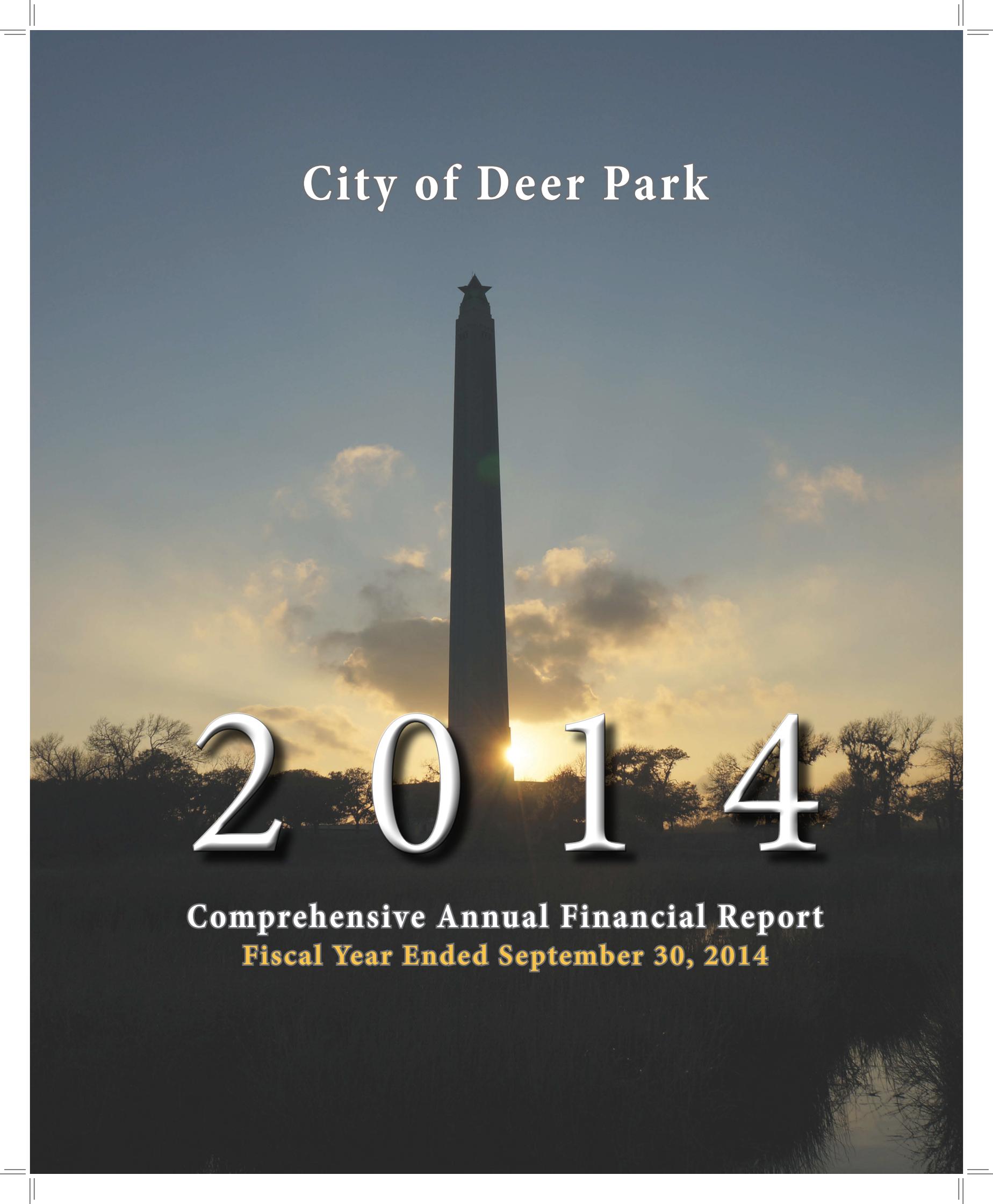


City of Deer Park



2014

Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2014

*COMPREHENSIVE
ANNUAL FINANCIAL REPORT*

of the

CITY OF DEER PARK, TEXAS

For the Year Ended
September 30, 2014

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

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

January 30, 2015

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, 2014. 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 33,600. 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 most recent contract expired at the end of 2014, and a new contract term began on January 1, 2015. The newest contract has a 12-year term and will expire on December 31, 2026.

