331	
<u>44,473,749</u>	<u>42,949,143</u>	<u>43,865,596</u>	<u>45,582,530</u>	<u>48,958,228</u>	<u>49,896,553</u>	
10,576,393	6,253,704	6,940,527	7,179,021	7,787,658	7,878,655	
5,826,669	7,500,975	8,226,493	8,463,417	8,511,067	8,523,341	
3,951,743	5,648,506	6,083,080	6,039,369	6,336,588	6,318,066	
1,528,443	87,990	98,108	386,318	55,861	63,211	
7,999,354	10,275,560	10,626,031	10,972,864	11,273,797	12,088,868	
3,014,913	3,006,105	3,160,253	3,327,539	5,552,620	4,689,692	
-	-	781,027	-	-	-	
1,294,928	1,077,422	1,208,254	1,270,664	1,110,542	1,008,736	
<u>5,477,993</u>	<u>4,448,943</u>	<u>5,430,507</u>	<u>4,390,702</u>	<u>12,492,735</u>	<u>20,101,738</u>	
<u>39,670,436</u>	<u>38,299,205</u>	<u>42,554,280</u>	<u>42,029,894</u>	<u>53,120,868</u>	<u>60,672,307</u>	
4,803,313	4,649,938	1,311,316	3,552,636	(4,162,640)	(10,775,754)	
-	-	8,315,000	9,450,000	2,700,000	-	
213,295	-	103,455	178,500	471,411	418,825	
126,362	331,415	93,629	102,690	42,405	105,732	
4,510,000	-	732,901	6,260,000	-	-	
316,894	-	469,809	540,737	-	-	
(4,715,674)	-	-	(6,710,040)	-	-	
2,500	-	-	80,300	35,239	-	
344,856	1,443,425	2,333,636	4,424,273	9,141,408	5,048,822	
<u>(129,851)</u>	<u>(1,358,916)</u>	<u>(2,242,296)</u>	<u>(4,329,793)</u>	<u>(9,043,208)</u>	<u>(6,040,929)</u>	
<u>668,382</u>	<u>415,924</u>	<u>9,806,134</u>	<u>9,996,667</u>	<u>3,347,255</u>	<u>(467,550)</u>	
<u>\$ 5,471,695</u>	<u>\$ 5,065,862</u>	<u>\$ 11,117,450</u>	<u>\$ 13,549,303</u>	<u>\$ (815,385)</u>	<u>\$ (11,243,304)</u>	
12.58%	12.29%	11.81%	12.53%	16.60%	13.88%	



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

	Fiscal Year			
	2009	2010	2011	2012
Residential Property	\$ 1,319,584,117	\$ 1,315,124,845	\$ 1,306,933,609	\$ 1,318,375,083
Commercial Property	732,397,906	858,463,574	857,667,514	905,226,326
Industrial Property	150,255,998	156,543,513	152,160,115	189,306,565
Less: Tax Exempt Property	<u>(529,066,640)</u>	<u>(581,449,244)</u>	<u>(585,462,472)</u>	<u>(605,716,400)</u>
<b>Total Taxable Assessed Value</b>	<b><u>\$ 1,673,171,381</u></b>	<b><u>\$ 1,748,682,688</u></b>	<b><u>\$ 1,731,298,766</u></b>	<b><u>\$ 1,807,191,574</u></b>
<b>Total Direct Tax Rate</b>	<b>\$ 0.705000</b>	<b>\$ 0.705000</b>	<b>\$ 0.705000</b>	<b>\$ 0.720000</b>

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

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 1,313,329,562	\$ 1,340,643,775	\$ 1,433,044,472	\$ 1,565,085,837	\$ 1,700,369,650	\$ 1,837,484,616
934,825,965	1,000,810,663	1,089,149,570	1,180,302,082	1,255,053,340	1,295,797,510
192,957,836	249,479,757	234,654,586	246,351,857	254,575,118	235,922,222
(626,932,382)	(630,145,444)	(653,703,145)	(683,610,501)	(716,019,833)	(743,456,319)
<u>\$ 1,814,180,981</u>	<u>\$ 1,960,788,751</u>	<u>\$ 2,103,145,483</u>	<u>\$ 2,308,129,275</u>	<u>\$ 2,493,978,275</u>	<u>\$ 2,625,748,029</u>
\$ 0.720000	\$ 0.720000	\$ 0.720000	\$ 0.714352	\$ 0.720000	\$ 0.720000

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

	Fiscal Year			
	2009	2010	2011	2012
Approximate Taxable Value*	\$ 4,050,195,673	\$ 2,923,906,219	\$ 2,779,913,092	\$ 2,842,731,040
Industrial District % Taxable Per Contract	63%	63%	63%	63%
Approximate Adjusted Taxable Value *	\$ 2,551,623,274	\$ 1,842,060,918	\$ 1,751,345,248	\$ 1,790,920,555
Tax Rate	\$ 0.705000	\$ 0.705000	\$ 0.705000	\$ 0.720000
Amount Billed	\$ 17,988,944	\$ 12,986,529	\$ 12,346,984	\$ 12,894,628
Amount Collected	\$ 17,988,792	\$ 12,986,529	\$ 12,346,943	\$ 12,894,625
% Collected	99.999%	100.000%	100.000%	100.000%

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

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 3,109,962,743	\$ 3,141,572,531	\$ 3,009,235,229	\$ 3,033,027,646	\$ 2,486,112,079	\$ 3,009,235,229
63%	63%	63%	63%	63%	63%
\$ 1,959,276,528	\$ 1,979,190,695	\$ 1,895,818,194	\$ 1,910,807,417	\$ 1,566,250,610	\$ 1,895,818,194
\$ 0.720000	\$ 0.720000	\$ 0.720000	\$ 0.714532	\$ 0.720000	\$ 0.720000
\$ 14,106,791	\$ 14,250,173	\$ 13,649,891	\$ 13,058,614	\$ 11,277,005	\$ 11,316,198
\$ 14,106,107	\$ 14,250,173	\$ 13,628,122	\$ 13,058,596	\$ 11,276,238	\$ 11,316,198
99.995%	100.000%	99.841%	100.000%	99.993%	100.000%

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

		Fiscal Year			
		2009	2010	2011	2012
City of Deer Park by fund:					
General		\$ 0.511000	\$ 0.511000	\$ 0.498100	\$ 0.498100
Debt service		0.194000	0.194000	0.206900	0.221900
<b>Total Direct Rates</b>		<b>\$ 0.705000</b>	<b>\$ 0.705000</b>	<b>\$ 0.705000</b>	<b>\$ 0.720000</b>
Deer Park Independent School District					
Harris County		\$ 1.317650	\$ 1.366700	\$ 1.396700	\$ 1.396700
Harris County Department of Education		0.389230	0.392240	0.388050	0.391170
Harris County Flood Control District		0.005840	0.006050	0.006581	0.006581
Harris County Hospital District		0.030860	0.029220	0.029230	0.028090
Harris County Port of Houston Authority		0.192160	0.192160	0.192160	0.192160
San Jacinto Community College District		0.017730	0.016360	0.020540	0.018560
		0.163410	0.170800	0.176277	0.185602
<b>Total Direct and Overlapping Rates</b>		<b>\$ 2.821880</b>	<b>\$ 2.878530</b>	<b>\$ 2.914538</b>	<b>\$ 2.938863</b>

Source: Harris County Appraisal District

Note:

Tax rates are per \$100 of assessed valuation.

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 0.498100	\$ 0.498100	\$ 0.518000	\$ 0.515711	\$ 0.519943	\$ 0.533514
0.221900	0.221900	0.202000	0.198641	0.200057	0.186486
<u>\$ 0.720000</u>	<u>\$ 0.720000</u>	<u>\$ 0.720000</u>	<u>\$ 0.714352</u>	<u>\$ 0.720000</u>	<u>\$ 0.720000</u>
\$ 1.526700	\$ 1.556700	\$ 1.556700	\$ 1.556700	\$ 1.556700	\$ 1.556700
0.400210	0.414550	0.417310	0.419230	0.416560	0.418010
0.006617	0.006358	0.005999	0.005422	0.005200	0.005195
0.028090	0.028270	0.027360	0.027330	0.028290	0.028310
0.182160	0.170000	0.170000	0.170000	0.171790	0.171100
0.019520	0.017160	0.015310	0.013420	0.013340	0.012560
0.185602	0.185602	0.185602	0.175783	0.182379	0.183335
<u>\$ 3.068899</u>	<u>\$ 3.098640</u>	<u>\$ 3.098281</u>	<u>\$ 3.082237</u>	<u>\$ 3.094259</u>	<u>\$ 3.095210</u>

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# CITY OF DEER PARK, TEXAS

## PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Quarter Turn Resources, Inc.	\$ 32,621,053	1	1.19%	\$ 10,166,702	9	-
Deer Park Apts. LLC	22,475,000	2	0.82%	-	N/A	-
BFT Parktown LLC Et Al	21,550,577	3	0.79%	-	N/A	-
CenterPoint Energy, Inc.	18,995,316	4	0.69%	17,600,659	4	1.13%
Dresser Inc.	18,372,310	5	0.67%	-	N/A	-
Enterprise FM Trust	16,807,042	6	0.61%	-	N/A	-
Hydrochem	16,472,649	7	0.60%	17,835,153	3	1.14%
Partnership Underwood LP	15,806,512	8	0.58%	-	N/A	-
Clay Partners Deerwood Office III LP	14,112,122	9	0.52%	-	N/A	-
Wal-Mart	13,865,696	10	0.51%	18,854,445	1	1.21%
Laufen International, Inc.	-	N/A	-	18,788,920	2	1.20%
ITCR Deer Park Ltd Partnership	-	N/A	-	14,843,941	5	0.95%
GSL Constructors, Ltd.	-	N/A	-	14,684,373	6	0.94%
Insignia Management	-	N/A	-	13,367,179	7	-
Catalyst Distillation Technologies	-	N/A	-	10,551,838	8	-
Shell Oil Company	-	N/A	-	9,591,029	10	0.61%
Subtotal	191,078,277		6.98%	146,284,239		7.18%
Other Taxpayers	2,542,230,672		93.02%	1,417,657,926		92.82%
<b>Total</b>	<b>\$ 2,733,308,949</b>		<b>100.00%</b>	<b>\$ 1,563,942,165</b>		<b>100.00%</b>

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



**CITY OF DEER PARK, TEXAS**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Years**

	Fiscal Year			
	2009	2010	2011	2012
Tax levy	\$ 11,897,387	\$ 12,366,491	\$ 12,228,677	\$ 13,043,054
Current tax collected	\$ 11,579,783	\$ 12,159,307	\$ 12,036,460	\$ 12,841,027
Percentage of current tax collections	97.33%	98.32%	98.43%	98.45%
Delinquent tax collections	289,887	175,915	160,815	171,530
Total tax collections	<u>\$ 11,869,670</u>	<u>\$ 12,335,222</u>	<u>\$ 12,197,275</u>	<u>\$ 13,012,557</u>
Total collections as a percentage of current levy	99.77%	99.75%	99.74%	99.77%

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

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 13,019,648	\$ 14,063,714	\$ 14,991,306	\$ 16,363,090	\$ 17,598,722	\$ 18,401,462
\$ 12,836,742	\$ 13,863,961	\$ 14,858,925	\$ 16,035,281	\$ 17,443,588	\$ 18,119,939
98.60%	98.58%	99.12%	98.00%	99.12%	98.47%
148,569	144,841	62,575	243,535	53,573	-
<u>\$ 12,985,311</u>	<u>\$ 14,008,802</u>	<u>\$ 14,921,500</u>	<u>\$ 16,278,816</u>	<u>\$ 17,497,161</u>	<u>\$ 18,119,939</u>
99.74%	99.61%	99.53%	99.48%	99.42%	98.47%

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

		Fiscal Year			
		2009	2010	2011	2012
<b>Governmental Activities:</b>					
General obligation bonds	\$	28,725,000	\$ 29,200,000	\$ 26,785,000	\$ 27,750,000
Certificates of obligation		2,230,000	9,965,000	9,890,000	12,960,000
Capital leases		1,130,649	1,834,124	1,679,561	1,257,169
<b>Business-Type Activities:</b>					
General obligation bonds		-	-	-	-
Certificates of obligation		-	-	-	-
Water revenue bonds		12,400,000	8,645,000	7,745,000	3,395,000
Capital leases		-	-	216,834	168,743
<b>Total Primary Government</b>	<b>\$</b>	<b>44,485,649</b>	<b>\$ 49,644,124</b>	<b>\$ 46,316,395</b>	<b>\$ 45,530,912</b>
<b>Debt as a Percentage of Personal Income</b>		N/A	N/A	N/A	N/A
<b>Debt Per Capita</b>		<b>\$ 1,428</b>	<b>\$ 1,551</b>	<b>\$ 1,447</b>	<b>\$ 1,408</b>

N/A -This information is currently not available.

Notes:

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

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

Schedule presents debt net of related premiums, discounts, and adjustments beginning in fiscal year 2013.

Fiscal Year					
2013*	2014	2015	2016	2017	2018
\$ 20,334,132	\$ 17,979,969	\$ 16,587,180	\$ 16,239,210	\$ 14,053,513	\$ 12,676,107
9,683,246	9,283,100	16,483,264	23,243,219	22,769,126	19,690,033
1,082,960	741,227	489,772	743,670	868,776	900,933
5,207,260	4,557,742	5,194,671	4,560,455	3,938,036	3,382,329
8,408,633	15,297,035	21,912,475	28,464,920	34,891,757	38,917,927
2,820,000	2,250,000	750,000	500,000	250,000	-
119,506	69,093	266,014	534,382	361,489	200,722
<u>\$ 47,655,737</u>	<u>\$ 50,178,166</u>	<u>\$ 61,683,376</u>	<u>\$ 74,285,856</u>	<u>\$ 77,132,697</u>	<u>\$ 75,768,051</u>
N/A	N/A	N/A	N/A	N/A	N/A
<u>\$ 1,436</u>	<u>\$ 1,493</u>	<u>\$ 1,801</u>	<u>\$ 2,147</u>	<u>\$ 2,214</u>	<u>\$ 2,148</u>

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

	Fiscal Year			
	2009	2010	2011	2012
General Obligation Bonds (1)	\$ 28,725,000	\$ 29,200,000	\$ 26,785,000	\$ 27,750,000
Less: Amounts Restricted to Repaying Principal	<u>(2,278,722)</u>	<u>(2,088,508)</u>	<u>(1,734,892)</u>	<u>(1,988,204)</u>
<b>Total</b>	<b><u>\$ 26,446,278</u></b>	<b><u>\$ 27,111,492</u></b>	<b><u>\$ 25,050,108</u></b>	<b><u>\$ 25,761,796</u></b>
<b>Percentage of Actual Taxable Value of Property</b>	1.58%	1.55%	1.45%	1.43%
<b>Net Bonded Debt Per Capita</b>	<b><u>\$ 866</u></b>	<b><u>\$ 847</u></b>	<b><u>\$ 783</u></b>	<b><u>\$ 797</u></b>

Notes:

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

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

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

Fiscal Year					
2013*	2014	2015	2016	2017	2018
\$ 25,541,392	\$ 22,537,711	\$ 21,781,851	\$ 20,799,665	\$ 17,991,549	\$ 16,058,436
(2,321,730)	(2,932,183)	(3,351,483)	(3,736,160)	(4,634,050)	(5,181,426)
<u>\$ 23,219,662</u>	<u>\$ 19,605,528</u>	<u>\$ 18,430,368</u>	<u>\$ 17,063,505</u>	<u>\$ 13,357,499</u>	<u>\$ 10,877,010</u>
1.28%	1.00%	0.88%	0.74%	0.54%	0.41%
<u>\$ 699</u>	<u>\$ 583</u>	<u>\$ 538</u>	<u>\$ 493</u>	<u>\$ 383</u>	<u>\$ 308</u>

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**CITY OF DEER PARK, TEXAS**  
***DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT***  
September 30, 2018

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Debt Repaid with Property Taxes:</b>			
Deer Park Independent School District	\$ 248,665,000	21.17%	\$ 52,642,381
Harris County	2,200,173,022	0.61%	13,421,055
Harris County Department of Education	6,555,000	0.61%	39,986
Harris County Flood Control District	83,075,000	0.61%	506,758
Harris County Hospital District	59,490,000	0.61%	362,889
La Porte Independent School District	335,450,000	11.58%	38,845,110
Port of Houston Authority of Harris County	613,699,397	0.61%	3,743,566
San Jacinto Community College District	<u>381,881,805</u>	5.21%	<u>19,896,042</u>
Subtotal, overlapping debt	3,928,989,224		129,457,787
<b>City Direct Debt</b>	\$ 74,666,396	100.00%	<u>74,666,396</u>
		<b>Total Direct and Overlapping Debt</b>	<u><u>\$ 204,124,183</u></u>

Source: Texas Municipal Reports and Governmental Units

Notes:

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

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

Excludes general obligation bonds pledged by utility revenues.



# CITY OF DEER PARK, TEXAS

## LEGAL DEBT MARGIN INFORMATION

Last Ten Years

	Fiscal Year			
	2009	2010	2011	2012
Debt limit	\$ 168,338,508	\$ 174,868,269	\$ 173,129,877	\$ 180,719,157
Total net debt applicable to limit	26,446,278	27,111,492	25,050,108	25,761,796
Legal debt margin	<u>\$ 141,892,230</u>	<u>\$ 147,756,777</u>	<u>\$ 148,079,769</u>	<u>\$ 154,957,361</u>
Total net debt applicable to the limit as a percentage of debt limit	15.71%	15.50%	14.47%	14.26%

### Legal Debt Margin Calculation for Fiscal Year 2017

Assessed value	\$ 2,625,748,029
Debt limit (10% of assessed value)	262,574,803
Debt applicable to limit:	
General obligation bonds	16,058,436
Less: amount set aside for repayment of general obligation debt	<u>(5,181,426)</u>
Total net debt applicable to limit	<u>10,877,010</u>
Legal debt margin	<u><u>\$ 251,697,793</u></u>

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 181,418,098	\$ 196,078,875	\$ 210,314,548	\$ 230,812,928	\$ 249,397,828	\$ 262,574,803
23,219,662	19,605,528	18,430,368	17,063,505	13,357,499	10,877,010
<u>\$ 158,198,436</u>	<u>\$ 176,473,347</u>	<u>\$ 191,884,180</u>	<u>\$ 213,749,423</u>	<u>\$ 236,040,329</u>	<u>\$ 251,697,793</u>
12.80%	10.00%	8.76%	7.39%	5.36%	4.14%

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

	Fiscal Year			
	2009	2010	2011	2012
<b>Utility Service Charges</b>	\$ 8,084,177	\$ 8,041,795	\$ 10,942,116	\$ 9,873,258
<b>Less: Operating Expenses (1)</b>	6,197,174	5,951,271	6,119,717	5,890,927
<b>Net Available Revenue</b>	<u>\$ 1,887,003</u>	<u>\$ 2,090,524</u>	<u>\$ 4,822,399</u>	<u>\$ 3,982,331</u>
<b>Debt Service Requirements (2)</b>				
Principal	\$ 1,210,000	\$ 1,205,000	\$ 900,000	\$ 890,000
Interest	532,804	426,798	327,057	296,649
<b>Total</b>	<u>\$ 1,742,804</u>	<u>\$ 1,631,798</u>	<u>\$ 1,227,057</u>	<u>\$ 1,186,649</u>
<b>Coverage</b>	1.08	1.28	3.93	3.36

**Notes:**

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

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

(2) Includes revenue bonds only.

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 9,529,392	\$ 9,341,087	\$ 9,628,146	\$ 10,300,618	\$ 10,810,651	\$ 11,369,582
5,758,791	6,030,193	6,162,029	6,421,511	6,931,288	6,676,372
<u>\$ 3,770,601</u>	<u>\$ 3,310,894</u>	<u>\$ 3,466,117</u>	<u>\$ 3,879,107</u>	<u>\$ 3,879,363</u>	<u>\$ 4,693,210</u>
\$ 575,000	\$ 570,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ -
106,449	87,653	28,563	20,750	12,625	-
<u>\$ 681,449</u>	<u>\$ 657,653</u>	<u>\$ 278,563</u>	<u>\$ 270,750</u>	<u>\$ 262,625</u>	<u>\$ -</u>
5.53	5.03	12.44	14.33	14.77	-

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

<b>Calendar Year</b>	<b>Population</b>	<b>Per Capita Income</b>	<b>Personal Income</b>	<b>Unemployment Rate</b>	<b>School Enrollment</b>
2009	31,154	N/A	N/A	8.2%	12,352
2010*	32,010	N/A	N/A	8.5%	12,500
2011	32,010	N/A	N/A	8.5%	12,593
2012	32,332	N/A	N/A	6.4%	12,841
2013	33,196	N/A	N/A	5.7%	12,626
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

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

N/A - This information is currently not available.

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

# CITY OF DEER PARK, TEXAS

## *PRINCIPAL EMPLOYERS*

Current Year and Nine Years Ago

Employer	2018		2009	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Shell Deer Park	3,200	14.97%	2,000	11.28%
Deer Park ISD	2,651	12.40%	1,246	7.03%
Universal Plant Services	1,353	6.33%	-	-
Lubrizol Specialty Chemicals	1,360	6.36%	832	4.69%
Dow Chemical Co.	1,330	6.22%	-	-
Mistras Group	783	3.66%	-	-
Clean Harbors	654	3.69%	269	1.52%
Wal-Mart	432	2.02%	430	2.43%
City of Deer Park	423	1.98%	408	2.30%
Minh Foods, Inc.	400	1.87%	360	2.03%
Rohm and Hass	-	-	979	5.52%
Oxy Vinyl	-	-	267	1.51%
Intercontinental Terminals	-	-	212	1.20%
<b>Total</b>	<b>12,586</b>	<b>59.50%</b>	<b>7,003</b>	<b>39.51%</b>
Estimated total jobs in the City	<b>21,372</b>		<b>17,728</b>	

Source: City of Deer Park Economic Development Administrator

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	8.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Planning	14.0	14.0	14.0	13.0	14.0	14.0	14.0	13.0	12.0	12.0
Other	29.5	33.5	30.5	30.5	30.5	32.0	35.5	35.5	35.0	35.5
Police										
Officers	61.0	61.0	59.0	60.0	60.0	60.0	61.0	61.0	61.0	61.0
Civilians	26.0	25.0	24.0	25.0	25.0	25.0	26.0	26.0	26.0	26.0
Fire										
Firefighters and officers	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Civilians	9.5	13.5	13.5	13.0	13.0	15.5	14.5	13.0	15.0	18.0
Sanitation	23.0	23.0	23.0	23.0	23.0	22.0	22.0	22.0	22.0	22.0
Other public works										
Engineering	5.0	5.0	5.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0
Other	25.0	27.0	27.0	27.0	27.0	28.0	28.0	29.0	29.0	29.0
Golf operations	26.0	26.0	25.0	26.0	24.0	-	-	-	-	-
Parks and recreation	61.5	73.5	73.5	74.0	69.5	70.5	73.0	77.0	77.0	82.5
Library	12.0	12.5	13.0	13.0	13.5	14.0	14.0	14.0	14.0	14.0
Water	15.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
Wastewater	12.0	12.0	12.0	12.0	12.0	13.0	12.0	12.0	12.0	12.0
<b>Total</b>	<b>328.5</b>	<b>353.0</b>	<b>344.5</b>	<b>345.5</b>	<b>341.5</b>	<b>324.0</b>	<b>330.0</b>	<b>332.5</b>	<b>333.0</b>	<b>342.0</b>

Source: Adopted City Budget



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

	Fiscal Year			
	2009	2010	2011	2012
<b>Function/Program</b>				
General government				
Annual permits	1,152	1,290	1,583	1,616
Annual inspections	3,611	4,410	3,324	3,671
Police				
Physical arrests	2,596	1,975	2,690	2,843
Parking violations	13	6	192	143
Traffic violations	7,990	9,122	15,505	13,338
Fire				
Emergency responses	1,843	1,950	1,887	2,032
Fires extinguished	352	387	580	588
Inspections	N/A	N/A	N/A	1,353
Sanitation				
Refuse collected (tons per day)*	101	818	75	71
Recyclables collected (tons per day)	1	1	1	2
Streets				
Street resurfacing (miles)**	-	-	1	-
Potholes repaired	50	150	49	62
Parks and recreation				
Community center admissions	510	520	521	N/A
Program enrollments	N/A	10,722	17,877	18,081
Library				
Volumes in collection	82,159	82,200	80,593	79,897
Total volumes borrowed	174,058	174,100	173,409	165,620
Water				
New connections	125	31	27	34
Water main breaks	14	60	261	73
Sewer main breaks	N/A	N/A	N/A	N/A
Average daily consumption (thousands of gallons)	3,900,000	4,199,000	4,646,400	4,501,100
Peak daily consumption (thousands of gallons)	6,961,000	6,566,000	7,722,000	6,350,000
Wastewater				
Average daily sewage treatment (thousands of gallons)	3,650	3,058	2,572	3,129

Source: Various City departments

N/A - This information is currently not available.