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

The City provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; sanitation, water and sewer services; library services; recreational and cultural opportunities; and general administrative services. In fiscal year 2012 following a special election for each, the City added two component units to be funded by sales and use taxes: the Crime Control and Prevention District and the Fire Control, Prevention, and Emergency Medical Services District.

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. The City enjoys a vibrant economic environment and local indicators point to continued stability. The large refinery and chemical plants, located in the industrial district, are performing at peak capacities and several large expansion projects are planned or underway. There were 72 new store-front businesses and over 100 home-based businesses opened in 2014. Employment growth continued over the past year because of the large number of small and mid-sized businesses that have chosen to expand or relocate to Deer Park.

The City is part of the Houston Port Region, which surrounds one of the world's busiest ports and has an employed labor force of approximately 2,300,000. The City sits adjacent to the Port of Houston, a 25-mile long complex of diversified public and private facilities located just a few hours sailing time from the Gulf of Mexico. For 18 consecutive years, the port has ranked first in the U.S. in foreign waterborne tonnage and has been first in U.S. imports for 22 consecutive years. A recent study showed that Houston's ship channel-related businesses contribute 1,026,820 jobs throughout the state of Texas, up from more than the 785,000 jobs cited in a 2007 study. This activity helped generate more than \$178.5 billion in statewide economic impact, a significant increase from the nearly \$118 billion economic impact in 2007. Likewise, more than \$4.5 billion in state and local tax revenues are generated annually by the business activities related to the port, which is up from \$3.7 billion annually in 2007.

Residential growth continues with the development of new subdivisions continuing on the City's east side.

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, 2013. This was the 27th 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, 2013