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

\*\* Majority of streets are concrete.

Fiscal Year					
2013	2014	2015	2016	2017	2018
1,777	2,414	2,610	2,644	2,420	2,187
1,017	1,204	1,494	4,932	3,855	3,219
3,296	3,258	3,068	3,445	4,050	3,309
114	81	101	92	71	58
14,601	13,205	14,049	14,322	16,826	12,354
2,100	2,193	2,401	2,467	2,761	2,211
648	655	862	775	790	687
1,392	1,288	1,523	1,676	1,862	1,650
81	83	81	82	83	84
3	4	4	4	4	4
2	-	-	-	1	-
50	50	55	65	60	62
N/A	N/A	N/A	N/A	N/A	4,611
17,527	15,300	16,309	21,034	21,262	17,077
83,346	84,296	87,171	90,408	101,960	104,738
164,962	168,852	167,012	157,955	157,902	146,943
78	39	77	137	100	31
76	62	46	32	39	18
N/A	N/A	N/A	N/A	N/A	29
4,661,000	4,507,000	4,286,000	3,893,750	3,995,225	3,985,508
6,438,000	5,826,000	6,700,000	5,281,000	5,541,000	5,931,000
2,960	2,595	4,299	4,575	3,082	3,201

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

	Fiscal Year			
	2009	2010	2011	2012
<b>Function/Program</b>				
Police				
Stations	1	1	1	1
Patrol units	40	40	40	41
Fire				
Stations	3	3	3	3
Sanitation				
Collection trucks	6	6	6	5
Streets				
Streets (miles)	105	105	106	106
Streetlights	2,557	2,557	2,583	2,583
Traffic signals	43	43	43	43
Parks and recreation				
Acreage	270	270	270	270
Parks with play structures	17	17	17	19
Baseball / softball diamonds	16	16	16	24
Soccer/football fields	9	9	9	6
Golf course	1	1	1	1
Community centers	7	7	7	7
Water				
Water lines (miles)	103	132	133	133
Fire hydrants	889	890	895	895
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)	114	123	124	124
Storm sewers (miles)	62	66	67	67
Treatment capacity (millions of gallons)	6	6	6	6

Source: Various City departments

Fiscal Year					
2013	2014	2015	2016	2017	2018
1	1	1	1	1	1
41	42	41	44	44	47
3	3	3	3	3	3
5	6	6	6	6	6
107	107	109	111	111	111
2,622	2,623	2,661	2,694	2,709	2,709
43	43	44	44	44	45
270	270	270	270	279	355
19	19	19	19	20	20
24	19	19	20	21	23
6	7	7	7	7	9
1	1	1	1	1	1
7	7	7	7	7	7
134	135	137	138	139	140
906	914	934	950	958	976
3.0	3.0	3.0	3.0	3.0	3.0
1.5	1.5	1.5	1.5	1.5	1.5
2.0	2.0	2.0	2.0	2.0	2.0
125	125	127	130	130	131
68	68	69	70	70	70
6	6	6	6	6	6

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# DRAFT

## Management Letter

March 14, 2019

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 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, 2018, 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.

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 MATTER***

#### ***Other Matter:***

### **2018.001. PROCUREMENT CARDS**

#### **Findings**

During the audit, our firm reviewed the procurement card (credit card) transactions for the month of June and the supporting documents that were provided. For procurement card transactions during the month of June, we noted the following:

- 39 transactions in which sales tax was charged. Sales tax should not be charged on any City purchases.
- 7 transactions in which a supporting receipt/invoice was not provided.
- 2 transactions in which the receipt(s) turned in did not support the full amount charged.
- 69 transactions in which a credit card was used at vendors with which the City already has accounts established. The procurement card policy emphasizes that the use of a procurement card shall not replace or override the City's purchasing guidelines.

#### **Recommendation**

The City should consider a combination of re-educating staff and establishing a new policy/procedures in order to eliminate the exceptions noted above.

#### **Management's Response**

Best practices related to the use of procurement cards, including reminders that the City is tax-exempt and that itemized receipts are required to support all transactions, have been discussed at the department head level. City management and the Finance Department will work to provide these reminders more regularly and on a broader scale. Additionally, the "Cardholder Purchasing Card Agreement", which is signed by each cardholder, will be expanded to include references to these best practices. The Finance Department will increase its efforts to recover sales taxes charged on City purchases.

### ***MATTERS PREVIOUSLY REPORTED***

#### ***Other Matter:***

### **2018.002. 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 2017.001.

### **Recommendation**

The City should remit and report applicable unclaimed property to the State by the July 1, 2018 reporting deadline.

### **Management's Response**

Previous management elected not to escheat unclaimed property to the State of Texas 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 2018 but is working toward the July 1, 2019 deadline.

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**  
Belt Harris Pechacek, LLP  
Belt Harris Pechacek, LLP  
Certified Public Accountants  
Houston, Texas



# DRAFT

## Required Auditor Disclosure Letter

March 14, 2019

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 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, 2018. Professional standards require that we provide the City Council (the "governing body") with information about our responsibilities under generally accepted auditing standards, 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. As described in the notes to the financial statements, the City changed accounting principles related to accounting for postemployment benefits by adopting Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in 2018. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Activities. 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.

- 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 (Texas Municipal Retirement System Supplemental Death Benefit Fund) liability and the required annual contribution. The Texas Municipal Retirement System (TMRS) and the Texas Emergency Services Retirement System (TESRS) hires a licensed actuaries to make key assumptions and to perform calculations, as well as an 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 14, 2019.

*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 accompanies the financial statements but is 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**  
Belt Harris Pechacek, LLP  
Certified Public Accountants  
Houston, Texas

Client: **City of Deer Park, Texas**  
Engagement: **City of Deer Park 09/30/18**  
Period Ending: **9/30/2018**  
Trial Balance: **2.2.01 - TB**  
Workpaper: **2.6.06 - Adjusting Journal Entries Report**

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>			
To adjust property tax receivable, allowance, and deferred revenue to tie annual property tax report.			
10 000-1120	TAXES RECEIVABLE DELINQUENT	40,408.31	
10 000-1126	ALLOWANCE FOR P&I RECEIVABLE	1,660.63	
10 000-2505	DEFERRED REVENUE-P&I	553.54	
20 000-1120	TAXES RECEIVABLE DELINQUENT	14,366.75	
20 000-1126	ALLOWANCE FOR P&I RECEIVABLE	1,455.76	
20 000-2505	DEFERRED REVENUE-P&I	485.25	
10 000-1121	ALLOWANCE FOR UNCOLL DELINQ		9,990.33
10 000-1125	PENALTIES/INTEREST RECEIVABLE		2,214.17
10 000-2500	DEFERRED REVENUES-PROPERTY		30,417.97
20 000-1121	ALLOWANCE FOR UNCOLL DELINQ		4,452.94
20 000-1125	PENALTIES/INTEREST RECEIVABLE		1,941.01
20 000-2500	DEFERRED REVENUES-PROPERTY		9,913.82
<b>Total</b>		<b>58,930.24</b>	<b>58,930.24</b>
<b>Adjusting Journal Entries JE # 2</b>			
To correct fund balance in general fund and HOT fund.			
10 000-2630	UNASSIGNED FUND BALANCE	1,629.57	
11 000-1000	CLAIM ON POOLED CASH	1,629.57	
10 000-1000	CLAIM ON POOLED CASH		1,629.57
11 000-2630	FUND BALANCE		1,629.57
<b>Total</b>		<b>3,259.14</b>	<b>3,259.14</b>
<b>Adjusting Journal Entries JE # 3</b>			
To adjust outstanding fines AR, allowance, and deferred revenues as of 09/30/18.			
10 000-1650	ALLOWANCE-FINES & FORFEITURES	2,906.88	
10 000-2560	DEFERRED REVENUE-FINES	968.96	
10 000-1651	ACCOUNTS RECEIVABLE-FINES		3,875.84
<b>Total</b>		<b>3,875.84</b>	<b>3,875.84</b>
<b>Adjusting Journal Entries JE # 4</b>			
To adjust ambulance AR, allowance, and def. revenue to match report as of 09/30/2018.			
10 000-1330	ACCOUNTS RECEIVABLE-AMBULANCE	670,895.86	
10 000-1331	ALLOWANCE-AMBULANCE		610,389.04
10 000-2530	DEFERRED REVENUE-AMBULANCE		60,506.82
<b>Total</b>		<b>670,895.86</b>	<b>670,895.86</b>
<b>Adjusting Journal Entries JE # 5</b>			
GASB 68 JE#1: To reverse prior year deferred outflows - contributions after the measurement date.			
25 750-4197	PENSION EXPENSE	7,983.69	
40 750-4197	PENSION EXPENSE	238,915.58	
82 750-4197	PENSION EXPENSE	20,258.34	
83 750-4197	PENSION EXPENSE	36,381.04	
25 000-1811	DEF OUT - CONTRIBUTIONS		7,983.69
40 000-1811	DEF OUT - CONTRIBUTIONS		238,915.58
82 000-1811	DEF OUT - CONTRIBUTIONS		20,258.34
83 000-1811	DEF OUT - CONTRIBUTIONS		36,381.04
<b>Total</b>		<b>303,538.65</b>	<b>303,538.65</b>

Client: *City of Deer Park, Texas*  
Engagement: *City of Deer Park 09/30/18*  
Period Ending: *9/30/2018*  
Trial Balance: *2.2.01 - TB*  
Workpaper: *2.6.06 - Adjusting Journal Entries Report*

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 6</b>			
GASB 68 JE#2: Current year amortization of prior year deferred items.			
25 000-2810	DEF IN-ACT EXP VS ASSUMPTION	538.16	
25 750-4197	PENSION EXPENSE	6,972.91	
40 000-2810	DEF IN-ACT EXP VS ASSUMPTION	15,955.90	
40 750-4197	PENSION EXPENSE	206,741.20	
82 000-2810	DEF IN-ACT EXP VS ASSUMPTION	1,375.21	
82 750-4197	PENSION EXPENSE	17,818.69	
83 000-2810	DEF IN-ACT EXP VS ASSUMPTION	2,472.61	
83 750-4197	PENSION EXPENSE	32,037.64	
25 000-1810	DEF OUT-INVESTMENT EXPERIENCE		6,636.55
25 000-1812	DEF OUT-EXP AND ACT EXPERIENCE		79.92
25 000-1813	DEF OUT-CHANGES IN ASSUMPTIONS		794.60
40 000-1810	DEF OUT-INVESTMENT EXPERIENCE		196,768.44
40 000-1812	DEF OUT-EXP AND ACT EXPERIENCE		2,369.50
40 000-1813	DEF OUT-CHANGES IN ASSUMPTIONS		23,559.16
82 000-1810	DEF OUT-INVESTMENT EXPERIENCE		16,959.15
82 000-1812	DEF OUT-EXP AND ACT EXPERIENCE		204.22
82 000-1813	DEF OUT-CHANGES IN ASSUMPTIONS		2,030.53
83 000-1810	DEF OUT-INVESTMENT EXPERIENCE		30,492.22
83 000-1812	DEF OUT-EXP AND ACT EXPERIENCE		367.19
83 000-1813	DEF OUT-CHANGES IN ASSUMPTIONS		3,650.84
<b>Total</b>		<b>283,912.32</b>	<b>283,912.32</b>

**Adjusting Journal Entries JE # 7**

GASB 68 JE#3: Recognize new deferred items for FY18.

25 000-2325	NET PENSION OBLIGATION	30,647.79	
40 000-2325	NET PENSION OBLIGATION	908,682.44	
82 000-2325	NET PENSION OBLIGATION	78,317.87	
83 000-2325	NET PENSION OBLIGATION	140,813.94	
25 000-1810	DEF OUT-INVESTMENT EXPERIENCE		30,231.17
25 000-2810	DEF IN-ACT EXP VS ASSUMPTION		416.62
40 000-1810	DEF OUT-INVESTMENT EXPERIENCE		896,330.01
40 000-2810	DEF IN-ACT EXP VS ASSUMPTION		12,352.43
82 000-1810	DEF OUT-INVESTMENT EXPERIENCE		77,253.23
82 000-2810	DEF IN-ACT EXP VS ASSUMPTION		1,064.64
83 000-1810	DEF OUT-INVESTMENT EXPERIENCE		138,899.75
83 000-2810	DEF IN-ACT EXP VS ASSUMPTION		1,914.19
<b>Total</b>		<b>1,158,462.04</b>	<b>1,158,462.04</b>

**Adjusting Journal Entries JE # 8**

GASB 68 JE#4: To recognize pension expense and current year amortization.

25 000-1810	DEF OUT-INVESTMENT EXPERIENCE	6,046.23	
25 000-2810	DEF IN-ACT EXP VS ASSUMPTION	80.12	
25 750-4197	PENSION EXPENSE	11,353.28	
40 000-1810	DEF OUT-INVESTMENT EXPERIENCE	179,266.00	
40 000-2810	DEF IN-ACT EXP VS ASSUMPTION	2,375.47	
40 750-4197	PENSION EXPENSE	336,615.73	
82 000-1810	DEF OUT-INVESTMENT EXPERIENCE	15,450.65	
82 000-2810	DEF IN-ACT EXP VS ASSUMPTION	204.74	
82 750-4197	PENSION EXPENSE	29,012.37	
83 000-1810	DEF OUT-INVESTMENT EXPERIENCE	27,779.95	
83 000-2810	DEF IN-ACT EXP VS ASSUMPTION	368.11	
83 750-4197	PENSION EXPENSE	52,163.65	
25 000-2325	NET PENSION OBLIGATION		855.68
25 750-4197	PENSION EXPENSE		6,126.35
25 750-4197	PENSION EXPENSE		10,497.60

Client: **City of Deer Park, Texas**  
Engagement: **City of Deer Park 09/30/18**  
Period Ending: **9/30/2018**  
Trial Balance: **2.2.01 - TB**  
Workpaper: **2.6.06 - Adjusting Journal Entries Report**

Account	Description	Debit	Credit
40 000-2325	NET PENSION OBLIGATION		25,370.16
40 750-4197	PENSION EXPENSE		181,641.47
40 750-4197	PENSION EXPENSE		311,245.57
82 000-2325	NET PENSION OBLIGATION		2,186.61
82 750-4197	PENSION EXPENSE		15,655.38
82 750-4197	PENSION EXPENSE		26,825.75
83 000-2325	NET PENSION OBLIGATION		3,931.50
83 750-4197	PENSION EXPENSE		28,148.07
83 750-4197	PENSION EXPENSE		48,232.16
<b>Total</b>		<b>660,716.30</b>	<b>660,716.30</b>

#### Adjusting Journal Entries JE # 9

GASB 68 JE#5: To recognize deferred outflows - contributions after the measurement date for FY17.

25 000-1811	DEF OUT - CONTRIBUTIONS	8,141.34	
40 000-1811	DEF OUT - CONTRIBUTIONS	241,384.12	
82 000-1811	DEF OUT - CONTRIBUTIONS	20,804.51	
83 000-1811	DEF OUT - CONTRIBUTIONS	37,406.08	
25 750-4197	PENSION EXPENSE		8,141.34
40 750-4197	PENSION EXPENSE		241,384.12
82 750-4197	PENSION EXPENSE		20,804.51
83 750-4197	PENSION EXPENSE		37,406.08
<b>Total</b>		<b>307,736.05</b>	<b>307,736.05</b>

#### Adjusting Journal Entries JE # 10

To restate net position for GASB 75 OPEB Health Plan.

25 000-2630	FUND BALANCE	13,567.42	
25 750-4198	OPEB EXPENSE	502.60	
40 000-2630	FUND BALANCE UNRESERVED	2,010,288.62	
40 750-4198	OPEB Expense	74,470.87	
82 000-2630	FUND BALANCE	129,226.24	
82 750-4198	OPEB EXPENSE	4,787.17	
83 000-2630	FUND BALANCE	326,534.21	
83 750-4198	OPEB EXPENSE	12,096.41	
25 000-2326	TOTAL OPEB LIABILITY		14,070.02
40 000-2326	TOTAL OPEB LIABILITY		2,084,759.49
82 000-2326	TOTAL OPEB LIABILITY		134,013.41
83 000-2326	TOTAL OPEB LIABILITY		338,630.62
<b>Total</b>		<b>2,571,473.54</b>	<b>2,571,473.54</b>

#### Adjusting Journal Entries JE # 16

JE #041095: Asset reclass

40 000-1730	BUILDINGS	57,591.27	
48 000-1730	BUILDINGS	242,170.76	
49 000-1730	BUILDINGS	633,881.45	
40 000-1740	OTHER IMPROVEMENTS		57,591.27
48 000-1740	OTHER IMPROVEMENTS		242,170.76
49 000-1740	OTHER IMPROVEMENTS		633,881.45
<b>Total</b>		<b>933,643.48</b>	<b>933,643.48</b>

#### Adjusting Journal Entries JE # 17

JE #041096: Payday November 10, 2017

10 000-1000	CLAIM ON POOLED CASH	150.67	
22 411-4104	SALARIES OVERTIME	150.67	
10 411-4104	SALARIES OVERTIME		150.67
22 000-1000	CLAIM ON POOLED CASH		150.67
<b>Total</b>		<b>301.34</b>	<b>301.34</b>

Client: **City of Deer Park, Texas**  
Engagement: **City of Deer Park 09/30/18**  
Period Ending: **9/30/2018**  
Trial Balance: **2.2.01 - TB**  
Workpaper: **2.6.06 - Adjusting Journal Entries Report**

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 18</b>			
JE #041097: Payday November 24, 2017			
10 000-1000	CLAIM ON POOLED CASH	150.66	
22 411-4104	SALARIES OVERTIME	150.66	
10 411-4104	SALARIES OVERTIME		150.66
22 000-1000	CLAIM ON POOLED CASH		150.66
<b>Total</b>		<b>301.32</b>	<b>301.32</b>

<b>Adjusting Journal Entries JE # 19</b>			
JE #041098: Payday December 8, 2017			
10 000-1000	CLAIM ON POOLED CASH	1.62	
22 410-4104	SALARIES OVERTIME	1.62	
10 410-4101	SALARIES FULL TIME		1.62
22 000-1000	CLAIM ON POOLED CASH		1.62
<b>Total</b>		<b>3.24</b>	<b>3.24</b>

<b>Adjusting Journal Entries JE # 20</b>			
JE #041110: 300-4250 Reclass			
12 300-4250	TRAINING & TRAVEL	495.00	
14 000-1000	CLAIM ON POOLED CASH	495.00	
12 000-1000	CLAIM ON POOLED CASH		495.00
14 300-4250	TRAINING & TRAVEL		495.00
<b>Total</b>		<b>990.00</b>	<b>990.00</b>

<b>Adjusting Journal Entries JE # 21</b>			
JE #041111: 10 000-3119 attorney fees reclass			
10 000-3119	ATTORNEY FEES	47,764.04	
10 106-4293	SPECIAL SERVICES CITY ATTORNEY		47,764.04
<b>Total</b>		<b>47,764.04</b>	<b>47,764.04</b>

<b>Adjusting Journal Entries JE # 22</b>			
JE #041112: Disposal fees reclass			
10 402-4253	DISPOSAL FEES	4,290.26	
10 402-4253	DISPOSAL FEES	4,301.64	
10 403-4253	DISPOSAL FEES	7,744.09	
22 000-1000	CLAIM ON POOLED CASH	12,405.11	
22 650-4253	DISPOSAL FEES	3,930.88	
10 000-1000	CLAIM ON POOLED CASH		12,405.11
10 402-4253	DISPOSAL FEES		3,930.88
22 650-4253	DISPOSAL FEES		4,290.26
22 650-4253	DISPOSAL FEES		4,301.64
22 650-4253	DISPOSAL FEES		7,744.09
<b>Total</b>		<b>32,671.98</b>	<b>32,671.98</b>

<b>Adjusting Journal Entries JE # 23</b>			
JE #041113: Salaries reclass			
10 000-1000	CLAIM ON POOLED CASH	2,695.71	
82 300-4101	SALARIES FULL TIME	696.80	
82 300-4101	SALARIES FULL TIME	1,453.60	
82 300-4104	SALARIES OVERTIME	54.51	
82 300-4106	SOCIAL SECURITY/MEDICARE	10.10	
82 300-4106	SOCIAL SECURITY/MEDICARE	21.87	

Client: **City of Deer Park, Texas**  
Engagement: **City of Deer Park 09/30/18**  
Period Ending: **9/30/2018**  
Trial Balance: **2.2.01 - TB**  
Workpaper: **2.6.06 - Adjusting Journal Entries Report**