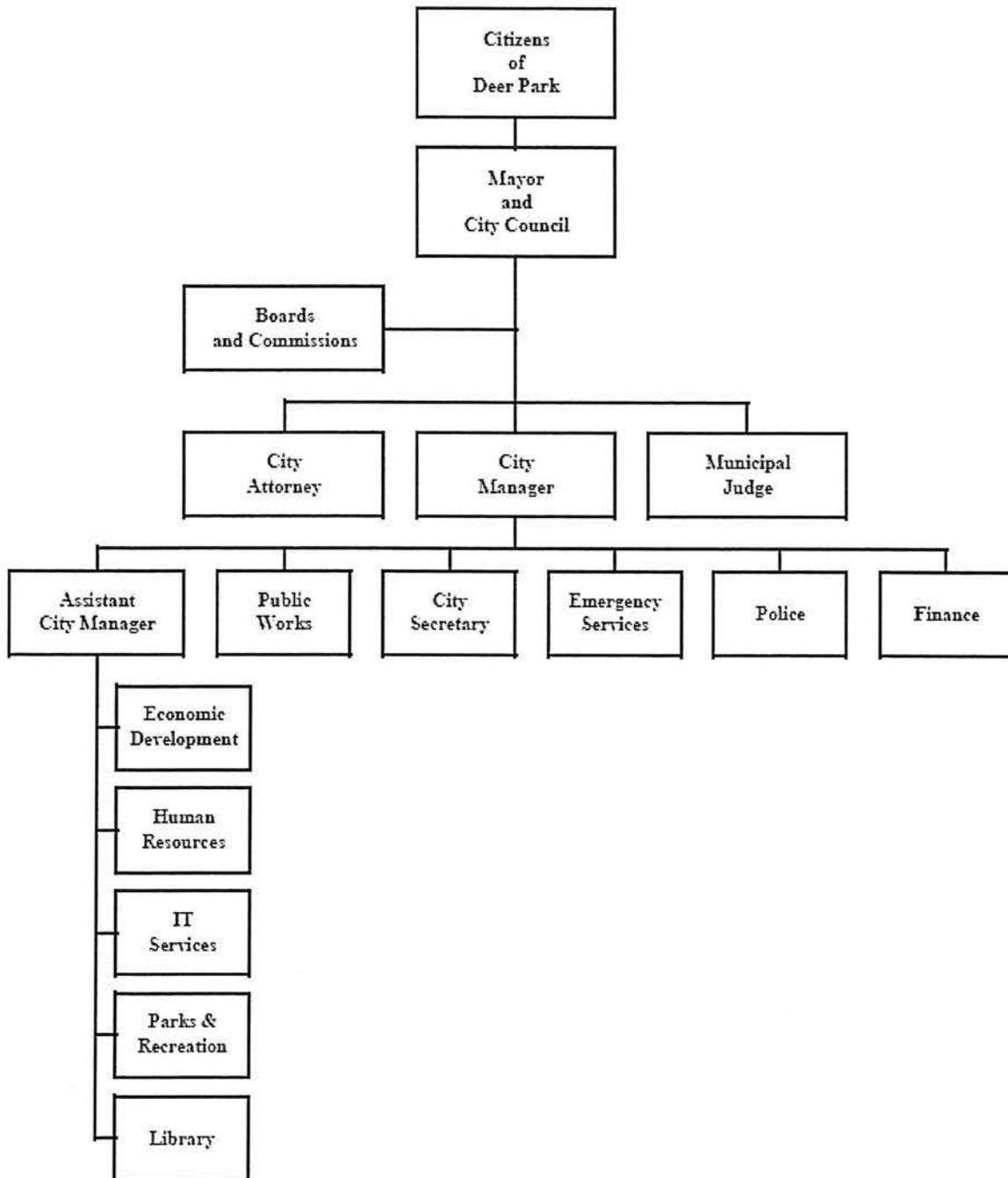
A handwritten signature in black ink, reading "Jeffrey R. Erwin". The signature is written in a cursive, flowing style.

Executive Director/CEO

CITY OF DEER PARK, TEXAS

ORGANIZATIONAL CHART

September 30, 2014



CITY OF DEER PARK, TEXAS

PRINCIPAL OFFICIALS

September 30, 2014

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

<u>Key Staff</u>	<u>Position</u>
James Stokes	City Manager
Gary Jackson	Assistant City Manager
Sandra Watkins	City Secretary
Jim Fox	City Attorney
Donna Todd	Director of Finance
Bill Pedersen	Director of Public Works
Greg Grigg	Chief of Police
Scott Swigert	Director of Parks and Recreation
Bill Philbert	Director of Human Resources
Malcolm Swinney	Emergency Services Director
Rebecca Pool	Director of Library Services
Linda McHone	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, 2014, 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, and schedules of funding progress, 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.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
January 30, 2015

*MANAGEMENT'S DISCUSSION
AND ANALYSIS*

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CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2014

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 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 taxes, 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 two legally separate discretely presented component units, the Crime Control Prevention District and the Fire Control District, 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 14 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 and debt service fund, which are considered to be major funds. 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.

CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2014

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 and schedules of funding progress for the Texas Municipal Retirement System, Texas Emergency Services Retirement System, and other postemployment benefits for healthcare. The RSI can be found after the notes to 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 by \$92,737,987 as of September 30, 2014. This compares with \$83,506,471 from the prior fiscal year. The largest portion of the City's net position, 63 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, 2014