Account	Description	Debit	Credit
82 300-4106	SOCIAL SECURITY/MEDICARE	43.20	
82 300-4106	SOCIAL SECURITY/MEDICARE	93.50	
82 300-4107	TMRS	101.80	
82 300-4107	TMRS	220.33	
10 300-4101	SALARIES FULL TIME		696.80
10 300-4101	SALARIES FULL TIME		1,453.60
10 300-4104	SALARIES OVERTIME		54.51
10 300-4106	SOCIAL SECURITY/MEDICARE		10.10
10 300-4106	SOCIAL SECURITY/MEDICARE		21.87
10 300-4106	SOCIAL SECURITY/MEDICARE		43.20
10 300-4106	SOCIAL SECURITY/MEDICARE		93.50
10 300-4107	TMRS		101.80
10 300-4107	TMRS		220.33
82 000-1000	CLAIM ON POOLED CASH		2,695.71
<b>Total</b>		<b>5,391.42</b>	<b>5,391.42</b>

**Adjusting Journal Entries JE # 24**

JE #041114: Building rental reclass

11 602-4232	BUILDING RENTAL	6,600.00	
11 601-4232	BUILDING RENTAL		6,600.00
<b>Total</b>		<b>6,600.00</b>	<b>6,600.00</b>

**Adjusting Journal Entries JE # 25**

JE #041115: Reindeer park expense reclass

10 000-1000	CLAIM ON POOLED CASH	18,891.95	
10 410-4401	VEHICLE	6,151.84	
10 411-4290	CONTRACT LABOR	1,155.00	
10 412-4303	OPERATIONAL SUPPLIES	563.00	
10 417-4290	CONTRACT LABOR	1,000.00	
10 417-4303	OPERATIONAL SUPPLIES	7,210.01	
11 601-4252	DUES & FEES	5,000.00	
11 601-4303	OPERATIONAL SUPPLIES	22,101.96	
11 603-4308	SMALL TOOLS & MINOR EQUIPMENT	299.00	
11 603-4308	SMALL TOOLS & MINOR EQUIPMENT	1,000.00	
10 411-4303	OPERATIONAL SUPPLIES		23,819.96
10 411-4401	VEHICLE		6,151.84
10 417-4252	DUES & FEES		5,000.00
11 000-1000	CLAIM ON POOLED CASH		18,891.95
11 603-4303	OPERATIONAL SUPPLIES		9,509.01
<b>Total</b>		<b>63,372.76</b>	<b>63,372.76</b>

**Adjusting Journal Entries JE # 26**

JE #041117: Disposal fees reclass

10 000-1000	CLAIM ON POOLED CASH	625.90	
22 650-4253	DISPOSAL FEES	625.90	
10 403-4253	DISPOSAL FEES		625.90
22 000-1000	CLAIM ON POOLED CASH		625.90
<b>Total</b>		<b>1,251.80</b>	<b>1,251.80</b>

**Adjusting Journal Entries JE # 27**

JE #041118: Operating Transfer FY 2017-2018

10 000-1000	CLAIM ON POOLED CASH	99,421.00	
10 000-1000	CLAIM ON POOLED CASH	153,493.92	
10 000-1000	CLAIM ON POOLED CASH	162,174.00	
10 105-4530	OPERATING TRANSFERS	49,696.94	



Client: **City of Deer Park, Texas**  
Engagement: **City of Deer Park 09/30/18**  
Period Ending: **9/30/2018**  
Trial Balance: **2.2.01 - TB**  
Workpaper: **2.6.06 - Adjusting Journal Entries Report**

Account	Description	Debit	Credit
10 105-4530	OPERATING TRANSFERS	389,558.10	
10 105-4530	OPERATING TRANSFERS	4,482,244.00	
11 601-4530	OPERATING TRANSFERS	4,896.20	
11 602-4530	OPERATING TRANSFERS	5,598.76	
11 602-4530	OPERATING TRANSFERS	15,648.96	
11 602-4530	OPERATING TRANSFERS	90,350.00	
11 603-4530	OPERATING TRANSFERS	17,000.00	
11 603-4530	OPERATING TRANSFERS	20,000.00	
19 104-4530	OPERATING TRANSFERS	12,509.00	
19 104-4530	OPERATING TRANSFERS	44,312.00	
19 104-4530	OPERATING TRANSFERS	85,353.00	
19 300-4530	OPERATING TRANSFERS	20,000.00	
40 900-4530	OPERATING TRANSFERS	99,421.00	
84 000-1000	CLAIM ON POOLED CASH	49,696.94	
86 000-1000	CLAIM ON POOLED CASH	389,558.10	
90 000-1000	CLAIM ON POOLED CASH	4,482,244.00	
10 000-1000	CLAIM ON POOLED CASH		49,696.94
10 000-1000	CLAIM ON POOLED CASH		389,558.10
10 000-1000	CLAIM ON POOLED CASH		4,482,244.00
10 000-3640	TRANSFER FROM OTHER FUNDS		99,421.00
10 000-3642	TRANSFER FROM SPECIAL REVENUE		153,493.92
10 000-3642	TRANSFER FROM SPECIAL REVENUE		162,174.00
11 000-1000	CLAIM ON POOLED CASH		153,493.92
11 601-4530	OPERATING TRANSFERS		
19 000-1000	CLAIM ON POOLED CASH		162,174.00
40 000-1000	CLAIM ON POOLED CASH		99,421.00
84 000-3640	TRANSFER FROM OTHER FUNDS		49,696.94
86 000-3640	TRANSFER FROM OTHER FUNDS		389,558.10
90 000-3640	TRANSFER FROM OTHER FUNDS		4,482,244.00
<b>Total</b>		<b>10,673,175.92</b>	<b>10,673,175.92</b>

#### Adjusting Journal Entries JE # 28

To recognize depreciation for 2018 Pierce Velocity Fire Truck.

83 900-4536	DEPRECIATION	64,652.39	
83 000-1771	ACCUM DEPR VEHICLES		64,652.39
<b>Total</b>		<b>64,652.39</b>	<b>64,652.39</b>



## Legislation Details (With Text)

**File #:** CHO 19-003    **Version:** 1    **Name:**  
**Type:** Change Orders    **Status:** Agenda Ready  
**File created:** 3/8/2019    **In control:** City Council  
**On agenda:** 3/19/2019    **Final action:**  
**Title:** Consideration of and action on the Mowing Service Contract Change Order with EconoCuts Landscape Management on annual basis.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** [Mowing Contract](#)

Date	Ver.	Action By	Action	Result
3/19/2019	1	City Council		

Consideration of and action on the Mowing Service Contract Change Order with EconoCuts Landscape Management on annual basis.

This change order will add mowing additional pocket areas and right a-ways which include:

- Amy Street Spillway
- Cloudcroft Cul-De-Sac
- Oklahoma Subdivision Entrance
- Bayou Bend Esplanades
- Kingsdale Facility
- Chandler Detention Pond
- Catalina Detention Pond

The mowing schedule is weekly March through October and bi-weekly November through February.

The work is inclusive of mowing, blowing, edging, removal of debris. Detention areas must be mechanically trimmed.

\$12,000.00    Requested as a PSLO in the FY 2018-19 in account # 10-410-4290

\$1,080.00    Encumbered in current account # 10-410-4290

\$13,080.00    Total funds in account # 10-410-4290 Contract Labor

Approve Mowing Service Contract Change Order with EconoCuts Landscape Management on an annual basis.

# **Change Order to Mowing Service Contract**

## **Addendum #1**

### **Additions to Current Scope of Work**

#### **Area "E": Mowing of "Pocket" areas and Right-of-ways**

The grass on these areas shall be maintained / mowed to an approximate height of one and one-half (1.5) to two (2) inches during the specified mowing schedule. Mowed area shall be free of clumped grass and deep tire tracks or ruts from mowing equipment. Turf shall be cut in a professional manner being no scalped turf or leaving the area with clippings on any paved surfaces such as streets, parking lots, sidewalks, driveways and or on an adjacent property. Grass clippings are to not be blown into mulched areas such as flower beds and tree rings. Contractor is responsible for making sure that all grass clippings are either blown back into the median or manually raked up and removed from the aforementioned paved areas. Curbs, trees, shrubs, rock beds or signs in median, entrance and right of ways must be mechanically edged to a one inch depth and one-fourth inch width where they exist using a metal blade exposing the concrete surface of curb areas. The initial edging shall be completed by the end of the first maintenance cycle and all edges must be maintained through the duration of the contract. Edging may be accomplished with a string line trimmer after the first initial mechanically edge cut. Edging shall be completed at the same time as the mowing so removal of debris from both operations can be removed at one time.

For identified detention pond areas, grass and weeds must be mechanically trimmed with a string trimmer if mowers cannot access certain areas. Contractor must keep grass located in ditches or detention ponds trimmed to an approximate height of four (4) inches during the specified mowing schedule. Additionally, contractor is responsible for removing trash that is located in the ditches, right of ways, and detention pond themselves.

Contractor is responsible for making sure that all grass clippings are either blown back into the median, open pond areas, or manually raked up and removed from the aforementioned paved areas. Grass clippings are not to be blown into any storm-water inlets or plant matter left on inlet grates.

Mowing schedule is weekly March thru October and bi-weekly November thru February.

### **New Areas to Be Added to Scope of Work**

**Area "E.1" @ \$335.00 per cut x 24=\$8040.00**

- Amy Street spillway
- Cloudcroft cul-de-sac
- Oklahoma subdivision entrance
- Bayou Bend Esplanades
- Kingsdale facility

**Area "E.2" @ \$210.00 per cut x 24=\$5,040.00**

- Chandler Detention Pond
- Catalina Detention pond

**Total additional services is \$13,080.00.**



January 8, 2019  
City of Deer Park  
610 E. San Augustine St.  
Deer Park, TX 77536

We are pleased to continue to provide maintenance for:

Commercial Maintenance - Area "E.1"- @ \$335.00 per cut X24= \$8040.00

- Amy Street Spillway
- Cloudcroft Cul-de-sac
- Oklahoma Subdivision Entrance
- Bayou Bend Esplanades
- Kingsdale Facility

Commercial Maintenance - Area "E.2"- @ \$210.00 per cut X24= \$5040.00

- Chandler Retention Pond
- Catalina Retention Pond

Total= 13,080.00

Our mowing schedule is weekly March thru October and bi-weekly November thru February.

Should you have any questions please feel free to call me at 832-439-3769 or email [christophe@econocuts.com](mailto:christophe@econocuts.com) and we can discuss them.

Respectfully submitted,

Christophe Merriam  
President

\_\_\_\_\_  
City of Deer Park

\_\_\_\_\_  
date

### **NOTICE TO BIDDERS**

Sealed proposals, in duplicate, marked "**Mowing**", will be received at the office of the City Secretary, City Hall, 710 E. San Augustine Street, Deer Park, Harris County, Texas, until **2:00 p.m.** on **Tuesday, September 19, 2017** at which time the bids are to be opened and publicly read in the Council Chambers at 2:00 p.m. (per council chambers clock).

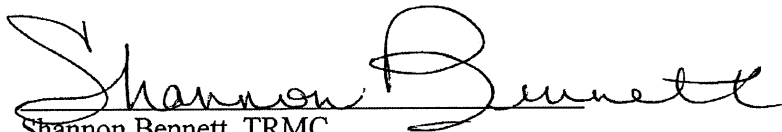
A **REQUIRED** pre-proposal meeting will be held at **2:00 p.m. on Tuesday, September 12, 2017** at the Community Center located at 610 E. San Augustine, Deer Park, Texas 77536 at the in Room 12.

The City of Deer Park does not accept faxed bids.

Proposals are to be submitted on bidders own forms including name of bidder, contact and telephone number. The City reserves the right to reject any and all bids, or parts of bids, to waive any and all technicalities, and to accept any bid, or part of bid, which it deems advantageous to itself.

BY ORDER OF THE CITY COUNCIL OF DEER PARK, TEXAS

Dated this 16th day of August 2017.

A handwritten signature in cursive script, reading "Shannon Bennett". The signature is written in dark ink and is positioned above the printed name and title.

Shannon Bennett, TRMC  
City Secretary  
City of Deer Park, Texas



## **Mowing Service for City of Deer Park**

**September 19, 2017**

### **Operational Plan**

#### **Staffing Includes:**

- **Account Manager**
- **Crew Leader**
- **Foreman**
- **3 Gardeners**

#### **Includes Full-Size Truck w/ trailer – equipment included:**

- **2 – 72" Mowers**
- **1 – 60" Mowers**
- **1- 48" Mower**
- **4 - Gas Powered Weed-Eaters**
- **1 – Stick Edger**
- **3 – Gas Powered Blowers**
- **1 – Backpack Sprayer**
- **Barricade – Safety Cones**

**Street Path-of-motion to be determined once contract is awarded.**

**Thank You and We Look Forward  
to  
Working with The City of Deer Park**



# Mowing Service for City of Deer Park

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## **CITY OF DEER PARK SOLICITATION OVERVIEW**

The City of Deer Park is soliciting bid for:

Title: Mowing Services for the City of Deer Park – East Blvd.  
Commodity: Parks and Recreation/ Public Works  
Due Date: September 19, 2017  
Location: City Secretary Office at City Hall  
710 E. San Augustine  
Deer Park, Texas 77536-4258

### Project Description

The City of Deer Park is seeking bidders via these specifications for the process necessary to complete the mowing and edging on the below specified medians, entrances and right of ways, and additional maintenance services in Deer Park, Texas 77536.

### General Conditions

- A. Bids received after the date and time specified on the Request for Bid packet shall be returned unopened and will be considered void and unacceptable. The City of Deer Park is not responsible for lateness of mail carrier, etc., and time/date stamp in the office of the City Secretary shall be the official time of receipt.
- B. Bids cannot be altered or amended after closing date. Alterations made before closing must be initialed by bidder guaranteeing authenticity. Bids may not be withdrawn after bid closing date except in the case of a bonafide substantial error.
- C. Bids will be received and publicly acknowledged at the location, date and time identified in the Bid packet. Bidders, their representative and interested persons may be present. The bids received will be publicly opened and read aloud. Bids shall remain effective for a period of one hundred and twenty (120) days from the date and time identified in the Bid packet.
- D. By submitting a bid, the bidder certifies that (s)he has fully read and understands the Request for Bid packet and has full knowledge of the scope, quantity and quality of the services to be furnished and intends to adhere to the provisions described or modified herein.
- E. The bidder shall furnish any additional information as the City of Deer Park may require. The City reserves the right to make investigations of the qualifications of the bidder, as it deems appropriate.
- F. Bidders must be able to adhere to all provisions of the enclosed contract.
- G. No oral statement of any person shall modify or otherwise change, or affect the terms, conditions or specifications stated in the resulting contract.
- H. Bidders are advised that all City contracts are subject to all legal requirements provided in the City Charter and/or applicable City Ordinance, State and Federal Statues.
- I. All reports, drawings and other deliverables prepared under this Contract by the successful bidder shall be and remain the property of the City upon City's compensation of the successful bidder for its services as herein provided. Successful bidder shall not release to others information furnished by the City without prior approval of the Purchasing Manager.
- J. Any bid that does not contain all of the information requested in the Bid packet may be considered as incomplete and may be rejected by the City of Deer Park.
- K. Bids must be signed by an officer of the firm who is authorized to bind the firm.

## Mowing Service for City of Deer Park

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### Required Bidder Pre-Bid Meeting

There will be a required pre-bid meeting on Tuesday, September 12, 2017 at 2:00 p.m. Central Standard Time. The meeting will be held in Room 12 in the Community Center, which is located at 610 E. San Augustine in Deer Park.

If you are considering responding to this bid, you must attend the pre-bid meeting. *(Please RSVP by September 8, 2017 to the Parks and Recreation Director listed below to indicate the number of people that will be attending from your firm.)*

### Timetable

Responses to this bid are due and must be received at the City of Deer Park, 710 E San Augustine St, Deer Park, Texas 77536-4258, no later than 2:00 p.m., Central Standard Time, on September 19, 2017. Responses are to be addressed to the attention of City Secretary, City of Deer Park.

The following tentative schedule has been established for this Request for Bids.

REQUEST FOR BID release	August 21, 2017
Deadline to RSVP to Pre-Bid Meeting	September 8, 2017
Required Pre-Bid Meeting	September 12, 2017
Deadline for submitting questions	September 15, 2017
Bids due	September 19, 2017
Recommendation for approval	October 3, 2017
Contract start date	October 16, 2017

### Submittals:

The following instructions describe the form in which bids must be presented. Bid documents must be prepared simply, economically, and provide a straight-forward, concise response to the requirements of the Request for Bid packet. Completeness and clarity of content must be emphasized. The requirements stated do not preclude bidders from furnishing additional reports, functions, or other information as deemed appropriate. Five (5) originals and One (1) digital copy shall be submitted.

### Public Bid Opening:

There will be a public bid opening in the City Council Chambers at City Hall immediately following the bid due time/date. Interested parties are invited to attend.

## Mowing Service for City of Deer Park

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### Written Questions:

Questions may be submitted through the Director of Parks and Recreation, Charlie Sandberg , [csandberg@deerparktx.org](mailto:csandberg@deerparktx.org) .

Questions of a substantial nature will be addressed in an addendum, posted on the City's Purchasing Web page for all interested parties.

# Mowing Service for City of Deer Park

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# Mowing Service for City of Deer Park

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## SPECIFICATIONS

### SECTION I: Bid Intent

#### Premises

The City of Deer Park is seeking bids for the process necessary to complete the mowing and edging on the below specified medians, entrances and right of ways, and additional maintenance services in Deer Park, Texas 77536.

#### Contract Length

The annual contract period shall run concurrent with the City of Deer Park's fiscal year of October 1 through September 30. The City of Deer Park will then have the option to renew the contract with the current vendor for an additional year of service. This option may be exercised for up to three (3) concurrent years. This option will be reviewed on July 1<sup>st</sup> of each year. After September 2018 of the contract, price adjustments may be made, however adjustments will not exceed the Houston Area Consumer Price Index for those services. The City of Deer Park reserves the right to not exercise this option after the initial contract year is completed. If at any time during the contract term the vendor does not meet the requirements specified herein, the City shall have the right to cancel the contract with thirty (30) days written notice. The vendor may give a 90-day notice to terminate the contract.

#### Schedules

The proposed minimum required mowing schedule is included on pages 6-8 in this package; however, additional work may need to be completed as required.

#### General Standards

Park Operations Supervisor or designee will monitor the quality of work provided by the contractor's staff and will immediately report to the successful Contractor if the standards are not met. The successful Contractor will then have one business day to take corrective action in a manner deemed satisfactory to the Park Operations Supervisor.

Contractor is responsible for appointing or selecting a designated representative to serve as spokesperson or point of contact on behalf of the contractor. The Contractor agrees to notify the Park Operations Supervisor of any changes associated with the designated representative (i.e. contact information, representative change, etc.) in a timely manner not to exceed five (5) business days.

Contractor's employees are not to be accompanied in their work area by acquaintances, family members, assistants, or any other person unless said person is an authorized employee of the Contractor and has met the requirements as established in these specifications.

#### Staff and Employees of the Contractor

Contractor shall provide supervision of all work crews at all times while performing work under this agreement. Personal supervision is not required provided that equipment or other means are provided that enable the work crew to communicate with the Contractor at all times.

## Mowing Service for City of Deer Park

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The Contractor's job supervisor and additional personnel as deemed necessary must be fluent in the English language. There is to be, at a minimum, one (1) person on each shift on site, who can speak, read and write English.

Contractor shall be solely responsible for any injuries to Contractor's personnel while servicing the medians, entrances and right of ways under this contract.

Contractor is responsible for appointing or selecting a designated representative to serve as spokesperson or point of contact on behalf of the contractor. The Contractor agrees to notify the Park Operations Supervisor of any changes associated with the designated representative (i.e. Contact information, representative change, etc.) in a timely manner not to exceed five (5) business days.

### Uniforms

Contractor will provide uniforms for staff that project a professional image including appropriate footwear. Uniforms shall be neat in appearance, no holes, stains, etc. In addition, Contractor shall provide their employees with all necessary safety equipment (i.e. safety vest, glasses, ear plugs, etc.) and insure that they are practicing safe work environment habits.

### Equipment

Contractor warrants that all such equipment for servicing medians, entrances and right of ways are adequate for the work. Mowing equipment shall be equipped with sharp blades so it does not tear, but cleanly cut the blades of grass. Additionally, the Contractor shall maintain or have immediate access to adequate backup equipment in order to sustain continuous operations in the event of equipment failure. The use of insufficient and / or inadequate machinery or equipment as determined by the Park Operations Supervisor shall be deemed a breach of the contract.

Contractor shall be responsible for all damages to his equipment during the course of this agreement. The City reserves the right to condemn Contractor's equipment, if said equipment is judged to be unsafe for use, posing a health and/or safety matter, or is otherwise working improperly.

Any damage incurred to City of Deer Park's property by the Contractor's staff will be repaired by the Contractor. All costs associated with repair will be the Contractor's responsibility.

### Work Schedule

This contract requires, as a minimum, the following work schedule:

The Contractor will be held to mowing and edging on weekdays agreed upon both the contractor and City of Deer Park. It is recommended that mowing services of Area "D.1" and Area "D.2" be completed on the same day. Rain out days will be followed by the next available day on all areas.

The following schedule will be observed:

- Area "D.1" - Weekly March – October (Bi-Monthly November-February)
- Area "D.2" - Weekly March – October (Bi-Monthly November-February)

## Mowing Service for City of Deer Park

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### SECTION II: Designated Mowing and Service Areas

#### Area "D.1"

- Medians on East Blvd.
- Stormwater drain inlets on East Blvd.

#### Area "D.2"

- Right-of-ways along the side of East Blvd.
- Right-of-ways along the side of East "X" Street.
- Right-of-ways along Aaron Street.
- Stormwater drain inlets on East Blvd.

### Section III: Mowing Duties and Requirements

**Mowing** - The grass within Area "D.1" and Area "D.2" shall be maintained / mowed to an approximate height of one and one-half (1 ½) to two (2) inches weekly during the specified mowing schedule. A mowed area shall be free of clumped grass and deep tire tracks or ruts from mowing equipment. Turf shall be cut in a professional manner being no scalp turf or leaving the area with clippings on any paved surfaces such as streets, parking lots, sidewalks, driveways and or on an adjacent property. Grass clippings are to not be blown into mulched areas such as flower beds and tree rings. Contractor is responsible for making sure that all grass clippings are either blown back into the median or manually raked up and removed from the aforementioned paved areas.

**Weedeating and Edging** – For Area "D.1" and Area "D.2", all curbs, trees, shrubs, rock beds or signs in medians, entrances and right of ways must be mechanically edged to a one inch depth and one-fourth inch width where they exist using a metal blade exposing the concrete surface of curb areas. The initial edging shall be completed by the end of the first maintenance cycle and all edges must be maintained through the duration of the contract. Edging may be accomplished with a string line trimmer after the first initial mechanically edge cut. Edging shall be completed at the same time as the mowing so removal of debris from both operations can be removed at one time.

For all areas, all curbs, trees, shrubs, ends of medians, expansion joints, man holes, road barriers, fence lines or signs in medians, entrances and right of ways must be mechanically trimmed with a string trimmer. Trees shall be trimmed around and up to the base. If a mulch ring is present around the tree, trimming must be completed up to the ring and inside the mulch so the area is free of weeds. Contractor is to use utmost care when using a string trimmer or other machinery around privately owned fences. The City of Deer Park is not responsible for damages to private property. Any damage to private property due to Contractor operations will be the sole responsibility of the contractor.

Contractor is responsible for making sure that all grass clippings are either blown back into the median or manually raked up and removed from the aforementioned paved areas. Grass clippings are not to be blown in to any stormwater inlets.

**Using Chemicals for Weed control** – For Area "D.1" and parts of Area "D.2", including but not limited to, curbs, rock beds, drain inlets, left hand turn lanes, expansion joints, and around signs in medians, entrances and right

## Mowing Service for City of Deer Park

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of ways; chemical weed control may be used. Prior to first application, the Contractor will meet with the Park Operations Supervisor to review all areas requiring chemical application. The use of chemical control must be utilized with care so as not to damage turf areas. The areas of chemical control must not exceed areas larger than six (6) inches around any sign posts, monument signs, curbs, and inlets. At no time is the contractor allowed to spray trees rings or beautification beds. The use of identification dye is not permitted unless prior permission is obtained.

Contractor must possess a valid Texas Department of Agriculture Pesticide Applicator License. A copy of this license must be furnished to the City of Deer Park within thirty (30) days of the start of the contract. The contractor is responsible for keeping accurate and up to date MSDS sheets and Texas Department of Agriculture spraying records. The City of Deer Park reserves the right to request and audit these records at any time upon written request. Contractor is responsible for abiding by any and all restrictions associated with this license. This includes, but is not limited to chemical purchase, chemical selection, proper employee training and supervision, chemical clean up procedures, etc. Contractor must contact the City of Deer Park and gain approval of selected chemicals prior to usage on any areas.

**Litter Removal** – For all areas, contractor will pick up all litter and debris throughout the medians, entrances and right of ways prior to mowing or performing any work. Contractor shall remove all litter and place in contractor's receptacle. Removal and disposal of litter and debris shall be the sole responsibility of the contractor. For all areas, contractor will pick up all litter and debris four (4) inches or larger throughout the entrances and right of ways prior to mowing or performing any work. Contractor shall remove all collected litter and debris and place in contractor's receptacle. Removal and disposal of litter and debris shall be the sole responsibility of the contractor. Contractor also agrees that they shall be responsible for any and/or all landfill fees, if any, associated with the disposal of the litter and debris. Any litter, cut or broken during maintenance operations, shall be completely removed from the medians, entrances and right of ways immediately and prior to proceeding with the mowing.



## Mowing Service for City of Deer Park

### Section V: Bid Pricing

#### Inclusive Pricing

Bidder pricing is to include all expenses, fees and charges related to the delivery of the specified goods or services. The City will not pay any additional charges other than the bid price. Bidder has the option of bidding on all or selected areas and alternates.

I, Merriam Group, LLC, (Company) have reviewed the bid specifications and proposed contract with the City of Deer Park.

I herein agree to abide by the terms of the Bid Specifications and herein submit the attached bid.

SIGNED on this the 19<sup>th</sup> day of September, 2017.

#### Area "D.1"

Each

Medians on East Blvd.

Stormwater drain inlets on East Blvd.

878 x 43 visits = \$37,754

#### Area "D.2"

Each

Right-of-ways along the side of East Blvd.

Right-of-ways along the side of East "X" Street.

Right-of-ways along Aaron Street.

Stormwater drain inlets on East Blvd.

356 x 43 visits = \$15,308

Discount for awarding entire bid:

#### GRAND ANNUAL TOTAL

(Sum of Area "D.1" + "D.2" - Discount = Totals)

\$53,062

It is understood and agreed that the above described, item, material and / or equipment, or service shall carry the standard warranty of the manufacturer or provider and be delivered on site in accordance with the attached specifications.

## Mowing Service for City of Deer Park

### Mandatory Pre-Bid Meeting

There will be a Pre-Bid meeting on Tuesday, September 12, 2017 at 2:00 p.m. Central Standard Time. The meeting will be held at the Room 10 in the Community Center, which is located at 610 E. San Augustine in Deer Park.

MANDATORY PRE-BID MEETING WILL BE HELD AT THE DEER PARK COMMUNITY CENTER, ROOM 10 AND IS REQUIRED TO PARTICIPATE IN THIS BID!

Did bidder attend? Yes X, NO \_\_\_\_.

The undersigned certifies that the bid price contained in the foregoing bid has been carefully checked and is submitted in duplicate.

15716 S. Brentwood

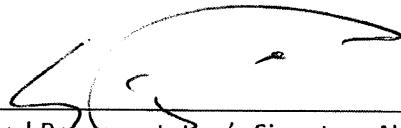
Business Mailing Address

Channelview, Tx 77530

City, State, and Zip Code

281-862-2887

Telephone



Authorized Representative's Signature Name

Larry Trujillo

Authorized Representative's Printed Name

9.19.2017

Date

## Mowing Service for City of Deer Park

### SUMMARY RESPONSE PAGE

#### Mowing Service for the City of Deer Park Municipal Buildings

**COMPLETE LEGAL NAME** of firm submitting bid:

The Merriam Group

Mailing Address: 15716 S. Brentwood

City, State, & Zip: Channelview, Tx 77530

Phone: 281-862-7887 E-mail Contact: Larry @Econocuts.Com

GRAND ANNUAL TOTAL of bid from Proposed Pricing \$ 53,062.00

Are you offering a discount? ☐ Yes ☒ No if so, please indicate discount \_\_\_\_\_

Authorized Signature \_\_\_\_\_ Date 9.19.17

Signature indicates bidder accepts the specifications, terms and conditions of this solicitation and that bidder is neither delinquent on any payment due the City nor involved in any lawsuit against the City.

Print Name Larry Trujillo Title Vice President

Are you proposing as a

\_\_\_\_ Corporation

\_\_\_\_ Non-Profit Corporation

☒ Limited Liability Company

\_\_\_\_ Partnership

\_\_\_\_ Individual or Sole Proprietor

**M/WBE:** If you are a minority-owned or woman-owned business, please check which type and list any certification number \_\_\_\_ Black ☒ Hispanic \_\_\_\_ Asia-India \_\_\_\_ Asia-Pacific  
\_\_\_\_ Native American \_\_\_\_ Woman-Owned Certification # \_\_\_\_\_

#### REFERENCES:

This solicitation requires references. Please attach to this page a list of five (5) references either currently doing business with you or having purchased goods or services within the past 24 months. For each reference list name, contact person, address, telephone, and e-mail address, years doing business with reference and any other pertinent information to help the City of Deer Park verify the quality of goods or services your firm provides.



The Merriam Group, LLC  
15716 S. Brentwood  
Channelview, TX 77530  
281.862-2887  
281-862-0754 fax

[www.econocuts.com](http://www.econocuts.com)

## REFERENCES

**Mike Maki**  
**5 years**  
**City of Pasadena**  
**P.O. Box 672**  
**Pasadena, TX 77501**  
**[mmaki@ci.pasadena.tx.us](mailto:mmaki@ci.pasadena.tx.us)**  
**713-740-7062**

**Kristina Cotter**  
**4 years**  
**PMRG**  
**2929 Wesleyan**  
**Houston, TX 77027**  
**[kristinia@2929Weslayan.com](mailto:kristinia@2929Weslayan.com)**  
**713-572-2929**

**Chris Bosler**  
**6 years**  
**Stream Realty Partners**  
**515 Post Oak Blvd, Suite 100**  
**Houston, TX 77027**  
**[cbosler@streamrealty.com](mailto:cbosler@streamrealty.com)**  
**713-300-0318**

**Eric Hammond**  
**6 years**  
**Pearland FEMA lots**  
**3501 E. Orange St**  
**Pearland, TX 77581**  
**[ehammond@pearlandtx.gov](mailto:ehammond@pearlandtx.gov)**  
**281-652-1944**

**Chelsea Bennett**  
**10 years**  
**Woodforest Civic Association**  
**314 Freeport**  
**Houston, TX 77015**  
**[woodforest@comcast.net](mailto:woodforest@comcast.net) 713-453-1503**

# Mowing Service for City of Deer Park

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## STANDARD TERMS AND CONDITIONS

### 1. Application

These standard terms and conditions shall apply to all City of Deer Park (hereafter "City") solicitations and procurements, unless specifically accepted in the solicitation specifications.

### 2. Requirements

By submitting a bid, the respondent agrees to provide the City with the specified goods or services described in the solicitation in accordance with these standard terms and conditions at the agreed upon bid price and in compliance with the stated specifications and any subsequent addendums issued prior to the date of the bid opening.

### 3. Legal Compliance

Bidder must comply with all Federal, State and Local laws, statutes, ordinances, regulations and standards in effect at the time of delivery of goods and services. Bidder must maintain any and all required licenses and certificates required under the same laws, statutes, ordinances, regulations and standards for services and/or goods provided in response to this solicitation.

### 4. Estimated Quantities

If the solicitation calls for unit pricing on specific items, the quantities described for each item are estimates only and not guaranteed amounts. The actual amount ordered over the contract period may be more or less than the estimate. Quantities represent the City's best estimate based on past history and anticipated purchases.

### 5. Modifications and Addendums

The City shall have the right to modify any of the solicitation documents prior to submission deadline and will endeavor to notify potential bidders but failure to notify shall impose no liability or obligation on the City. All modifications and addendums must be in written form prepared by the City department issuing the solicitation. Bidders are responsible for incorporating any and all modifications and addendums into their bid responses.

### 6. Interpretation of Solicitation Documents

The City is the final judge of the meaning of any word(s) sentences, paragraphs or other parts of the solicitation documents. Bidders are encouraged to seek clarification, before submitting a bid, of any portion of the bid documents that appears to be ambiguous, unclear, inconsistent or otherwise in error. Clarifications will be in writing.

### 7. Late Bid

Bids must be received in the City's Secretary's Office by the time specified in the solicitation. The City will not accept late bids and is not responsible for the lateness or non-delivery of bids by the Postal Service or any private delivery firm. The time/date stamp in the City Secretary's Office shall be the official time of receipt.

## Mowing Service for City of Deer Park

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### 8. Conditional Bids

The City will not accept conditional bids which qualify the bid's response in any way.

### 9. Minor Irregularities

The City reserves the right to waive any minor irregularities that do not materially affect the scope or pricing of submitted Bids.

### 10. Responsiveness of Bids

The City wants to receive competitive bids but will declare "non-responsive" bids that fail to meet significant requirements outlined in the solicitation documents.

### 11. Discrepancies and Errors

In the case of a discrepancy between the unit price and the extended total for a bid item, the unit price will prevail. The unit prices of bids that have been opened may not be changed for the purpose of correcting an error in the bid price.

### 12. Identical Bids

In the event two or more identical bids are received and are lowest, responsible and responsive, award will be made as prescribed in the Texas Local Government Code, Chapter 271.901.

### 13. Withdrawal of Bids

Bidders may withdraw any submitted bids prior to the bid submission deadline. Bidders may not withdraw once the bid has been publicly opened without the approval of the City's purchasing manager. Bidder will be allowed to withdraw bids that contain substantial mathematical errors in extension.

### 14. Disqualification of Bid

The City may disqualify bidders, and their bids not be considered, for any of the following reasons: collusion among bids; bid's default on an existing or previous contract with the City, including failure to deliver goods and/or services of the quality and price bid; bidder's lack of financial stability; any factor concerning the bidder's inability to provide the quantity, quality, and timeliness of services or goods specified in the solicitation; bidder's involved in a current or pending lawsuit with City; bidder's attempt to influence the outcome of the solicitation through unauthorized contact with City officials outside of those listed in the solicitation documents.

### 15. Cost of Bid

The cost of submitting bid shall be borne by the bidder, and the City will not be liable for any costs incurred by a bidder responding to this solicitation.

### 16. Inclusive Pricing

Bid pricing is to include all expenses, fees and charges related to the delivery of the specified goods or services. The City will not pay any additional charges other than the bid price unless requested by the City on the bid response sheet.

## Mowing Service for City of Deer Park

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### 17. Firm Prices

Unless otherwise stated in the specifications, bidder's prices remain firm for 120 days from date of bid opening and, upon award, remain in effect for the contract period specified in the solicitation. If formal award has not occurred within 120 days of bid opening, the vendor and the City may mutually agree to extend the firm price period.

### 20. Delivery and Acceptance

The City will receive only those goods as authorized by City purchase order. Bidder warrants that all deliveries relating to this solicitation be of the type and quality specified by the City. The City may refuse or reject any delivery failing to meet specifications and shall not be held to have accepted any delivery until after it has made an inspection of same. The City is the final judge as to acceptability of goods under this solicitation.

### 21. Failure to Deliver

If a bidder is unable to deliver the quantity or quality of specified goods, or is unable to deliver goods within a time period when included in the specifications, the City shall be authorized to purchase from any other available source, consistent with State of Texas procurement statutes, at the expense of the Bidder.

### 22. MSDS

Bidders must submit Material Safety Data Sheets for any hazardous chemical quoted or supplied under this solicitation.

### 23. Taxpayer Identification

Bidders must provide the City with a current W-9 "Request for Taxpayer Identification and Certification" before goods or services can be procured from the bidder.

### 24. Taxes

The City is exempt from all federal excise taxes and all state and local sales and use taxes. If such taxes are listed on a bidder's invoice, they will not be paid. Additionally, Bidders cannot use the City's tax exemption status to purchase goods or services related to this solicitation.

### 25. Payment

Payment will be made after receipt of all invoiced services. Bidder will be paid within thirty days of date invoice is received or date services are performed, whichever is later. Additional discount may be taken by the City based on the Summary Response Page. The discount date begins with the date the invoice is received or the date all items covered by the invoice is received, whichever is later. Bidder is entitled to interest, at a rate stipulated by state law, if payment is not made within thirty days.

### 26. Outstanding Liabilities

Bidders shall not have outstanding, unpaid liabilities owed to the City. Liabilities may include, but are not limited to, property taxes, hotel occupancy taxes, license or permit fees, and water bills. Bids will be considered non-responsible and not given further consideration if submitted by a bidder with such outstanding liabilities.

## Mowing Service for City of Deer Park

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### 27. Offset

The City may, at its option, offset any amounts due and payable under a contract award under this solicitation against any debt lawfully due the City from a vendor, whether or not the amount due arises pursuant to the terms of the contract and whether or not the debt has been reduced to judgment by a court.

### 28. Independent Contractors

It is expressly agreed and understood by both parties that the City is contracting with the successful bidder as an independent contractor. The City shall not be liable for any claims which may be asserted by any third party occurring in connection with services performed by the successful bidder, and the successful bidder has no authority to bind the City.

### 30. Warranties

Bidder warrants that any and all goods delivered are newly manufactured, free from defects in materials and workmanship and conform in every respect to the City's specifications. Goods are warranted for one year from date of acceptance by the City, following delivery and inspection. If at any time during the twelve months following acceptance of the goods, said goods fail to perform their intended purpose or are discovered to be defective on nonconforming to the City's specifications, the bidder will replace the goods at no cost to the City, including any delivery or installation costs. This warranty shall be unconditional. If a manufacturer of goods or of component parts of goods provides a warranty longer than the period provided for herein, the provisions of this warranty shall not be construed to diminish or conflict with the manufacturer's warranty.

### 31. Governing Law

All bids submitted in response to this solicitation and any resulting contract shall be governed by, and construed in accordance with, the charter and ordinances of the City of Deer Park and the laws and court decisions of the City of Deer Park, Harris County, and the State of Texas

### 32. Controlling Document

In the case of a discrepancy between this solicitation and the formal contract, the formal contract will prevail and control.

### 33. Assignment

Bidder shall not assign, transfer, or pledge a contract awarded under this solicitation, in whole or in part, without the prior written consent of the City's purchasing manager. Assignment of this contract, if approved by the City, shall not relieve the bidder's obligations under the contract. Approval by the City of one assignment shall not constitute approval of any future assignment of the contract.

### 34. Termination

If an awarded bidder fails in any manner to fully perform each and all of the terms, conditions and covenants of a contract awarded by this solicitation, (s)he shall be in default and notice of default shall be given to the proposed by the City's purchasing manager. In the event that the contractor continues in default for a period of seven (7) days after receipt of the above-mentioned notice of default, the City may terminate or cancel the contract. The City may also cancel a contract for convenience and without cause with thirty (30)



## Mowing Service for City of Deer Park

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days' notice. In any cancellation of contract, the City will pay the bidder for all goods received and accepted and for all services provided and accepted up to and including the date of termination.

### 35. Indemnification

Bidder shall defend, indemnify, and hold harmless the City of Deer Park, its officers, agents, employees, appointees and volunteers against any and all claims, lawsuits, judgments, costs and expenses for personal injury (including death), property damage or other harm for which recovery of damages is sought, suffered by any person or persons, that may arise out of or be occasioned by bidder's breach of any of the terms or provisions of any contract awarded as a result of this solicitation, or by any negligent or strictly liable act or omission of the bidder, its officers, agents, employees, or subcontractors, in the performance of an awarded contract; except that the indemnity provided for in this paragraph shall not apply to any liability resulting from the sole negligence or fault of the City, its officers, agents or employees, and in the event of joint and concurrent negligence or fault of the bidder and City, responsibility and indemnity, if any, shall be apportioned comparatively in accordance with the laws of the State of Texas, without waiving any governmental immunity available to the City under Texas law and without waiving any defenses of the parties under Texas law. The provisions of this paragraph are solely for the benefit of the parties hereto and are not intended to create or grant any rights, contractual or otherwise, to any other person or entity.

### 36. Venue

The obligations of all parties under a contract awarded through this solicitation are performed in Harris County, Texas and if legal action is necessary to enforce same, exclusive venue shall be within Harris County, Texas.

### 37. Funding

State of Texas statutes prohibit the obligation and expenditure of public funds beyond the fiscal year for which a budget has been approved. Orders or other obligations that may arise beyond the end of the current fiscal year shall be subject to approval of budget funds.

### 39. Open Records

Bid pricing is not considered confidential and is open to public inspection. Trade secrets and other material considered confidential by the bidder should be clearly marked as such. If a request is made under the Texas Open Records Act to inspect information designated as a trade secret or confidential in a bid, the City will forward the appropriate documents to the Attorney General of Texas who will contact the bidder to request sufficient written reasons as to why the information should be protected from disclosure. Upon review of the bidder's response, the Attorney General will make a determination as to the confidentiality of the requested material(s), or lack thereof, and the City will respond accordingly.

# Mowing Service for City of Deer Park

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## GENERAL INSTRUCTIONS TO BIDDERS Attachment A

### 1. Securing Specifications

Free specifications may be downloaded from the Purchasing page of the City's Web site, [www.deerparktx.gov](http://www.deerparktx.gov). The City of Deer Park does not charge for specifications. If a third-party offers specifications or bid information for a fee, they do not represent the City.

### 2. Submission of Bids/Late Bids

Bid pricing must be in US dollars and cents, unless a "percentage off" is requested. Bidders are to provide enough information with their bid to constitute a definite, firm, unqualified and unconditional offer. Bids are to be submitted in a sealed envelope or package and labeled with the bidder's name and the solicitation name & number. All bids must be submitted to the City of Deer Park Purchasing Division no later than the date and time indicated in the solicitation. All times listed are local times. It is the bidder's responsibility to ensure that bids are delivered/received by the specified time. Late bids will not be accepted and will be returned unopened.

### 3. Legal Name of Bidder

In completing the Summary Response Page, the bidder must list the legal name of the bidder's company. This is the name that will be on all contracts, awards, and purchase orders. The Summary Response Page also requires a statement as to the legal status of the bidder (corporation, partnership, sole proprietorship, etc.). The Summary Response Page should be the first document in the bidder's response.

### 4. Signature

The signature on the Summary Response Page must be in ink and from an individual with the authority to commit the company to the prices bid and terms stated.

### 5. Altered Bids

Any alterations, erasures or strikethroughs made by the bidder prior to submission of the bids must be initialed by the bidder to guarantee authenticity.

### 6. Payment Terms, Discount & Type of Payment

Bidder may express the method(s) in which he or she wishes to receive payment. If invoice states a payment term discount offer, the City will take advantage of this discount and payment will be made accordingly.

### 7. References

References are requested. The Summary Response, Page 20, will indicate how many references and what other conditions may apply to the references. Bidder will attach a separate page with the requested references.

## Mowing Service for City of Deer Park

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### 8. Conflict of Interest

Bidders should review the instructions on conflict of interest (Attachment E). Bidders are to complete and submit the Conflict of Interest form (Attachment E), when a conflict of interest exists.

### 9. Addendums

It is the bidder's responsibility to alter his bid response based on information updated in one or more addendums to the solicitation. Addendums will be posted on the Purchasing solicitation page of the City's Web site at least four days before the bid due date. Efforts will be made to ensure that bidders receive notice of addendums, but the ultimate responsibility rests with the bidder.

### 10. Exceptions

If a bidder takes exception to any part of the specifications or solicitation documents, such exception must be requested in writing, to the Purchasing agent/manager listed in the solicitation, at least six business days before the bid due date or within 24 hours of a pre-bid meeting, whichever is earlier. Approved exceptions will be included in an addendum.

### 11. Checklist

A bidder's checklist (Attachment C) is included with the solicitation package. The checklist is an aid to the bidder in knowing which documents to submit.

## Mowing Service for City of Deer Park

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### SPECIAL INSTRUCTIONS TO BIDDERS Attachment B

#### 1. Proposing Process/Contact Information

The City of Deer Park is aware of the time and effort bidders spend in preparing and submitting bids. We will work with you to make the process as easy as possible. If you have questions or concerns about the proposing process, please contact:

Tracy Peterson, Purchasing Coordinator  
tpeterson@deerparktx.org  
(281) 478-7228

#### 2. Method of Award

Based on the criteria identified above the City of Deer Park reserves the right, at its sole discretion, to accept the bid which it considers most favorable to the City's interest.

The City of Deer Park reserves the right to require formal presentations by any or all bidders regarding their bid. Any costs associated with a presentation shall be the responsibility of the bidder.

The City of Deer Park reserves the right to accept or reject any qualified bids, to reject any and all bids and to waive minor informalities.

#### 3. Public Bid Opening

A public bid opening will be held at City Hall, 710 East San Augustine, Deer Park, TX 77536 in the City Council Chambers

#### 4. Insurance Requirements

This solicitation has insurance requirements. Please review the requirements with your insurance agent and submit insurance affidavit (Attachment F) with your bid.

#### 5. Required Contract

This solicitation requires a signed contract prior to award.