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 51,755,252	\$ 48,070,458	\$ 20,588,990	\$ 14,368,505	\$ 72,344,242	\$ 62,438,963
Capital assets, net	59,925,464	58,067,328	27,581,281	26,322,600	87,506,745	84,389,928
Total Assets	111,680,716	106,137,786	48,170,271	40,691,105	159,850,987	146,828,891
Deferred charge on refunding	472,259	531,217	103,977	116,876	576,236	648,093
Total Deferred Outflows of Resources	472,259	531,217	103,977	116,876	576,236	648,093
Long-term liabilities	39,819,758	41,055,171	22,400,151	16,775,717	62,219,909	57,830,888
Other liabilities	3,326,541	4,778,556	2,142,786	1,361,069	5,469,327	6,139,625
Total Liabilities	43,146,299	45,833,727	24,542,937	18,136,786	67,689,236	63,970,513
Net Position:						
Net investment in capital assets	41,639,757	35,765,964	16,377,808	16,499,908	58,017,565	52,265,872
Restricted	14,754,786	16,249,861	152,344	984,962	14,907,130	17,234,823
Unrestricted	12,612,133	8,819,451	7,201,159	5,186,325	19,813,292	14,005,776
Total Net Position	\$ 69,006,676	\$ 60,835,276	\$ 23,731,311	\$ 22,671,195	\$ 92,737,987	\$ 83,506,471

A portion of the City's net position, \$14,907,130 or 16 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$19,813,292 or 21 percent, may be used to meet the City's ongoing obligations to citizens and creditors.

The City's total net position increased by \$9,231,516 during the current fiscal year, an increase of 11 percent in comparison to the prior year net position. In comparison to the prior year change in net position, the current year change in net position decreased \$1,920,616. This decrease was primarily due to decreases in capital grants and contributions as a result of fewer grant related projects in the current year. Governmental activities had an increase in net position of \$8,171,400, while business-type activities had an increase in net position of \$1,060,116.

CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2014

Statement of Activities:

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

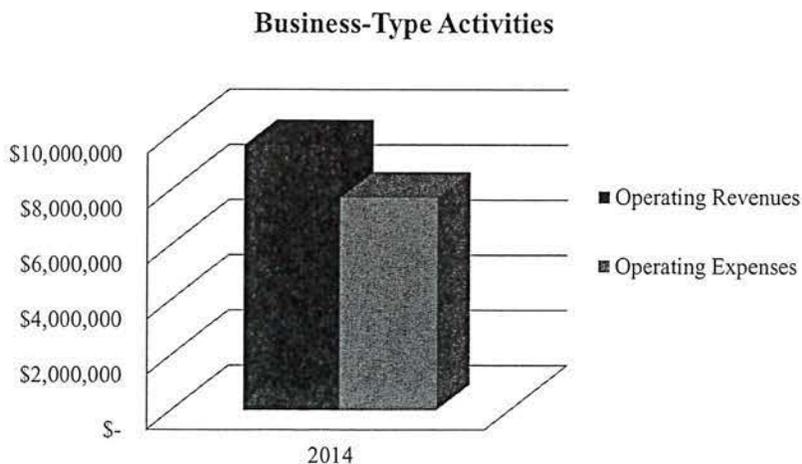
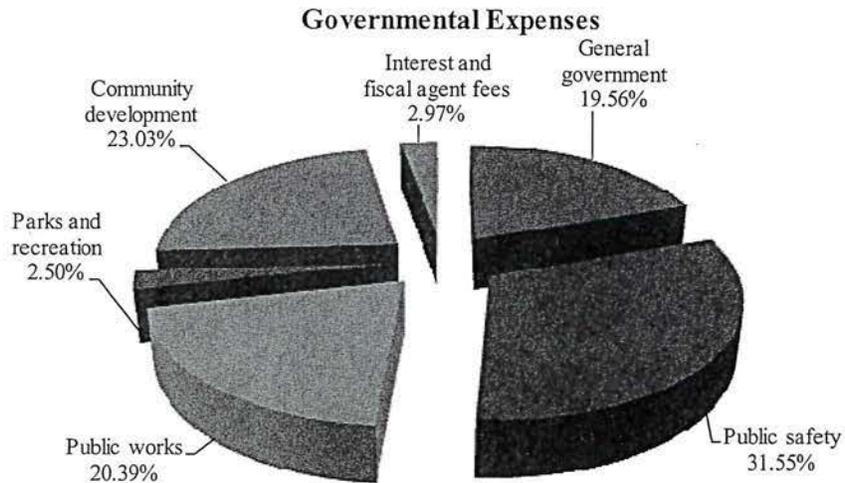
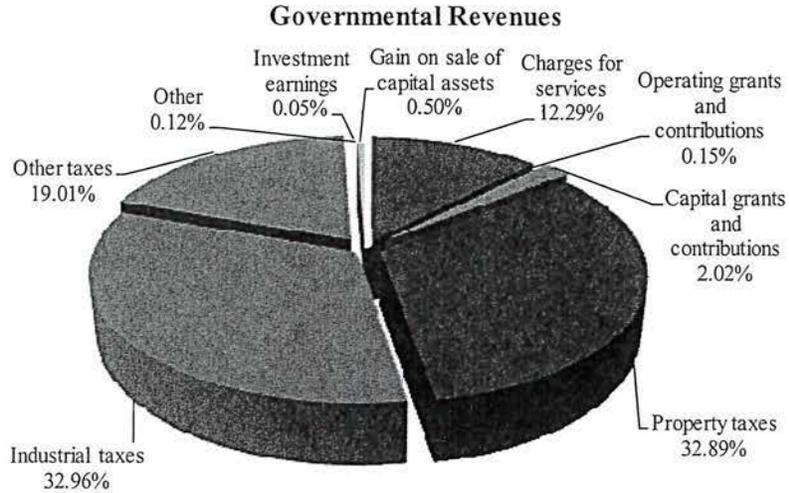
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues:						
Charges for services	\$ 5,312,745	\$ 6,048,564	\$ 9,616,423	\$ 9,816,969	\$ 14,929,168	\$ 15,865,533
Operating grants and contributions	62,772	160,389	-	-	62,772	160,389
Capital grants and contributions	874,867	3,053,828	-	-	874,867	3,053,828
General revenues:						
Property taxes	14,219,581	13,002,159	-	-	14,219,581	13,002,159
Industrial taxes	14,250,173	14,106,107	-	-	14,250,173	14,106,107
Other taxes	8,219,156	7,960,115	-	-	8,219,156	7,960,115
Investment earnings	23,014	40,416	4,702	12,647	27,716	53,063
Other	53,644	210,969	-	-	53,644	210,969
Gain on sale of capital assets	214,571	-	-	-	214,571	-
Total Revenues	<u>43,230,523</u>	<u>44,582,547</u>	<u>9,621,125</u>	<u>9,829,616</u>	<u>52,851,648</u>	<u>54,412,163</u>
Expenses						
General government	6,875,093	11,004,030	-	-	6,875,093	11,004,030
Public safety	11,085,867	8,749,188	-	-	11,085,867	8,749,188
Public works	7,167,383	5,763,687	-	-	7,167,383	5,763,687
Parks and recreation	879,371	2,289,706	-	-	879,371	2,289,706
Community development	8,093,613	6,348,454	-	-	8,093,613	6,348,454
Interest on long-term debt	1,042,305	1,120,112	-	-	1,042,305	1,120,112
Water and sewer	-	-	8,403,676	7,879,276	8,403,676	7,879,276
Storm water utility	-	-	72,824	105,578	72,824	105,578
Total Expenses	<u>35,143,632</u>	<u>35,275,177</u>	<u>8,476,500</u>	<u>7,984,854</u>	<u>43,620,132</u>	<u>43,260,031</u>
Increase in Net Position Before Transfers	8,086,891	9,307,370	1,144,625	1,844,762	9,231,516	11,152,132
Transfers	84,509	96,988	(84,509)	(96,988)	-	-
Change in Net Position	8,171,400	9,404,358	1,060,116	1,747,774	9,231,516	11,152,132
Beginning net position	60,835,276	51,430,918	22,671,195	20,923,421	83,506,471	72,354,339
Ending Net Position	<u>\$ 69,006,676</u>	<u>\$ 60,835,276</u>	<u>\$ 23,731,311</u>	<u>\$ 22,671,195</u>	<u>\$ 92,737,987</u>	<u>\$ 83,506,471</u>

CITY OF DEER PARK, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended September 30, 2014

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, 2014

For the year ended September 30, 2014, revenues from governmental activities totaled \$43,230,523, a decrease of \$1,352,024 compared to the prior year. This decrease is primarily due to a significant decrease in capital grants and contributions as the result of fewer grant expenses in the current year. This decrease was partially offset by a large increase in property tax revenues from an increase in the assessed value of properties within the City.