## Mowing Service for City of Deer Park.

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### CHECKLIST FOR BIDS Attachment C

Documents to be submitted in response to this request for bid (REQUEST FOR BID)

- ☒ **BID PRICING PAGE:** All lines completed
- ☒ **BID RESPONSE:** Completed Summary Response Page
- ☒ **DUE DATE** (Bid must be received & stamped in City Secretary's Office no later than 2:00 PM on September 19, 2017)

*Bids failing to comply with the above will be deemed non-responsive.*

*These items are to be submitted with your response; however, if a document is inadvertently omitted, it must be received before award recommendation.*

- ☒ **Five (5) ADDITIONAL HARD COPY AND ONE (1) PDF DIGITAL COPY OF BID**
- ☒ **CONFLICT OF INTEREST STATEMENT** (If applicable) (Attachment E)
- ☒ **OPERATIONAL PLAN** (As requested on the Summary Response Page)
- ☒ **REFERENCES** (As requested on the Summary Response Page)
- ☒ **INSURANCE AFFIDAVIT** (Attachment F)
- ☒ **INDEMNIFICATION BY CONTRACTOR** (Attachment G)
- ☒ **CONTRACTOR'S CERTIFICATION OF WORKERS' COMPENSATION** (Attachment H)
- ☒ **STANDARD CONTRACT AND ACKNOWLEDGMENT** (Attachment J or K)
- ☒ **STANDARD CONTRACT FOR SERVICES** (Attachment L)
- ☒ **PARTNERSHIP ACKNOWLEDGMENT** (If applicable) (Attachment M)

## Mowing Service for City of Deer Park

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### INSTRUCTIONS FOR CONFLICT OF INTEREST QUESTIONNAIRE Attachment D

1. If you have a conflict of interest in doing business with the City of Deer Park, use Attachment E, Conflict of Interest questionnaire, conflicts of interest are addressed in Texas Local Government Code, Chapter 176.
2. You may consult your attorney on questions arising from the reading of Texas Local Government Code, Chapter 176, and you may contact the Texas Ethics Commission at 512-463-5800 or 800-325-8506.
3. If you complete Attachment E, Conflict of Interest questionnaire:
  - Put the name of bidder and name of company in block #1.
  - If any person employed by bidder or bidder's company has any known business conflicts, other than previous contracts awarded through a competitive proposing process, or has an existing relationship with any employee of the City of Deer Park, list that information in blocks #3, #4 and/or #5 as appropriate.
  - Sign in block #6.
4. Listings of City elected officials and local government officers may be found on the City's Web site: [www.deerparktx.gov](http://www.deerparktx.gov).
5. A person failing to file a Conflict of Interest questionnaire, when required by Local Government Code, Chapter 176, commits a Class C misdemeanor.

## Mowing Service for City of Deer Park

### AFFIDAVIT FOR INSURANCE REQUIREMENTS Attachment F

#### To Be Completed By Insurance Agent/Broker and Bidder

**Section 1** I, the undersigned Agent/Broker, reviewed the insurance requirements. If the Bidder listed below is awarded a contract by the City of Deer Park for this Request for Bid, I will furnish the City, within fifteen calendar days of notification of award, an insurance certificate and Declaration Page with Endorsements to show that all insurance requirements have been met, including naming the City of Deer Park as additional insured.

Agent's Name: Becky Khan

Agency Name: Highpoint Ins. Group, LLC

Address: 1150 Clear Lake City Blvd # 201

City/State/ZIP: Houston, TX 77062

Telephone No: ( ) 281 204 8770 E-mail Address: bkhan@hpigrp.com

Bidder's Name/Company: Merriam Group, LLC

Name of Request for Bid: \_\_\_\_\_

Insurance Agent/Broker Signature: BKhan Date: \_\_\_\_\_

**Section 2** If the above fifteen day requirement is not met, the City of Deer Park has the right to reject this bid and award the contract to the next lowest Bidder meeting specifications or to the next most favorable bid. Questions concerning these requirements, and requests for exceptions, must be submitted by date included in Bidders' Instructions.

By submitting a bid and signing below I affirm the following: I am aware of all costs to provide the required insurance, will do so pending contract award, and will provide a valid insurance certificate meeting all requirements and policy endorsement within fifteen calendar days of notification of award. I further agree to the indemnification statement listed in the insurance requirements.

9/19/17

Signature: BKhan Date: \_\_\_\_\_

TEXAS DEPARTMENT OF AGRICULTURE  
COMMISSIONER SID MILLER  
P. O. BOX 12847 AUSTIN, TEXAS 78711-2847  
(877) LIC-AGRI (877-542-2474)

For the hearing impaired: (800) 735-2989 TDD (800) 735-2988 VOICE  
[www.TexasAgriculture.gov](http://www.TexasAgriculture.gov)



**COMMERCIAL PESTICIDE APPLICATOR LICENSE**

This is to certify that the person whose name appears below has met the requirements of Texas Agriculture Code Chapter 76, relating to application of restricted-use or state-limited-use pesticides or regulated herbicides. This license is issued for purchase and application of restricted-use or state-limited-use pesticides or regulated herbicides to be used according to label directions consistent with the use categories listed below.

NICOLE MERRIAM  
15716 S BRENTWOOD ST  
CHANNELVIEW TX 77530

TDA Client No:	00567300
License No:	0747261
Effective Date:	September 14, 2016
Expires:	September 30, 2017
Categories:	



3A



## Mowing Service for City of Deer Park

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### INDEMNIFICATION BY CONTRACTOR

#### Attachment G

The contractor agrees to defend, indemnify, and hold harmless the City of Deer Park, its officers, agents, employees, appointees and volunteers against any and all claims, lawsuits, judgments, costs and expenses for personal injury (including death), property damage or other harm for which recovery of damages is sought, suffered by any person or persons, that may arise out of or be occasioned by contractor's breach of any of the terms or provisions of this contract, or by any negligent or strictly liable act or omission of contractor, its officers, agents, employees, or subcontractors, in the performance of this contract; except that the indemnity provided for in this paragraph shall not apply to any liability resulting from the sole negligence or fault of the City, its officers, agents or employees, and in the event of joint and concurrent negligence or fault of contractor and City, responsibility and indemnity, if any, shall be apportioned comparatively in accordance with the laws of the State of Texas, without waiving any governmental immunity available to the City under Texas law and without waiving any defenses of the parties under Texas law. The provisions of this paragraph are solely for the benefit of the parties hereto and are not intended to create or grant any rights, contractual or otherwise, to any other person or entity.

Contractor further agrees to defend, at its own expense, and on behalf of City and in the name of City, any claim or litigation brought in connection with any such injury, death, or damage.

The liability that is assumed by Contractor under the terms of this paragraph shall not exceed the sum of the required amount of liability coverage to be carried by the Contractor under this contract.

CONTRACTOR (Company Name) Merriam Group, LLC  
SIGNATURE [Signature]  
PRINTED NAME Larry Trujillo  
PRINTED TITLE Vice President

# Mowing Service for City of Deer Park

## CONTRACTOR'S CERTIFICATION OF WORKERS' COMPENSATION Attachment H

I, Becky Khan, an authorized  
(Name) Highpoint Insurance Agency  
representative of Merriam Group LLC DBA Econocuts, do certify that the  
(Insurance Agency)  
Workers' compensation policy, of the insured Merriam Group LLC DBA Econocuts,  
(Contractor)

On the "Standard Certificate of Insurance Form for the City of Deer Park" meets all current  
Texas state laws and requirements.

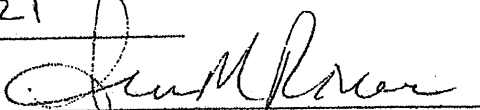
By: Becky Khan Address: 1150 Clear Lake City Blvd Suite 201  
Houston, Texas 77062

Title: Corporate Risk Advisor Date: 9/19/17

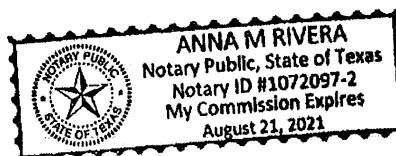
On this 19 day of Sept., 2017, personally appeared Becky Khan  
an authorized representative of Highpoint Insurance Agency  
(Insurance Agency)

Known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me  
that he/she executed the same for the purpose of certifying that the Insured is covered by worker's  
compensation in accordance with current Texas state laws.

My commission expires: 8/21/21



Notary Public In and For the State of Texas



# Mowing Service for City of Deer Park

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## Attachment I

**NO BONDING**

**REQUIREMENTS**

**FOR THIS Request for Bid**

## Mowing Service for City of Deer Park

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### STANDARD CONTRACT AND ACKNOWLEDGMENT Attachment J

STATE OF TEXAS

COUNTY OF HARRIS § KNOW ALL PERSONS BY THESE PRESENTS:

CITY OF DEER PARK

I.

Conditioned upon Bidder being awarded by the Deer Park City Council, or award being made administratively, the solicited items set out in this Request for Bid and upon order of the City of Deer Park, Texas, a municipal corporation located in Harris County, Texas and incorporated as a home rule city under the Constitution of the State of Texas ("City"), Bidder does hereby agree to furnish and/or deliver to City in accordance with the terms of Bidder's submitted Bid and the Specifications in above referenced Request for Bid, the services listed as awarded to Bidder in the Deer Park City Council resolution awarding such services, or listed in the Administrative Award. Execution of said Resolution or Administrative Award shall evidence City's acceptance of this contract.

II.

City agrees to pay Bidder for services at the unit price listed upon the Bid Page and Specifications or at the negotiated rate determined by the Bidder's bid and any subsequent modifications agreed to by both Bidder and the City, with payment being subject to any discount terms stated or agreed upon, and subject to any payment terms contained elsewhere within the solicitation documents, this contract and its attachments. Any purchase of services so that the cumulative total of payments under this contract exceeds the amount authorized in the City Council Resolution awarding bid to Bidder may require additional authorization.

III.

It is understood that the following documents, to wit: the Notice to Bidders, the Standard Terms and Conditions, the General Instructions to Bidders, the Special Instructions to Bidders, the Specifications, the Bid Page or Bid, and the Summary Response Page are hereby made a part and parcel of this contract and incorporated herein for all purposes.

IV.

The date of any payment, whether net or gross, shall be determined by calculating the number of days after receipt of invoices from Bidder, or after reasonable verification as to the requirements specified, whichever is later.

V.

Venue of any court action brought directly or indirectly by reason of this contract shall be in Harris County, Texas. This contract is made and is to be performed in Harris County, Texas.

VI.

If Bidder fails in any manner to fully perform each and all of the terms, conditions and covenants of this contract, he shall be in default and notice of default shall be given to Bidder by the Purchasing Agent of the City. In the event that Bidder continues in default for a period of seven (7) days after receipt of the above-mentioned notice of default, City may terminate or cancel this contract or at its option may purchase similar services on the open market and recover from Bidder any difference in price thereof.

## Mowing Service for City of Deer Park

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SIGNED this the 19<sup>th</sup> day of September, A.D. 2017.

Signature \_\_\_\_\_

Name Larry Trujillo

Title VP

Company Name Merriam Group, LLC

Mowing Service for City of Deer Park

STANDARD CONTRACT AND ACKNOWLEDGMENT  
CORPORATE ACKNOWLEDGMENT  
Attachment K

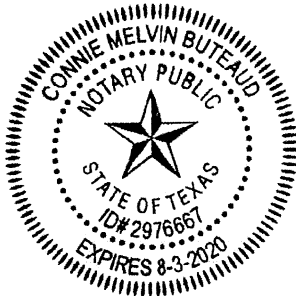
THE STATE OF Texas  
COUNTY OF Harris

BEFORE ME, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared:

Larry Trujillo  
(Print Name)  
Vice President  
(Print Title)

of the corporation known as Merriam Group, LLC, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of said corporation, that he or she was duly authorized to perform the same by appropriate resolution of the board of directors of such corporation and that she or he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 17<sup>th</sup> day of September, A.D., 2017



[Signature]  
Notary Public In and For  
Harris County, Texas  
My Commission expires:  
8/3/20

## Mowing Service for City of Deer Park

### STANDARD CONTRACT FOR SERVICES

#### Attachment L

STATE OF TEXAS

COUNTY OF HARRIS

THIS AGREEMENT, made and entered into this \_\_\_\_ day of \_\_\_\_\_ A.D. 20\_\_, by and between **The City of Deer Park**, of the County of Harris and the State of Texas, acting through It's Mayor, **Jerry Mouton**, thereunto duly authorized so to do, Party of the First Part, hereinafter termed **OWNER**, and Larry Trujillo of Merriam Group, LLC County of Harris

Name of Contractor Contractor's City Name of County

and State of Texas, Party of the Second Part, hereinafter termed **CONTRACTOR**.

WITNESSETH: That for and in consideration of the payments and agreements hereinafter mentioned, to be made and performed by the Party of the First Part (OWNER), the said Party of the Second Part (CONTRACTOR), hereby agrees with the said Party of the First Part (OWNER) to commence and complete the services of certain services described as follows:

#### Mowing Service for City of Deer Park

Name of Project

and all extra work in connection therewith, under the terms as stated in the General Conditions of the Agreement and at his (or their) own proper cost and expense to furnish all the materials, and supplies, machinery, equipment, tools, superintendence, labor, insurance, and other accessories and services necessary to complete the said services, in accordance with the conditions and prices stated in the Bid attached hereto, printed or written explanatory matter thereof, and the Specifications and addenda thereof, as prepared by the City of Deer Park, herein entitled the CITY, each of which has been identified by the CONTRACTOR and the CITY, together with the CONTRACTOR'S written Bid, the General Conditions of the Agreement, all of which are made a part hereof and collectively evidence and constitute the entire contract.

The CONTRACTOR hereby agrees to commence work within thirty (30) days after the date written notice to do so shall have been given to him, and to substantially complete the same within \_\_\_\_ working days after the date of the written notice to commence work, subject to such extensions of time as are provided by the General and Special Conditions.

The OWNER agrees to pay the CONTRACTOR in current funds the price or prices shown in the bid, which forms a part of this contract, such payments to be subject to the General and Special Conditions of the Contract.

## Mowing Service for City of Deer Park

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IN WITNESS WHEREOF, the parties to these presents have executed this Agreement in the year and day first above written.

**The City of Deer Park**

Party of the First Part

(OWNER)

By: \_\_\_\_\_

Mayor Jerry Mouton

\_\_\_\_\_  
Party of the Second Part

(CONTRACTOR)

By:  \_\_\_\_\_

Title: Vice President

Attest By: \_\_\_\_\_

Attest By: \_\_\_\_\_

(SEAL)

(SEAL)



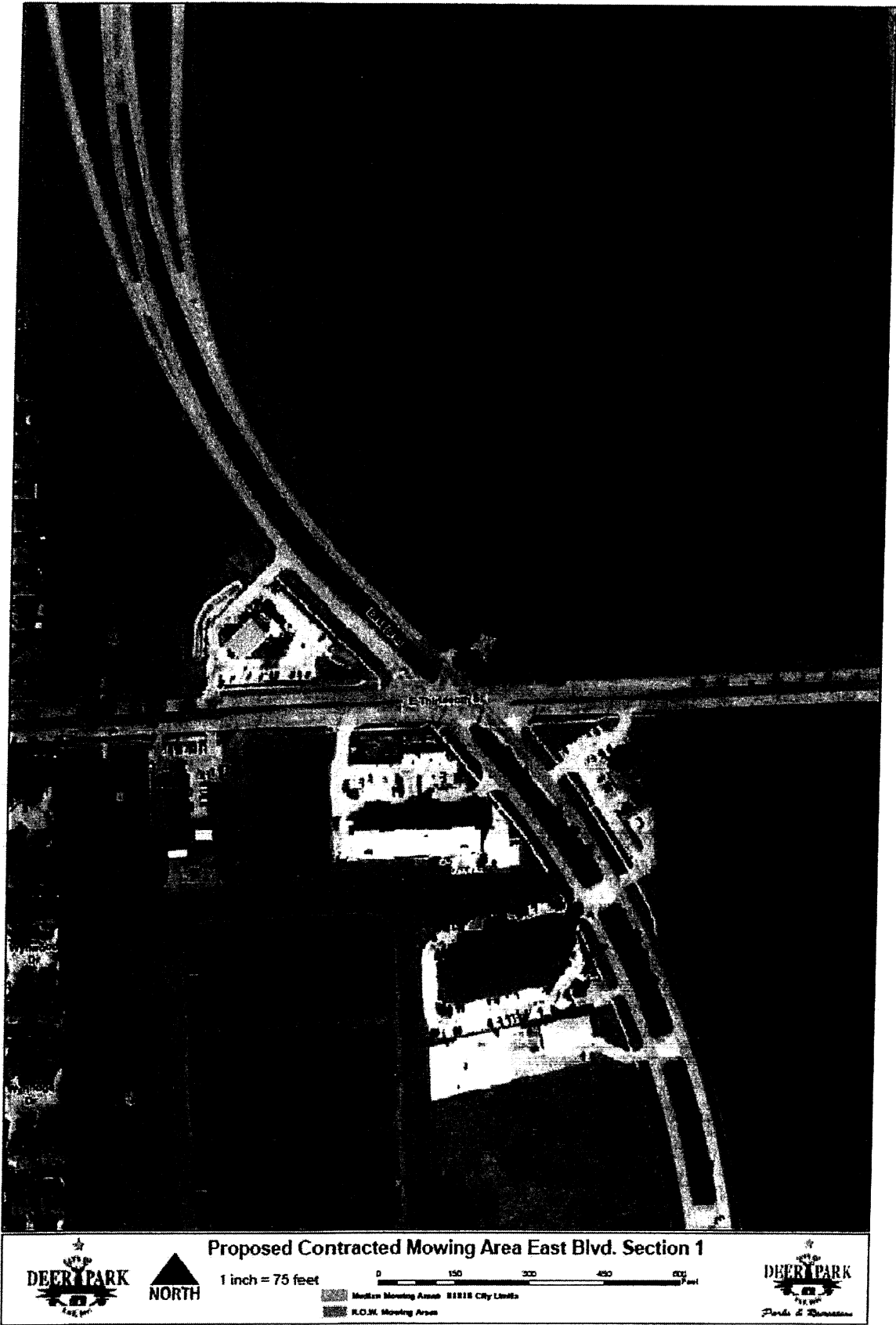
## Mowing Service for City of Deer Park

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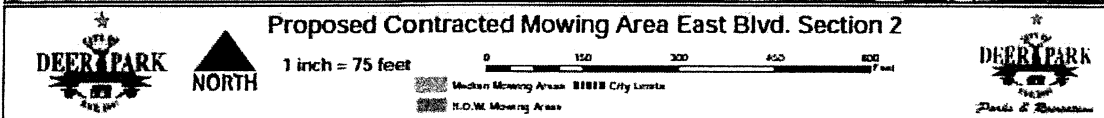
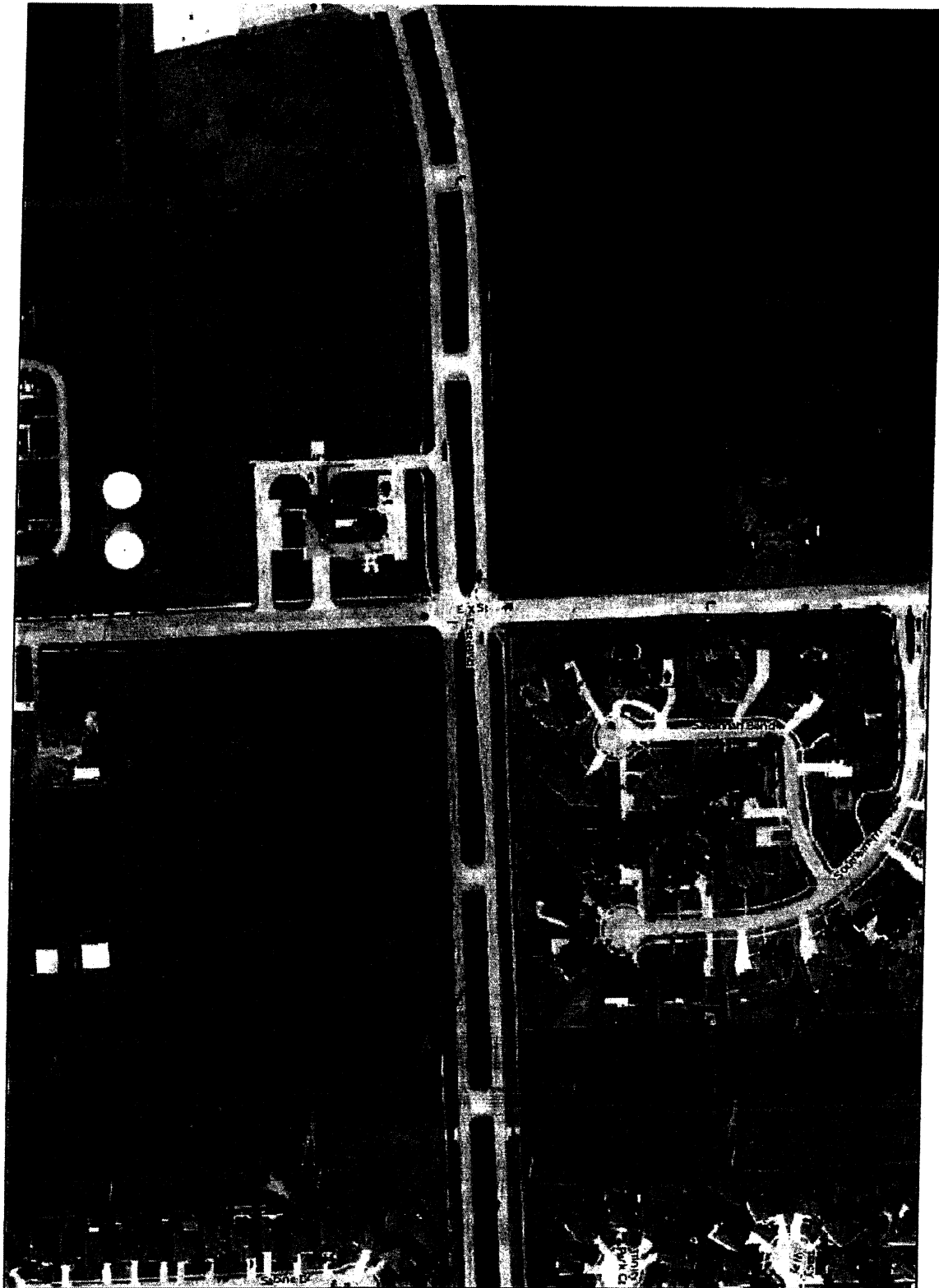
### Sample Mowing Services Map

#### Attachment N

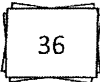
Mowing Service for City of Deer Park



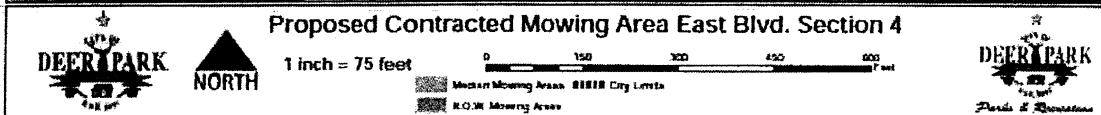
# Mowing Service for City of Deer Park



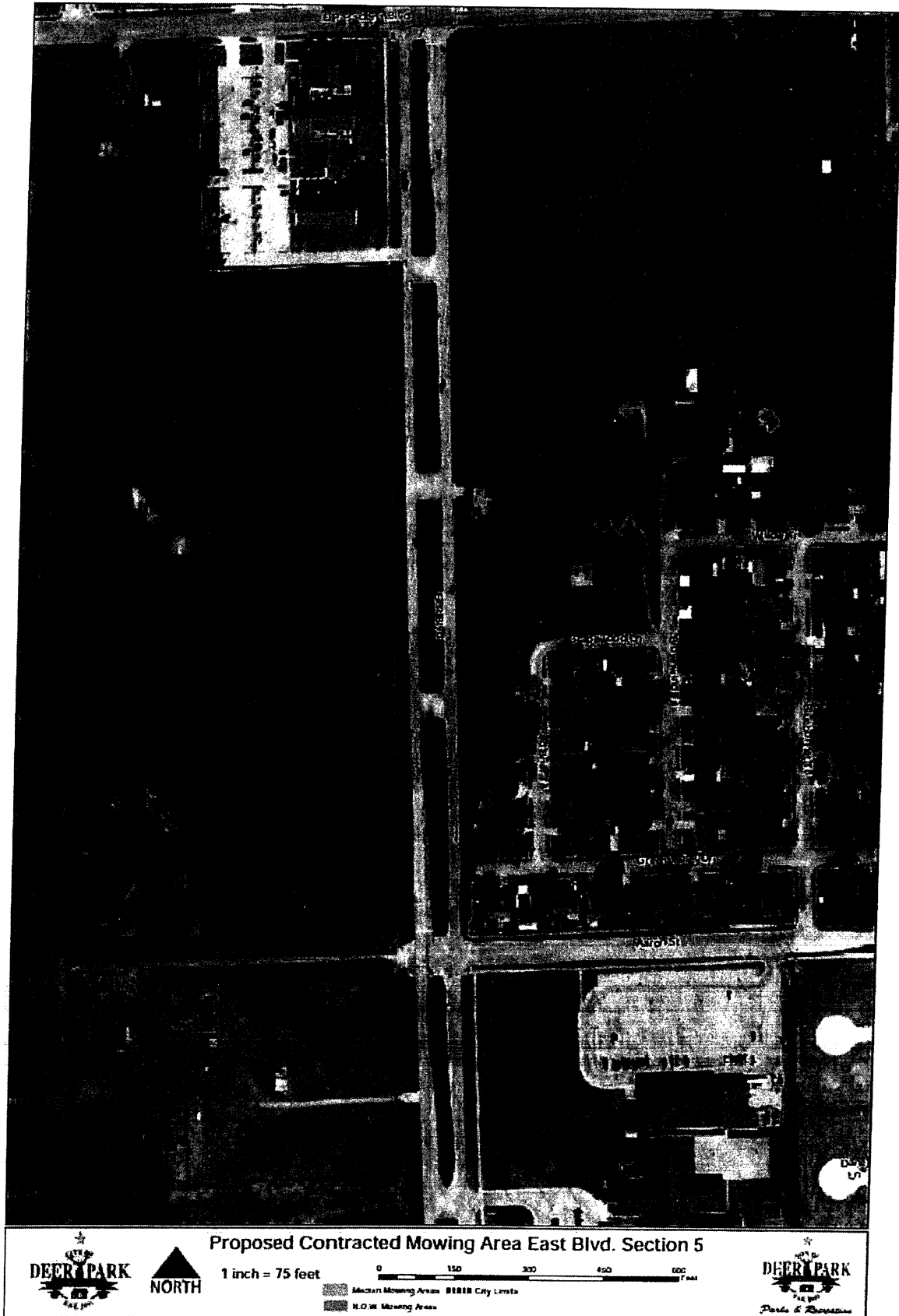
\_\_\_\_\_



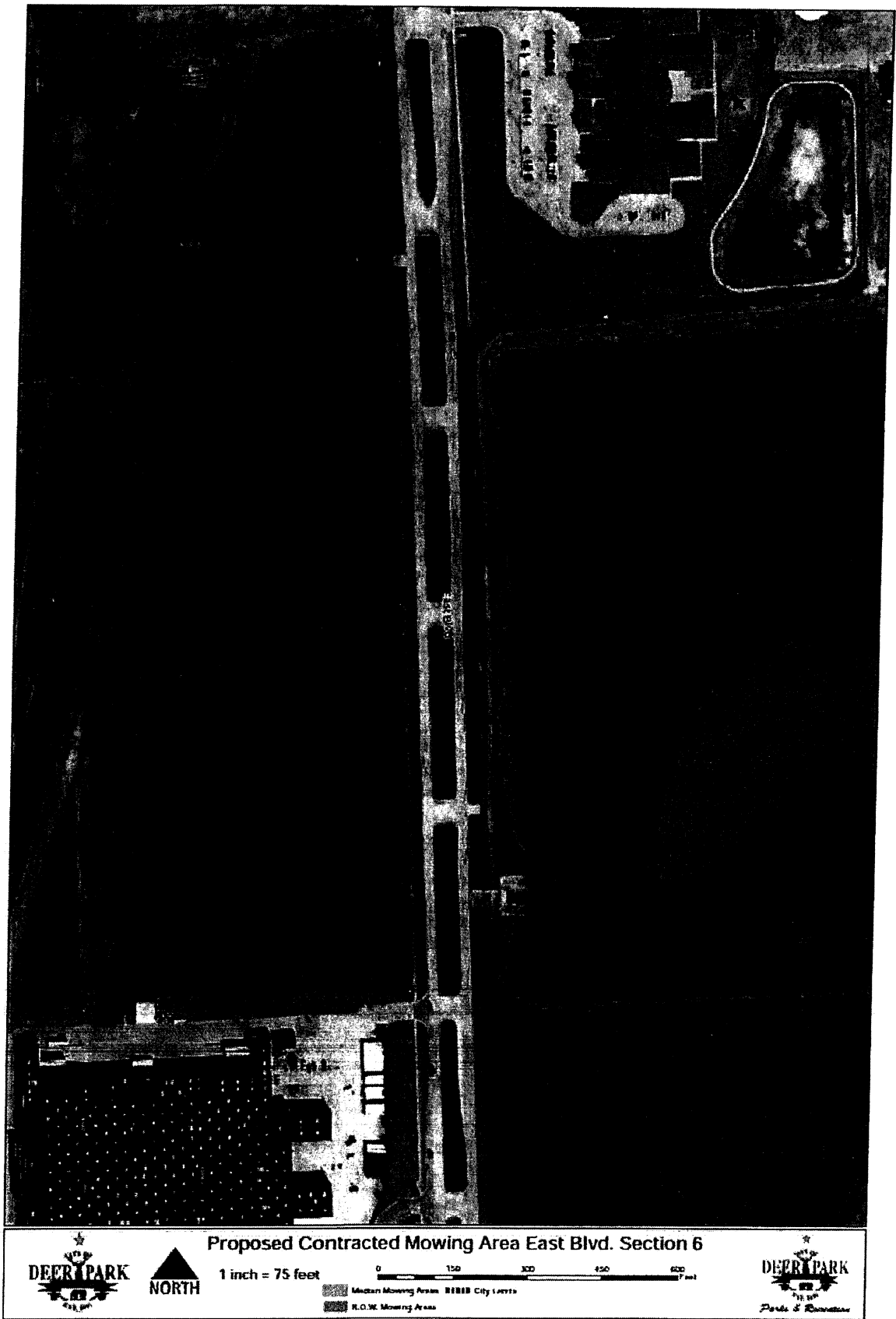
## Mowing Service for City of Deer Park



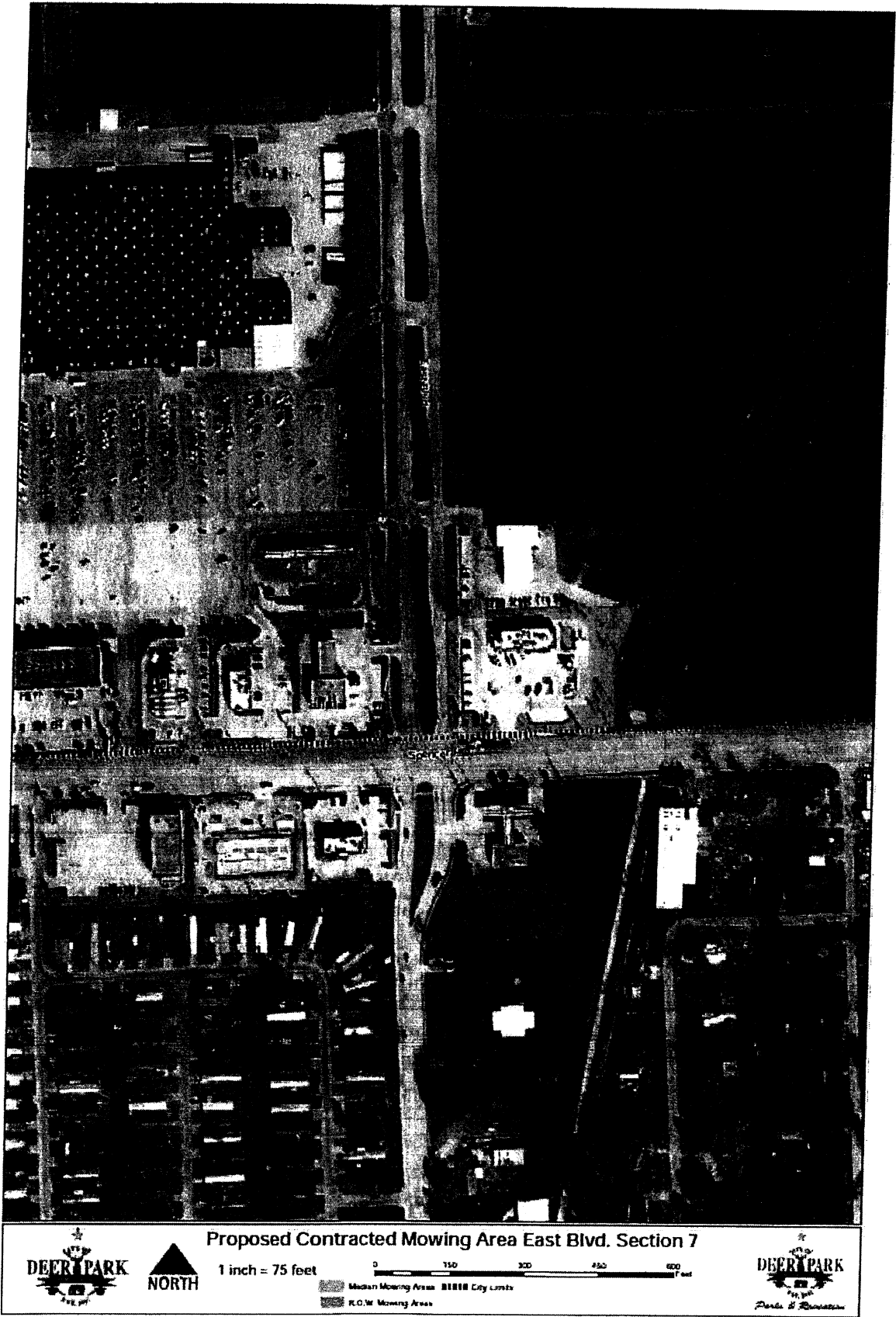
## Mowing Service for City of Deer Park



Mowing Service for City of Deer Park



Mowing Service for City of Deer Park







## Legislation Details (With Text)

**File #:** AGR 19-013    **Version:** 1    **Name:**  
**Type:** Agreement    **Status:** Agenda Ready  
**File created:** 3/8/2019    **In control:** City Council  
**On agenda:** 3/19/2019    **Final action:**  
**Title:** Consideration of and action on entering into an agreement with RVi for professional services for the North East Hike and Bike Trails.  
**Sponsors:** Public Works  
**Indexes:**  
**Code sections:**

**Attachments:** [20181002171141418](#)  
[rt15005-fed-award](#)  
[AGREEMENT FOR ARCHITECTURAL SERVICES - RVi Northeast Trail](#)

Date	Ver.	Action By	Action	Result
3/19/2019	1	City Council		

Consideration of and action on entering into an agreement with RVi for professional services for the North East Hike and Bike Trails.

New 2.6 mile trail, signs, trail heads, benches, water fountains, bike racks, resource surveys and engineering for the NE Hike & Bike Trail System.

This will be funded through the Federal Highway Administration Grant RT15005 to the City of Deer Park for the construction and renovation of the above and City of Deer Park Grant Funds.

This agreement replaces the agreement that was previously approved at the February 19, 2019 Council Meeting. The previous contract document did not include some of the updated legal verbiage that the City now requires.

### Fiscal/Budgetary Impact:

\$200,000    Federal Highway Administration and Texas Parks & Wildlife Department

\$170,000    City matching funds

\$31,500    RVi Architectural Services funded by both FHA / TPWD Grant funds and City match funds

Authorize to enter into an agreement with RVi for professional services for the NE Hike and Bike

Trails.

**TEXAS PARKS AND WILDLIFE**

**Recreation Grants Branch**

**RECREATIONAL TRAILS PROGRAM GRANT AGREEMENT**

TPWD Contract Number: **514534**

FAIN Number: **48RT15005M94E**

Unique Entity Identifier (DUNS): **074183351**

CFDA: **20.219**

Project Number: **RT015005**

Sponsor Name: **CITY OF DEER PARK**

Project Name: **NORTH EAST HIKE AND BIKE TRAIL**

Project Period: **FROM 04-05-2018 TO 06-30-2022**

Total Project Cost: **\$250,000.00**

Approved Federal Funds: **\$200,000.00 (80%)**

**PROJECT SCOPE AND LOCATION:**

This subaward is funded through the Federal Highway Administration (hereinafter **FHWA**), Grant **RT15005** to the **City of Deer Park** (hereinafter **Sponsor**) for the construction and renovation of **new 2.6 miles +/- recreational trail, signs, trailheads, benches, water fountains, bike racks, resource surveys and engineering at North East Hike and Bike Trail** under the authority of the Recreational Trails Grant Program, (CFDA# 20.219) issued to Texas Parks and Wildlife Department, Recreational Trails Program (hereinafter **TPWD**) on date of award **April 05, 2018**. All publications arising from this project shall acknowledge TPWD, as well as FHWA, as funding sources.

**Sponsor is authorized to construct new 2.6 miles +/- recreational trail, signs, trailheads, benches, water fountains, bike racks, resource surveys and engineering at North East Hike and Bike Trail in Deer Park, Texas.**

**TPWD and Sponsor agree that the total cost of the Project is Two Hundred Fifty Thousand Dollars (\$250,000.00) and that reimbursement to Sponsor for work performed under this agreement will not exceed Eighty Percent (80%) of the project cost up to the grant funds approved, Two Hundred Thousand Dollars (\$200,000.00). Sponsor will be paid up to \$200,000.00 after submitting acceptable billings to TPWD for approved work.**

Location of the project is in **Deer Park, Texas.**

\*\*\*\*\*

This grant agreement (hereinafter **Agreement**), as defined in 2 CFR, 200.51, is made and entered into by and between the **TPWD** and the **Sponsor**, with respect to the above described project (hereinafter **Project**) as follows:

1. This grant is approved to construct **new 2.6 miles +/- recreational trail, signs, trailheads, benches, water fountains, bike racks, resource surveys and engineering at North East Hike and Bike Trail in Deer Park, Texas.** **Sponsor** shall submit to **TPWD** any required resource surveys, an aerial or satellite image, and ground-level color digital photos, which together show precise locations of all project components before the project begins. Work on the ground (construction) may not proceed until these documents are approved by the **TPWD**. **Any construction costs incurred prior to the receipt of the Notice to Proceed with construction will not be eligible for reimbursement.**
2. **Sponsor** agrees to submit complete signed and sealed construction plans and specifications to **TPWD** and to construct the Project as specified in this agreement; and **register the Project with the Texas Department of Licensing and Regulation (TDLR) – “Elimination of Architectural Barriers Program.”**
3. All construction shall be in compliance with all laws and regulations duly adopted by governmental agencies of competent jurisdiction including meeting current Americans with Disabilities Act compliance for Outdoor Developed Areas.
4. Any cultural and/or paleontological resource (historic or prehistoric site or object) that is discovered by the **Sponsor**, or any person working on the **Sponsor's** behalf, shall be immediately reported to **TPWD/FHWA** and the State Historic Preservation Officer. The **Sponsor** shall stop all operations in the area of potential effect until written authorization to proceed is issued by the **TPWD/FHWA** after determination of appropriate actions to prevent the loss of significant cultural, religious, or scientific values.
5. After completion of the Project and final payment by **TPWD**, **Sponsor** shall assume sole responsibility for facility operation including area security and/or surveillance, maintenance and repairs for a minimum of twenty (20) years.
6. Local regulations may be adopted by **Sponsor** pursuant to Section 31.092 of the Parks and Wildlife Code. It is understood and agreed that **Sponsor** shall not designate public space served by the Project as areas restricted from use by the general public without **TPWD** approval. Violation of this covenant by **Sponsor** shall require 100% reimbursement to **TPWD** of the costs of the Project.
7. This project is being funded with federal funds generated by a rebate of off-highway vehicle fuel tax through the Recreational Trail Program administered by **TPWD**. As such, the property must be open to the general public and maintained for a minimum of twenty years.
8. **TPWD** will provide the **Sponsor** with advisory assistance within its capabilities.
9. **Sponsor** shall submit Performance reports (status reports) through the Recreation Grants Online (RGO) system (<https://tpwd-recgrants.fluidreview.com>). Performance reports are

due on 15<sup>th</sup> day of the month following the end of each calendar quarter. Reports must contain sufficient text and photographic detail to inform **TPWD** of the current status of the grant project components. Each report must contain clear color ground-level digital photos of the work site and each project component at the time the report is written and approved. The report must describe in detail any progress, delays or problems occurring within the grant period covered by the report. The final Performance report must summarize all work completed (or not completed) and contain photos showing the overall site, and the site of each individual project component, both before work began and after the project is completed.

10. The **Sponsor** will submit financial reports with each reimbursement request submitted quarterly through the RGO system. The reports should be in the form of an updated budget summary of the project elements showing total costs to date. Frequency of submission of reimbursement requests can be as needed, but they should be submitted at least quarterly to show financial activity of the grant.
11. Cost Sharing or Match: The minimum non-federal match requirement is 20% of total cumulative expenditures. No more than 80% of cumulative costs will be reimbursed.
12. Under the terms and conditions of this award, Sponsor must maintain an active System for Award Management (SAM) registration at <https://www.sam.gov/portal/public/SAM/> until the final financial report is submitted or final payment is received, whichever is later. If Sponsor's SAM registration expires during the required period, the FHWA will suspend payment under this and all other FHWA awards to Sponsor until it updates its SAM registration
13. **TPWD** will perform a final site inspection at the completion of the project. Progress inspections may be performed at the discretion of **TPWD**.
14. **Sponsor** will maintain adequate records to support all claims for reimbursement and submit to **TPWD** copies of all expenditures to be charged against the Project. Financial records shall be retained by **Sponsor** for three years (3) after satisfaction of all Uniform Administrative Requirements for Grants and Cooperative agreements to State and Local Governments. Other records such as construction plans and this agreement shall be maintained for the period specified in **2 CFR 200.333** Retention requirements for records.
15. **Sponsor** understands that acceptance of funds under this agreement acts as acceptance of the authority of the State Auditor's Office, **TPWD** or any successor agency, to conduct an audit or investigation in connection with those funds. **Sponsor** further agrees to cooperate fully with the State Auditor's Office, **TPWD** or any successor in the conduct of the audit or investigation, including providing all records requested. **Sponsor** will ensure that this clause concerning the authority to audit funds received indirectly by subcontractors through **Sponsor** and the requirement to cooperate is included in any subcontract it awards. This right to audit provision includes the right of the applicable federal agencies and the federal Office of the Inspector General to audit.
16. Amendments or change orders to this agreement shall be requested in writing by the Sponsor and submitted through the RGO system. **TPWD** will review and approve or disapprove amendments or change orders in concurrence with **FHWA**.

17. In the event the cost of construction is below the maximum amount authorized, the Sponsor may, at its discretion, include additional improvements or appurtenances on each designated site as long as the Project total cost figures are not exceeded; provided, however, such improvements or appurtenances are first approved in writing by **TPWD** and **FHWA**.
18. Awards are based on the application and supporting documentation submitted to and approved by **TPWD** and **FHWA**. Acceptance of this grant carries with it the responsibility to be aware of and comply with Program legislation, Federal regulations, special award terms, conditions and provisions including the Assurances - Constructions Programs (SF 424D), which are attached and made part of this Agreement. Acceptance is defined as the start of work, drawing down of funds, or accepting the award via electronic means.
19. To the extent allowable by law, sponsor shall defend, indemnify, and hold harmless the state of Texas, its officers, and employees, and the department, its officers, and employees and contractors, from and against all claims, actions, suits, demands, proceedings, costs, damages, and liabilities, including without limitation attorneys' fees and court costs, arising out of, connected with, or resulting from any acts or omissions of sponsor or any agent, employee, subcontractor, or supplier of sponsor in the execution or performance of this agreement, sponsor shall coordinate its defense with the Texas Attorney General as requested by the department.
20. **TPWD** may temporarily suspend **FHWA** assistance under the Project pending corrective action by the **Sponsor** or pending a decision to terminate the grant by **TPWD**.
21. The **Sponsor** may unilaterally terminate the project at any time prior to the first payment on the Project. After the initial payment, the project may be terminated, modified, or amended by the **Sponsor** only by mutual agreement with **TPWD** and **FHWA**.
22. **TPWD** may terminate the Project in whole, or in part, at any time before the date of completion, whenever it is determined that the **Sponsor** has failed to comply with the conditions of the grant. **TPWD** will promptly notify the **Sponsor** in writing of the determination and the reasons for termination, together with the effective date. Payments made to the **Sponsor** or recoveries by **TPWD** under projects terminated for cause shall be handled in accord with the legal rights and liabilities of the parties.
23. **TPWD** or **Sponsor** may terminate the Agreement in whole, or in part, at any time before the date of completion, when both parties agree that the continuation of the Project would not produce beneficial results commensurate with the further expenditure of funds. The two parties shall agree upon the termination conditions, including the effective date and, in the case of partial termination, the portions to be terminated. The **Sponsor** shall not incur new obligations for the terminated portion after the effective date, and shall cancel as many outstanding obligations as possible. **TPWD** may allow full credit to the **Sponsor** for the State share of the non-cancelable obligations, property incurred by the **Sponsor**, pending written receipt detailing the reasons and effective date of termination. Payments made to the **Sponsor** or recoveries by **TPWD** under projects terminated for cause shall be handled in accord with the legal rights and liabilities of the parties.

24. Termination either for cause or for convenience requires that the project in question be brought to a state of recreational usefulness agreed upon by the **Sponsor** and **TPWD**, or that all funds provided by **TPWD** be returned.
25. This Agreement is subject to cancellation, without penalty, either in whole or in part, if funds are not appropriated by the Texas Legislature, or otherwise made available, to the **TPWD**.
26. **Sponsor** must disclose, in a timely manner and, in writing to **TPWD** all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting this Agreement. Failure to make required disclosures can result in any of the remedies described in § 2 CFR 200.338 Remedies for noncompliance, including suspension or debarment. (See also 2 CFR Part 180 and 31 U.S.C. 3321).
27. **Whistleblower Rights and Requirements:** 41 U.S.C. 4712, Enhancement of Recipient and Subrecipient Employee Whistleblower Protection:
  - (a) This award, related subawards, and related contracts over the simplified acquisition threshold and all employees working on this award, related subawards, and related contracts over the simplified acquisition threshold are subject to the whistleblower rights and remedies established at 41 USC 4712.
  - (b) Recipients, their subrecipients, and their contractors awarded contracts over the simplified acquisition threshold related to this award, shall inform their employees in writing, in the predominant language of the workforce, of the employee whistleblower rights and protections under 41 USC 4712.
  - (c) The recipient shall insert this clause, including this paragraph (c), in all subawards and in contracts over the simplified acquisition threshold related to this award.
28. **U.S. Department of Homeland Security's E-Verify System:** By entering into this Agreement, the **Sponsor** certifies and ensures that it utilizes and will continue to utilize, for the term of this Agreement, the U.S. Department of Homeland Security's E-Verify system to determine the eligibility of:
  - a) All persons employed to perform duties within Texas, during the term of the Agreement; and
  - b) All persons (including subcontractors) assigned by the Sponsor to perform work pursuant to the Agreement, within the United States of America.

The **Sponsor** shall provide, upon request of **TPWD**, an electronic or hardcopy screenshot of the confirmation or tentative non-confirmation screen containing the E-Verify case verification number for attachment to the Form I-9 for the three most recent hires that match the criteria above, by the Sponsor, and Sponsor's subcontractors, as proof that this provision is being followed.

**If this certification is falsely made, the Sponsor may be immediately terminated, at the discretion of the state and at no fault to the state, with no prior notification.**

29. The Agreement is effective upon execution by both parties.

TEXAS PARKS AND WILDLIFE DEPARTMENT

by **Trey  
Cooksey**

Digitally signed by Trey Cooksey  
DN: cn=Trey Cooksey,  
o=Recreation Grants, ou=TPWD,  
email=trey.cooksey@tpwd.texas.  
gov, c=US  
Date: 2018.09.12 14:03:30 -05'00'

Trey Cooksey, Recreational Trail Program Manager

Name and Title

09/12/2018

Date of Signature

CITY OF DEER PARK

by

T. Charles Spadey

Name and Title

Director

10.1.18

Date of Signature

☒ SAM Date/Initials 49TZ2 09.11.18 tc

☒ Federal Aid Date/Initials AG 9/11/18



Run Date: 04/05/2018  
Run Time: 11:40:57

**U.S. DEPARTMENT OF TRANSPORTATION  
FEDERAL HIGHWAY ADMINISTRATION  
FEDERAL-AID PROJECT AGREEMENT**

Report: FMISD05A  
Page 1 of 1

**RECIPIENT:** 48-Texas

**FEDERAL PROJECT NO:** RT15005

**RECIPIENT PROJ. NO(S):** 2222-16-005

1. The State through its department of transportation, or other recipient, has complied, or hereby agrees to comply, with the applicable terms and conditions set forth in (a) Title 23, U.S. Code, highways; (b) The regulations issued pursuant thereto, and the policies and procedures promulgated by the Federal Highway Administration; and (c) All other applicable federal laws and regulations. 2. The State, or other recipient, stipulates that as a condition to payment of the Federal funds obligated, it accepts and will comply with the provisions set forth in 23 CFR 630.112. These provisions incorporate by reference all other federal laws and regulations pertaining to the project or the activity for which the funds are obligated. Solely for the purposes of emphasis, such applicable provisions include, but are not limited to, the requirements of Appendix A to 2 CFR Part 170—Award terms for Reporting subaward and executive compensation information, and 2 CFR 200, including for those funds for which such amount will be subawarded to a subrecipient, 2 CFR 200.331.3. Relative to the above designated project, the FHWA has authorized certain work to proceed as evidenced by the date entered opposite the specific item of work. For such authorized work, the federal funds obligated or advance-construction authorized, are not to exceed the amount shown herein. The balance of the estimated total project cost is an obligation of the State or other direct recipient. 4. Such authorization of Federal funds extends only to project costs incurred by the State, or other recipient, following Federal Highway Administration's authorization to proceed with the project.

**PROJECT TITLE:** Deer Park- North East Hike and Bike Trail

**PROJECT DESCRIPTION:** New 2.6 mile trail, signs, trailheads, benches, water fountains, bike racks, resource surveys and engineering

**DUNS#:** 806782256

**CLASSIFICATION OF PHASE OF WORK  
TO BE PUT UNDER AGREEMENT**

**EFFECTIVE DATE OF  
AUTHORIZATION**

HIGHWAY PLANNING & RESEARCH

PRELIMINARY ENGINEERING

RIGHT-OF-WAY

CONSTRUCTION

OTHER

04/04/2018

PROGRAM CODE	FAIN	URBAN/ WITH	TOTAL COST	FEDERAL SHARE	FEDERAL FUNDS UNDER AGREEMENT	ADVANCED CONST. FUNDS
M94E	48RT15005		\$250,000.00	80.00%	\$200,000.00	\$0.00
	M94E					
TOTAL			\$250,000.00		\$200,000.00	\$0.00

**ESTIMATED TOTAL COST:** \$250,000.00  
**TOTAL AUTHORIZED FOR PROJECT:** \$200,000.00

**TRANSPORTATION, TEXAS DEPARTMENT OF**

AVAILABLE FUNDS CERTIFIED BY:	Hetzel Erick	DATE:	03/01/2018
APPROVED AND REQUESTED BY:	Christopher Sheffield	DATE:	03/01/2018
AGRMT/MODIFY REQUESTED BY:	Albert Cooksey	DATE:	04/03/2018

**FEDERAL HIGHWAY ADMINISTRATION**

PROJECT INFORMATION REVIEWED BY:	James Christian	DATE:	04/03/2018
APPROVAL RECOMMENDED BY:	Justin Morgan	DATE:	04/04/2018
APPROVED AND AUTHORIZED BY:	Robert Granberg	DATE:	04/05/2018

**RECIPIENT REMARKS:** Recreational Trails Program administered by Texas Parks and Wildlife Department. Funding for construction of 2.6 +/- mile trail. Signs, trailheads, benches, water fountains, bike racks, resource surveys and engineering. Sponsor match to be a combination of cash, in-kind labor/equipment utilizing FEMA equipment rates and volunteer labor at \$21.35 per hour. CE for federally funded project receiving less than \$5,000,000.00 of federal funds. CFDA 20.219. Performance End Date: 12/31/2023.  
This agreement is subject to the following award terms: <http://edocket.access.gpo.gov/2010/pdf/2010-22705.pdf> and <http://edocket.access.gpo.gov/2010/pdf/2010-22706.pdf>.

**DIVISION REMARKS:**

## **AGREEMENT FOR ARCHITECTURAL SERVICES**

### **NORTH EAST HIKE AND BIKE TRAIL**

This Agreement is made and entered into in Deer Park, Harris County, Texas on the 5<sup>th</sup> day of February, 2019; by and between

**The City of Deer Park**, a Municipal Corporation in the State of Texas

And

**RVi Planning + Landscape Architecture**, ARCHITECT(s) duly licensed, and practicing under the laws of the State of Texas.

Said Agreement being executed by the City pursuant to the City Charter, Ordinances, and Resolutions of the City Council, and by the ARCHITECT for ARCHITECTURAL services hereinafter set forth in connection with the above-designated Project for the City of Deer Park.

DEER PARK retains RVi Planning + Landscape Architecture to perform ARCHITECTURAL services related to the design and construction of the North East Hike and Bike Trail in return for consideration to be paid by DEER PARK under terms and conditions set forth below.

#### **ARTICLE 1. SCOPE OF WORK**

- 1.1 ARCHITECT will provide ARCHITECTURAL, design, consultation, project management, and other services as required to perform and complete the Scope of Work & Services specifically identified in Attachment A of this Agreement. The Services Scope of Work (the "Work") and the time schedules set forth in Attachment A are based on information provided by DEER PARK and ARCHITECT. The schedule of milestones and deliverables are essential terms of this Agreement.
- 1.2 If this information is incomplete or inaccurate, or if site conditions are encountered which materially vary from those indicated by DEER PARK, or if DEER PARK directs ARCHITECT to change the original Scope of Work shown in Attachment A, a written amendment equitably adjusting the costs, performance time and/or terms and conditions, shall be executed by DEER PARK and ARCHITECT.

## **ARTICLE 2. COMPENSATION**

- 2.1 ARCHITECT bills for its services on a time and materials basis using the Schedule of Rates and Terms entitled Estimated Level of Effort (“Schedule of Rates”) attached as Attachment B of this Agreement. As requested, ARCHITECT has provided an estimate of the fees for the Work amounting to \$70,500. ARCHITECT will not exceed that estimate without prior approval from DEER PARK. ARCHITECT will notify DEER PARK, for approval, of any proposed revisions to the Schedule of Rates and effective date thereof which shall not be less than thirty (30) days after such notice.
- 2.2 ARCHITECT will submit monthly invoices for Services rendered, and DEER PARK will make payment within thirty (30) days of receipt of ARCHITECT’S invoices. If DEER PARK objects to all or any portion of an invoice, it will notify ARCHITECT of the same within fifteen (15) days from the date of receipt of the invoice and will pay that portion of the invoice not in dispute, and the parties shall immediately make every effort to settle the disputed portion of the invoice. Prices or rates quoted do not include state or local taxes.

## **ARTICLE 3. DEER PARK’S RESPONSIBILITIES**

- 3.1 DEER PARK will designate in writing the person or persons with authority to act on DEER PARK’S behalf on all matters concerning the work to be performed.
- 3.2 DEER PARK will furnish to ARCHITECT all existing studies, reports, data and other information available to DEER PARK necessary for performance of the Work, authorize ARCHITECT to obtain additional data as required, and furnish the services of others where necessary for the performance of the Work. ARCHITECT will be entitled to use and rely upon all such information and services.
- 3.3 Where necessary to performance of the Work, DEER PARK shall arrange for ARCHITECT to have access to any site or property.

## **ARTICLE 4. PERFORMANCE OF SERVICE**

- 4.1 ARCHITECT’S services will be performed within the schedule and time period set forth in Attachment A.
- 4.2 ARCHITECT shall perform the Work, and any additional services as may be required, for the development of the Project to completion.
- 4.3 If required, additional services will be performed and completed within the time period agreed to in writing by the parties at the time such services are authorized.
- 4.4 If any time period within or date by which any of ARCHITECT’S services are to be performed is exceeded for reasons outside of ARCHITECT’S reasonable control, all rates,

measures and amounts of compensation and the time for completion of performance shall be subject to equitable adjustment.

## **ARTICLE 5. CONFIDENTIALITY**

- 5.1 ARCHITECT will hold confidential all information obtained from DEER PARK, not previously known by ARCHITECT or in the public domain.

## **ARTICLE 6. STANDARD OF CARE & WARRANTY**

- 6.1 Standard of Care. In performing services, ARCHITECT agrees to exercise professional judgment, made on the basis of the information available to ARCHITECT, and to perform its ARCHITECTURAL services with the professional skill and care of competent design professionals practicing in the same or similar locale and under the same or similar circumstances and professional license. ARCHITECT also agrees to perform its ARCHITECTURAL services as expeditiously as is prudent considering this standard of care. This standard of care shall be judged as of the time and place the services are rendered, and not according to later standards.
- 6.2 Warranty. If any failure to meet the foregoing standard of care Warranty appears during one year from the date of completion of the service and ARCHITECT is promptly notified thereof in writing, ARCHITECT will at its expense re-perform the nonconforming work.
- 6.3 The foregoing Warranty is the sole and express warranty obligation of ARCHITECT and is provided in lieu of all other warranties, whether written, oral, implied or statutory, including any warranty of merchantability. ARCHITECT does not warrant any products or services of others. ARCHITECT, however, expressly acknowledges that these warranty obligations do not eliminate the applicability of the standard of care to all of its work and that the OWNER may still retain remedies against ARCHITECT following the expiration of the warranty period in contract, tort, or otherwise as the law allows.

## **ARTICLE 7. INSURANCE**

- 7.1 ARCHITECT will procure and maintain insurance as required by law. At a minimum, ARCHITECT will have the following coverage:
- (1) Workers compensation and occupational disease insurance in statutory amounts.
  - (2) Employer's liability insurance in the amount of \$1,000,000.
  - (3) Automobile liability in the amount of \$1,000,000.

- (4) Commercial General Liability insurance for bodily injury, death or loss of or damage to property of third persons in the amount of \$1,000,000 per occurrence, \$2,000,000 in the aggregate.
- (5) Professional errors and omissions insurance in the amount of \$1,000,000.

7.2 ARCHITECT has provided a Statement of Insurance to DEER PARK demonstrating and reflecting that ARCHITECT has procured and maintains insurance coverage in accordance with the requirements stated above. That Statement of Insurance is Attachment C of this Agreement.

## **ARTICLE 8. INDEMNITY**

8.1 TO THE FULLEST EXTENT PERMITTED BY LAW, ARCHITECT SHALL INDEMNIFY, AND HOLD HARMLESS THE CITY OF DEER PARK, ITS OFFICERS, OFFICIALS, AGENTS, DIRECTORS, AND EMPLOYEES, FROM AND AGAINST ALL CLAIMS, DAMAGES, LOSSES, LAWSUITS, JUDGEMENTS, FINES, PENALTIES, OR LIABILITY INCLUDING WITHOUT LIMITATION, ALL EXPENSES OF LITIGATION, INCLUDING EXPERT OR CONSULTANT FEES, COURT COSTS, AND REASONABLE ATTORNEY FEES, ARISING OUT OF OR RESULTING FROM BODILY INJURY OR DEATH OF ANY PERSON, OR PROPERTY DAMAGE, OR OTHER HARM IS CAUSED BY THE NEGLIGENCE, INTENTIONAL TORT, INTELLECTUAL PROPERTY INFRINGEMENT, OR FAILURE TO PAY A SUBCONTRACTOR OR SUPPLIER COMMITTED BY THE ARCHITECT OR THE ARCHITECT'S AGENT, CONSULTANT UNDER CONTRACT, OR ANOTHER ENTITY OVER WHICH THE INDEMNITOR EXERCISES CONTROL.

IF THE CITY DEFENDS AN ACTION, CLAIM, LAWSUIT OR OTHERWISE INCURS ATTORNEY'S FEES AS A RESULT OF AN INDEMNIFIED CLAIM AS STATED ABOVE, ARCHITECT AGREES TO REIMBURSE THE CITY IN PROPORTION TO THE ARCHITECT'S LIABILITY.

8.2 ARCHITECT agrees to and shall contractually require its consultants and subcontractors of any tier to assume the same indemnification obligations to Indemnities as stated herein.

## **ARTICLE 9. OWNERSHIP OF DOCUMENTS**

9.1 As long as DEER PARK is current in the payment of all undisputed invoices, all work product prepared by the ARCHITECT pursuant to this Agreement, including, but not limited to, all Contract Documents, Plans and Specifications and any computer aided design, shall be the sole and exclusive property of DEER PARK, subject to the ARCHITECT's reserved rights.

- 9.2 ARCHITECT's technology, including without limitation customary techniques and details, skill, processes, knowledge, and computer software developed or acquired by ARCHITECT or its Consultants to prepare and manipulate the data which comprises the instruments of services shall all be and remain the property of the ARCHITECT.

## **ARTICLE 10. INDEPENDENT CONTRACTOR**

- 10.1 The ARCHITECT is an independent contractor and shall not be regarded as an employee or agent of the DEER PARK.

## **ARTICLE 11. COMPLIANCE WITH FEDERAL, STATE AND LOCAL LAWS**

- 11.1 The ARCHITECT shall observe all applicable provisions of the federal, state and local laws and regulations, including those relating to equal opportunity employment.

## **ARTICLE 12. SAFETY**

- 12.1 DEER PARK shall inform the ARCHITECT and its employees of any applicable site safety procedures and regulations known to DEER PARK as well as any special safety concerns or dangerous conditions at the site. The ARCHITECT and its employees will be obligated to adhere to such procedures and regulations once notice has been given.
- 12.2 ARCHITECT shall not have any responsibility for overall job safety at the site. If in ARCHITECT's opinion, its field personnel are unable to access required locations or perform required services in conformance with applicable safety standards, ARCHITECT may immediately suspend performance until such safety standards can be attained. If within a reasonable time site operations or conditions are not brought into compliance with such safety standards, ARCHITECT may in its discretion terminate its performance, in which event, DEER PARK shall pay for services and termination expenses as provided in Article 18.

## **ARTICLE 13. LITIGATION**

- 13.1 At the request of DEER PARK, ARCHITECT agrees to provide testimony and other evidence in any litigation, hearings or proceedings to which DEER PARK is or becomes a party in connection with the work performed under this Agreement, unless DEER PARK and the ARCHITECT are adverse to one-another in any such litigation.
- 13.2 Any litigation arising out of this Agreement between DEER PARK and ARCHITECT shall be heard by the state district courts of Harris County.

#### **ARTICLE 14. NOTICE**

- 14.1 All notices to either party by the other shall be deemed to have been sufficiently given when made in writing and delivered in person, by electronic mail, facsimile, certified mail or courier to the address of the respective party or to such other address as such party may designate.

#### **ARTICLE 15. TERMINATION**

- 15.1 The performance of work may be terminated or suspended by DEER PARK, for any reason. Such suspension or termination shall be subject to notice of DEER PARK's election to either suspend or terminate the Agreement fifteen (15) days' prior to the effective suspension or termination date. The Notice shall specify the extent to which performance of work is suspended or terminated and the date upon which such action shall become effective. In the event work is terminated or suspended by DEER PARK prior to the completion of services contemplated hereunder, ARCHITECT shall be paid for (i) the services rendered to the date of termination or suspension and reasonable services provided to effectuate a professional and timely project termination or suspension.

#### **ARTICLE 16. SEVERABILITY**

- 16.1 If any term, covenant, condition or provision of this Agreement is found by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of this Agreement shall remain in full force and effect, and shall in no way be affected, impaired or invalidated thereby.

#### **ARTICLE 17. WAIVER**

- 17.1 Any waiver by either party or any provision or condition of this Agreement shall not be construed or deemed to be a waiver of a subsequent breach of the same provision or condition, unless such waiver is so expressed in writing and signed by the party to be bound.

#### **ARTICLE 18. GOVERNING LAW**

- 18.1 This Agreement will be governed by and construed and interpreted in accordance with the laws of the State of Texas.

#### **ARTICLE 19. CAPTIONS**

- 19.1 The captions contained herein are intended solely for the convenience of reference and shall not define, limit or affect in any way the provisions, terms and conditions hereof or their interpretation.

## **ARTICLE 20. ENTIRE AGREEMENT**

- 20.1 This Agreement, its articles, provision, terms, and attached Schedules represent the entire understanding and agreement between DEER PARK and ARCHITECT and supersede any and all prior agreements, whether written or oral, and may be amended or modified only by a written amendment signed by both parties.

This Agreement is effective on the last day signed.

**RVi Planning + Landscape Architecture**

**The City of Deer Park**

By: 

By: \_\_\_\_\_

Name: Chris Patterson

Name: \_\_\_\_\_

Title: Senior Vice President

Title: \_\_\_\_\_

Date: February 5, 2019

Date: \_\_\_\_\_





## **ATTACHMENT “A”**

### **SCOPE OF WORK**

#### **PROJECT PARAMETERS AND SCOPE OF WORK**

1. Project Understanding: Assist the Client with the development of a hike and bike trail along the E. 13th Channel in order to connect existing neighborhoods and parks. The project will be designed, permitted and constructed as a single phase. Limit of Work can be found on the attached Exhibit A.
2. The trail is proposed to travel through a series of properties owned by the City of Deer Park that span from Park Green Park south to Running Brook Park. The trail will connect four neighborhood parks including Park Green Park, Wynfield Park, Tiffany Manor Park, and Running Brook Park. The trail will extend into Wynfield Park and Running Brook Park. There is existing irrigation in Wynfield Park.
3. The City was awarded a \$200,000 Recreational Trails Grant from the Texas Parks & Wildlife Department (TPWD) and has \$170,000 in additional funding from the Deer Park Parks, Recreation and Open Space Master Plan funding to help fund the construction of the hike and bike trail. The total budget is approximately \$370,000.
4. The Project must adhere to TPWD Recreational Trails Program Grant guidelines.
5. The Consultant will hire the services of the following sub-consultants in the performance of this agreement:
  - a. Licensed surveyor
  - b. Environmental consultantFees for these sub-consultants are included as part of Consultants fees.
6. The agreement is further contingent upon the following assumptions:
  - a. Public meetings are not included in the scope of services in this agreement;
  - b. The Client will be responsible for all TPWD grant requirements including but not limited to all submittals and reports;
  - c. It is assumed that subdivision platting is not required.
7. The known relevant governmental authorities (“RGA’s”) having jurisdiction over the Project are: City of Deer Park and Texas Parks and Wildlife Department.

#### **BASIC SERVICES**

The Consultant shall provide, for the Basic Fee plus reimbursable expenses, services described in the following phases.

##### **PRE-DESIGN PHASE SERVICES**

1. Topographical Survey services including elevations obtained on approximate 100-foot cross-sections along East X Street and the E. 13<sup>th</sup> Street Channel and approximate 50-foot by 50-foot grid, or as needed, to accurately reflect the current conditions within the park areas. Visible improvements, trees, and above ground evidence of utilities will also be located with appropriate elevations tied to a benchmark. Consultant will research the county clerk's records for the subdivision plats and deeds to establish right-of-way lines and park boundaries. Property corners will be recovered and shown on the survey where found. Property lines and easements will be shown per subdivision plats and deed information, where appropriate.
2. Wetland Delineation and Report services to investigate the project area for the presence, or absence, of areas possessing the three mandatory wetland parameters and delineate the boundaries of those areas. Consultant will additionally identify non-wetland waterbodies (i.e. rivers, streams, channels, ponds) by the presence of an ordinary high water mark (OHWM). Should the property require provisions for permit development, the Consultant will submit an additional scope and cost.
3. Protected Species Survey and Report services includes identification of all federally protected species that could be present on the property and determine their probability of occurrence. Consultant will obtain species lists from the USFWS and TPWD. Using aerial photography, Consultant will conduct a desktop evaluation of potential habitat within the project area for each listed species. Additionally, Consultant will request previous occurrence

documentation from TPWD's Texas Natural Diversity Database for the project area and general vicinity. Consultant will provide the results of the protected species review in a Threatened and Endangered Species Report. Please note that the Threatened and Endangered Species Report does not constitute a biological assessment (BA), which is required if potential adverse effects on a threatened or endangered species or formal consultations are required with the USFWS. However, should consultation with USFWS or a BA be necessary, Consultant will submit an additional scope and cost estimate at that time.

4. Cultural Resources Constraints Analysis Report services include a thorough background archaeological literature and records search of the project area and determine management recommendations to satisfy all applicable Federal or State cultural resource laws. For this research, the Consultant will search site files, records, and map files available on the Texas Historic Sites Atlas (TASA), a restricted on-line database maintained by the Texas Historical Commission (THC), that includes information on the nature and location of previously recorded archaeological sites, locations of National Register of Historic Places (NRHP) properties, State Antiquities Landmarks (SALs), Official Texas Historical markers (OTHMs), Registered Texas Historic Landmarks (RTHLs), cemeteries, and other historic properties located in or near the project areas. Consultant will provide a report of the findings detailing the analysis that can be submitted to the USACE Galveston District and THC to aid in establishing the required level of effort for archaeological compliance on the property. If additional in-depth surveys are required, Consultant will provide a revised scope and cost for such services.

#### **DELIVERABLES**

Topographical survey of project area in PDF format

Wetland delineation and report of project area in PDF format

Protected species survey and report of project area in PDF format

Cultural resources constraint analysis report of project area in PDF format

#### **SCHEMATIC DESIGN SERVICES**

1. Based on the project parameters provided and direction of the Client, Consultant will prepare schematic design studies for the landscape components, as described below.
  - a. The schematic design may include initial plan, section and elevation drawings, illustrating the general scope, scale and relationship of the landscape architectural components.
  - b. The following site and landscape improvements will be considered in the Schematic Design:
    - Preservation of existing trees, drainage ways and other features to be left undisturbed
    - Grading and drainage
    - Special paving materials for pedestrians
    - Pedestrian circulation
    - Trailheads
    - Furnishings selection
2. Prepare an opinion of probable cost for the construction based on the approved schematic landscape design and other selections made by Client.
3. Review Schematic Design Drawings and opinion of probable construction cost with the Client for approval and authorization to proceed. Design presentations and iterations are limited to one (1). Meetings or presentations beyond those described will be billed as an additional service.

#### **DELIVERABLES**

Schematic landscape package in 24x36 PDF and digital format

#### **ILLUSTRATIVE RENDERINGS**

1. Based on the schematic design approved by the Client, Consultant will prepare two (2) computer generated renderings of the project site in plan view.

#### **DELIVERABLES**

Computer generated plan view rendering in PDF format

#### **CONSTRUCTION DOCUMENT SERVICES**

1. Based on the Client approved schematic design drawings, prepare construction documents for the landscape components which shall include:
  - a. Typical detail drawings, that set forth in the requirements for construction of the landscape components, including depiction of their size, shape, dimensions, and locations; and

- b. Specifications that identify the materials, equipment, workmanship and quality standards (or performance criteria), for landscape components.
2. Prepare an opinion of probable cost based on the Construction Documents.
3. Review the construction documents and opinion of probable cost with the Client for their approval and authorization to proceed.

#### **DELIVERABLES**

Construction Documents in 24x36 format and PDF format (example: list number, size, scale and type if available)

Landscape Specifications in CSI Masterspec Format

#### **REGULATORY SERVICES**

1. The following required permits are in effect on the date of this Agreement:
  - a. City of Deer Park construction permit
2. Upon approval and authorization to proceed, prepare documents reasonably required for review by RGAs to comply with permitting requirements.
3. As requested by Client, participate in the permitting process including:
  - a. Evaluate and respond to RGA review and comments; and
  - b. Review with the Client, modifications requested by RGAs, and at Client's direction, modify the documents accordingly for re-submission.

#### **BIDDING**

1. If requested, the Consultant, following the Client's approval of the Construction Documents, will assist the Client in obtaining bids and in awarding contracts for construction for the Project.
2. The services that may be provided in this phase include:
  - a. Provide bid advertisement for publication;
  - b. Attending pre-bid conference;
  - c. Assisting the Client in qualifying bidders;
  - d. Issuing bidding documents;
  - e. Preparing addenda to the Construction Documents;
  - f. Attending bid opening;
  - g. Evaluating bids;
  - h. Assistance in preparing a Construction Contract Agreement between Client and contractor; and
  - i. Distributing required sets of Contract Documents.

#### **CONSTRUCTION OBSERVATION PHASE SERVICES**

1. Consultant shall, as part of the Basic Services, visit the site at Client's request to observe particular portions of the landscape work identified by the Client and to answer questions from the Client as to whether those identified portions are, in general being performed in accordance with the Construction Documents. Consultant may also visit the site periodically to determine whether the completed construction portions of the landscape work is in general conformance with the aesthetic intent of the Construction Documents. The Consultant will not be required to make exhaustive or continuous on-site observations to check the quality or quantity of the work. The total number of all such Client-requested, and periodic, visits included in the Basic Services is five (5).
2. Perform the following services as they relate to landscape components:
  - a. Attend pre-construction conference (1 visit);
  - b. Respond to Requests for Information;
  - c. Review and process shop drawings, product data and samples (submittals). Individual submittal reviews are limited to two (2) per submittal;
  - d. Assist Client in preparing work descriptions for Change Orders;
  - e. Assist Client in reviewing applications for payment from contractor;

- f. Assist Client in preparing progress memoranda; and
  - g. Assist Client in conducting a substantial completion observation of the landscape components and prepare a punchlist (1 visit).
3. Assist Client in conducting a final observation of the Project to determine, in general, whether the landscape items contained on the punchlist have been completed or corrected and are in general conformance with the aesthetic intent of the Landscape Construction Documents.
  4. The Construction Observation Phase will terminate upon final acceptance of the project by city council.

#### **ADDITIONAL SERVICES**

All services requested by the Client that are not listed in Article 2 of this Agreement are considered Additional Services. Additional Services are not included in the Basic Fee and shall be paid for by the Client as set forth in Attachment B of this Agreement.

Additional Services include, without limitation, the following:

1. Providing services other than those set forth in Article 2 of this Agreement;
2. Should the property require provisions for permit development due to the wetland delineation and report, the Consultant will submit an additional scope and cost;
3. Protected Species Survey and Report does not constitute a biological assessment (BA), which is required if potential adverse effects on a threatened or endangered species or formal consultations are required with the USFWS. Should consultation with USFWS or a BA be necessary, Consultant will submit an additional scope and cost estimate at that time;
4. If additional in-depth cultural resource surveys are required, Consultant will provide a revised scope and cost for such services;
5. Expert witness services performed in preparing for and serving in connection with public hearings, litigation, arbitration, mediation, and/or negotiations;
6. Public or other presentations beyond those described in Basic Services;
7. Preparation of presentation materials for marketing or purposes other than in-progress approvals; construction of presentation models; or preparation of finish quality renderings for the Project;
8. Revisions to drawings previously provided by Consultant due to changes in the Projects' scope, budget or schedule; instructions that are inconsistent with written approvals or instructions previously given; or enactment or revision of codes, laws, or regulations subsequent to the preparation of such documents;
9. LEED or Sustainable SITES application, research, documentation, and certification services;
10. Services related to ADA/accessibility/compliance issues for existing site improvements which may be triggered by the design services for new improvements contemplated by this Agreement;
11. Any consultation, drawings, reports and other work products related to permits, approvals and ordinances; or, review and processing of permits, approvals and ordinances with agencies or municipalities having regulatory controls over the development not described in Basic Services;
12. Providing work in connection with the services of a construction manager retained by the Client;
13. Preparing drawings, specifications, supporting data and providing other services in connection with change orders to the extent that the adjustment in the basic compensation resulting from the adjusted construction costs is not commensurate with the services required of the Consultant; providing such change orders are required by causes not solely within the control of the Consultant;
14. Providing services made necessary by the default of the contractor, or by major defects or deficiencies in the work of the contractor; and
15. Preparation of as-built drawings.

#### **INFORMATION TO BE PROVIDED BY CLIENT**

Client shall provide, in a timely manner, all criteria and full information regarding Client's requirements for, and limitations on, the Project, including without limitation:

1. All deed restrictions, environmental restrictions, covenants, and all existing or pending municipal, county, state, and federal permits or approvals, and other pertinent information as required during the process;

2. Financial/economic information setting forth the budget limitations for the Project including but not limited to the Texas Parks and Wildlife Department grant and City bond funding;
3. Texas Parks and Wildlife Department grant documents; and
4. Designate a representative to serve as the point of contact for the project.

#### **DESIGN COMPLETION**

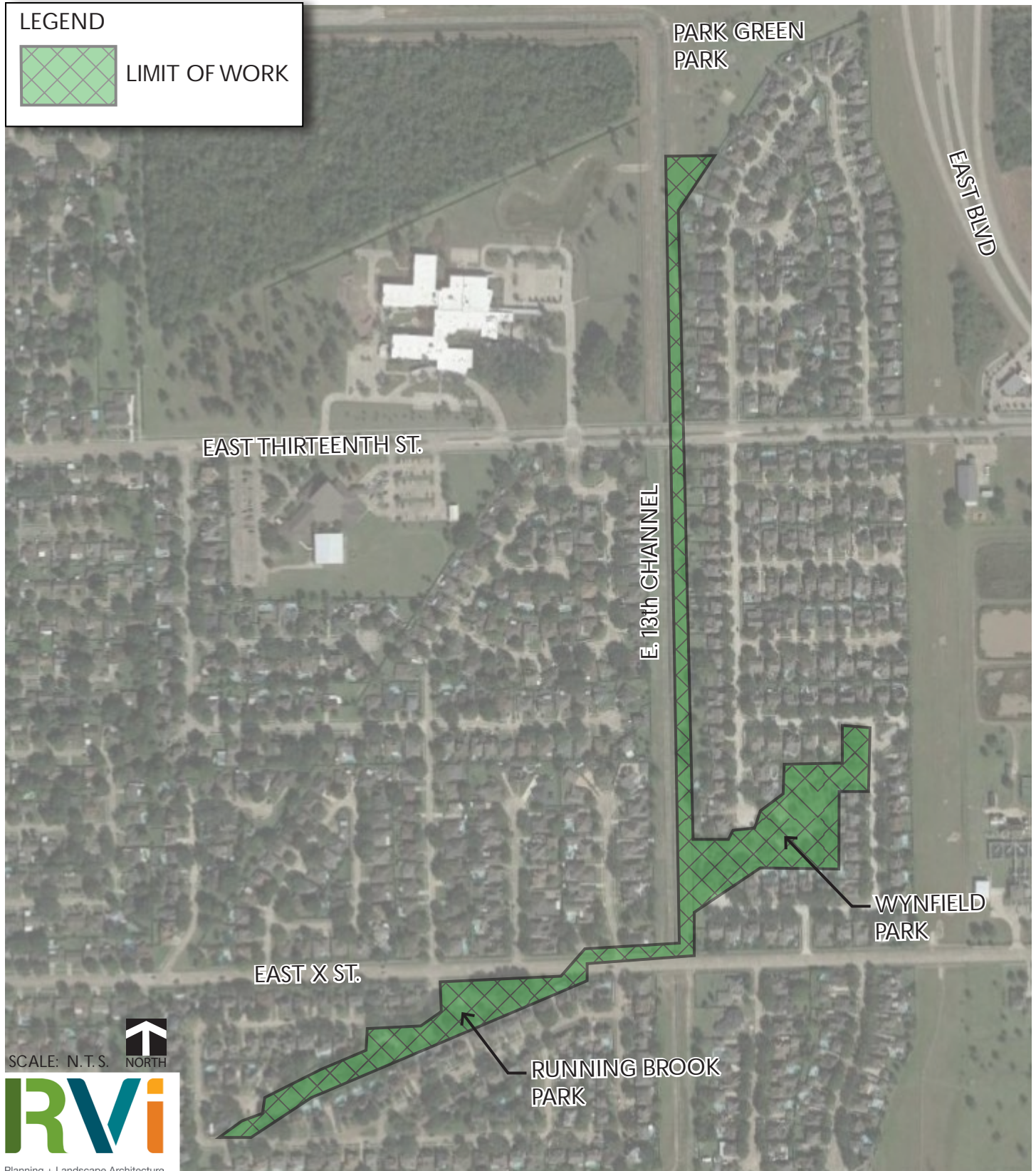
Consultant will commence design services upon receipt of an executed agreement from the City. Completion of services shall generally be as follows:

1. Predesign phase services shall be developed within five (5) weeks of commencement.
2. Schematic design services and opinion of probable cost for the construction shall be developed within three (3) weeks of completed topographic survey.
3. Upon completion, Consultant will meet with the City's Designated Official(s) in a timely manner to review the schematic plan and opinion of probable construction cost and solicit feedback. Design presentations and iterations shall be limited to one (1).
4. Based on the City's comments and feedback, Consultant will prepare a final schematic landscape plan. The final schematic landscape plan will be completed within two (2) weeks of receipt of comments and/or direction from the City's Designated Official(s).
5. Based on the final schematic design, Consultant will prepare two (2) illustrative plan renderings. The illustrative renderings will be completed within two (2) weeks of a final schematic plan approval from the City's Designated Official(s).
6. Construction documents and opinion of probable cost for the construction shall be developed within six (6) weeks of a final schematic plan approval from the City's Designated Official(s).
7. At 50% and 100% completion of construction documents, Consultant will meet with the City's Designated Official(s) in a timely manner to review the construction plans and opinion of probable construction cost and solicit feedback. Meetings shall be limited to two (2).
8. Based on the City's comments and feedback, Consultant will prepare final construction documents of the landscape plan. The final construction documents will be completed within two (2) weeks of receipt of comments and/or direction from the City's Designated Official(s).
9. Upon approval of 100% construction documents from the City's Designated Official(s), Consultant will submit drawings to the RGA for review and approval.
10. Upon receipt of plan approval from RGA, Consultant will assist the Client in obtaining bids and in awarding contracts for construction. Bidding process shall be complete within five (5) weeks of plan approval by RGA.
11. Construction observation phase services shall commence upon executed contract between Owner (Client) and Contractor. The Construction Observation Phase will terminate upon final acceptance of the project by city council.



EXHIBIT "A"

# DEER PARK NORTH EAST HIKE & BIKE TRAIL LIMIT OF WORK EXHIBIT





## ATTACHMENT “B”

### COMPENSATION

#### BASIC SERVICES

The Client shall compensate the Consultant as follows:

Consultant’s compensation shall include the lump sum of \$66,105 dollars for Basic Services (the “Basic Fee”), plus the total for Additional Services performed on an hourly basis at the rates set forth in Section 5.5, plus reimbursable expenses as set forth in Section 5.6. Consultant’s total compensation for Basic Services shall be allocated among the various phases of the Project as set forth below and will be billed monthly based on percent of work complete for each phase of the Project, along with Additional Services and reimbursable expenses incurred during the billing period. The amounts indicated do not include amounts resulting from substantial change in scope of the Project or services. The Client agrees to pay the Consultant the following fees for the Basic Services:

<b>Pre-design Services</b>	<b>\$ 27,500</b>
<b>Schematic Design Phase Services</b>	<b>\$ 11,000</b>
<b>Illustrative Renderings</b>	<b>\$ 3,500</b>
<b>Construction Document Phase Services</b>	<b>\$ 14,500</b>
<b>Regulatory Services</b>	<b>\$ 3,000</b>
<b>Bidding Phase Services</b>	<b>\$ 3,000</b>
<b>Construction Observation Phase Services</b>	<b>\$ 8,000</b>
<b>Total for Basic Services</b>	<b>\$ 70,500</b>

#### ADDITIONAL SERVICES

The Client shall pay the Consultant for authorized Additional Services performed, including fees and reimbursable expenses. Fees for Additional Services will be included as a separate item on the monthly billing statement.

#### INVOICING AND PAYMENT

Consultant will invoice Client monthly for Basic Services and Additional Services performed, and for reimbursable expenses incurred in accordance with the Terms and Conditions of this Agreement. Amounts invoiced are due and payable thirty (30) days following the date of the invoice, at the office of **RVi, 19 Briar Hollow Lane, Suite 145, Houston, Texas, 77027**. Amounts remaining unpaid sixty (60) days following the date of the invoice shall bear interest at the rate of 12.0% per annum, or at the maximum legal rate allowable, which shall be calculated from the date of the invoice. In no event shall Consultant’s failure to bill monthly constitute default under the Terms and Conditions of this Agreement. *Consultant retains the right to halt work pending receipt of any overdue payments, and the right to withhold delivery of final work product if Client does not comply with the payment terms above. Client shall pay all costs and expenses, including without limitation, reasonable attorney’s fees and expenses incurred by RVi in connection with the collection of overdue accounts of Client.*

The Client’s billing contact information is outlined in the attached exhibit “Client’s Billing Contacts”

#### HOURLY RATES

The following hourly rates shall apply to the fees described herein and any additional services requested of the Consultant. The rates set forth below shall be adjusted in accordance with the normal salary review practices of the Consultant.

Principal	\$175.00 - \$250.00
Project Director	\$125.00 - \$200.00
Project Manager	\$100.00 - \$175.00
Landscape Architect, Planner, Designer Production	\$80.00 - \$150.00
Technical, Administrative	\$70.00 - \$100.00

#### REIMBURSABLE EXPENSES

Reimbursable expenses are in addition to compensation for Basic Services and Additional Services and include expenses incurred by the Consultant in the interest of the Project. Reimbursable expenses include such items as telecommunications, reprographics, computer plots/mapping, deliveries, photography, reproductions; postage; automobile transportation; expenses in connection with out-of-town travel; special consultants; cost of maps, surveys, drawings and reports necessary to conduct the work and not otherwise furnished by the Client; fees paid for securing approval of authorities having jurisdiction over the project; expense of any additional insurance coverage or limits including professional liability insurance requested by the Client in excess of that normally carried by the Consultant and the Consultant’s sub-consultants and third-party consultant charges. Reimbursable expenses will be billed at 1.15 times direct cost to the Consultant.



## Legislation Details (With Text)

**File #:** ORD 19-033    **Version:** 1    **Name:**

**Type:** Ordinance    **Status:** Agenda Ready

**File created:** 3/11/2019    **In control:** City Council

**On agenda:** 3/19/2019    **Final action:**

**Title:** Consideration of and action on an ordinance amending Section 18-507(e)(f) of the Code of Ordinances for the enforcement associated with the Cross-Connection (backflow) Control Program.

**Sponsors:** Public Works

**Indexes:**

**Code sections:**

**Attachments:** [Backflow Ordinance](#)

Date	Ver.	Action By	Action	Result
3/19/2019	1	City Council		

Consideration of and action on an ordinance amending Section 18-507(e)(f) of the Code of Ordinances for the enforcement associated with the Cross-Connection (backflow) Control Program.

**Summary:** The City is required by the State to maintain a cross-connection or backflow program in which commercial entities are required to have backflow preventers installed and tested on an annual basis. These preventers are necessary to protect the drinking water by preventing contaminants from reverse flowing into drinking water piping from plumbing fixtures or water utilizing equipment. On September 4, 2018, the City Council adopted Ordinance 4007 and added Section 18-507: Cross connection control program to the Code of Ordinances, including a sub-section enforcement.

The current Ordinance provided for enforcement measures of water disconnection along with a reconnection fee for any entity in violation of the ordinance.

This ordinance needs to be revised, as we would not be disconnecting water services for failure to comply. Not having water service would make it impossible for the entity to have their backflow device tested in order to comply with the regulation. Water is necessary to perform the backflow test. Therefor there is no need to have reconnection fee to reconnect water service. Instead of water disconnection and reconnect fee being charged, the violator would be charged with a misdemeanor, which is punishable by up to a \$500 fine.

The attached revision includes sections "Enforcement" and "Penalty". The Enforcement sections gets more detailed than the original ordinance as far as detailing what exactly is considered a violation. The Penalty section explains adds the misdemeanor charge.

**Fiscal/Budgetary Impact:**

N/A.



Review and adopt the ordinance changing Section 18-507(e)(f) of the Code of Ordinances for certain of the enforcement associated with the cross-connection (backflow) control program.

**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE AMENDING SECTION 18-507(e)(f) OF THE CODE OR ORDINANCES OF THE CITY OF DEER PARK, TEXAS, PROVIDING FOR CROSS-CONNECTION CONTROL PROGRAM; PROVIDING A SAVINGS CLAUSE; PROVIDING FOR SEVERABILITY; AND DECLARING AN EMERGENCY.**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF DEER PARK:**

**1.** That Section 18-507(e)(f) of The City Of Deer Park Code Of Ordinances is hereby amended by adding the following:

**Section 18-507: Cross-connection control program.**

**(e) *Enforcement***

(1) This article shall be enforced by the City Manager or the Manager's designated representatives.

(2) The City shall cause to be tested, all backflow prevention assemblies installed pursuant to the requirements of this article. For new facilities, permanent water service shall not be provided until all backflow prevention assemblies have been tested. Except in cases where the testing of backflow prevention assemblies must be delayed until the installation of internal production or auxiliary equipment, the regulatory authority shall not approve a certificate of occupancy until all backflow prevention assemblies have been tested and are operational. The City shall not be liable for damage caused to any backflow prevention assembly as a result of the inspection or testing.

**(3) Violations**

(a) A person commits an offense if there is failure to maintain backflow prevention assemblies in compliance with this section.

(b) A person commits an offense if there is failure to comply with a repair order issued by the City.

(c) A person commits an offense if backflow from premises owned, operated or managed by the person enters the public water supply system.

(d) A person commits an offense if there is failure to pay any fees required by this article.

(e) A person commits an offense by violating any section of this article.

(f) A person in charge of any facility commits an offense by allowing an unregistered tester to perform testing work at their establishment.

(g) A person commits an offense by testing backflow prevention assembly within the City without being registered with the regulating authority.

(h) A person commits an offense by testing backflow prevention assembly within without being certified by TCEQ.

**(f) Penalty**

(a) A person who violates any provision of this article is guilty of a misdemeanor and upon conviction is punishable by a fine up to \$500 for each violation.

(b) In addition to proceeding under the authority of subsection (e)(1) of this section, the City is entitled to pursue all other criminal and civil remedies to which is entitled under authority of statues or other ordinances against a person committing any violation of this article including injunction and civil penalties.

2. All Ordinances or parts of Ordinances in conflict with this Ordinance are hereby repealed.

3. If any provision of this Ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of this Ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are declared to be severable.

4. It is officially found and determined that the meeting at which this Ordinance was adopted was open to the public; and that public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551 of the Government Code of the State of Texas.

5. The City Council finds that this Ordinance relates to the immediate preservation of the public peace, safety and welfare, in that it is necessary that the above regulations be immediately put into effect to provide cross-connection controls to prevent drinking water contamination for the protection of persons and property, thereby creating an emergency, for which the Charter requirement providing for the reading of Ordinances on three (3) several days should be dispensed with and this Ordinance should be passed finally on its introduction; and, accordingly, such requirement is dispensed with and this Ordinance shall take effect upon its passage and approval by the Mayor.

In accordance with Article VIII, Section 1 of the City Charter, this Ordinance was introduced before the City Council of the City of Deer Park, Texas, ~~passed, approved and adopted~~ on this the \_\_\_\_ day of \_\_\_\_\_, 2019 ~~by a vote of~~ "Ayes" and "Noes".

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**MAYOR,** City of Deer Park, Texas

**ATTEST:**

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City Secretary

**APPROVED:**

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City Attorney