For the year ended September 30, 2014, expenses for governmental activities totaled \$35,143,632. Expenses were comparable to the prior year only decreasing by \$131,545 or .37 percent.

Total revenues for business-type activities decreased by a total of \$208,491 compared to the prior year. This was due to a decrease in charges for services related to a decrease in customer water usage. Total expenses for business-type activities increased by \$491,646. This increase is primarily due to an increase in expenses related to salaries and wages, interest and fiscal charges, and repairs and maintenance.

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 \$47,633,690. Of this, \$144,805 is nonspendable, \$14,754,786 is restricted, \$4,181,603 is assigned, \$2,500,000 is committed, and \$26,052,496 is unassigned.

There was an increase in the combined fund balance of \$5,065,862 compared to the prior year. Compared to the prior year change in fund balance, the current year change in fund balance decreased \$405,833. This is largely attributable to a decrease in intergovernmental revenues from fewer grants offset slightly by an increase in property tax revenues. Expenditures decreased as a result of fewer grant expenditures compared to the prior year.

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 \$26,052,496, while total fund balance reached \$30,001,901. 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 85.14 percent of total general fund expenditures, while total fund balance represents 98.05 percent of the total general fund expenditures. The general fund demonstrated an overall increase in fund balance of \$5,371,845. Compared to the prior year change in fund balance, the current year change in fund balance decreased \$1,791,616 which is largely attributable to an increase in property tax and sales tax revenues offset by increases in debt service expenditures, salaries and wages expenditures, capital outlay expenditures, and a transfer to the capital projects fund.

The debt service fund has a total fund balance of \$2,932,183, all of which is restricted for the payment of debt service. The City experienced a net increase in revenues of \$607,470 before a transfer in of \$2,983. This resulted in an increase in fund balance of \$610,453 for the year ended September 30, 2014.

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.

CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2014

GENERAL FUND BUDGETARY HIGHLIGHTS

There had been a planned increase in budgeted fund balance in the amount of \$209,045 in the general fund. However, the net change in fund balance increased by \$5,371,845, resulting in a positive variance of \$5,162,800 from actual over budgeted as amended.

Actual general fund revenues were greater than the amended budgeted revenues by \$1,692,576 during the fiscal year. The largest positive variances were from property tax revenues and sales tax revenues.

Actual expenditures were less than budgeted amounts in total by \$3,140,326 for the fiscal year. The largest positive variances were in general government, community development, sanitation, and police.

CAPITAL ASSETS

At the end of the fiscal year, the City's governmental and business-type activities had invested \$87,506,745 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$3,116,817.

Major capital asset events during the year included the following:

- Completion of the Patrick's Bayou Detention Facility project for \$6,028,223
- Completion of the Dow Park Improvements project for \$268,543
- Completion of the Drainage Improvements – 12th Street project for \$392,939
- Completion of the Sanitary Sewer Rehabilitation – Spencer View Terrace project for \$469,917
- Completion of the Water Line Improvements – 2012 project for \$248,793
- Completion of the Drainage Improvements – Deer Park Gardens project for \$330,584
- Purchase of a Chlorine Feed System for \$102,750
- Purchased land for \$114,562
- Current year expenditures related to the Swimming Pool Improvements – Kiddie Pool project for \$309,568
- Current year expenditures related to the Norwood Reconstruction project for \$107,889
- Current year expenditures related to the Sanitary Sewer Rehabilitation – Priority Area 3 project for \$1,391,375
- Current year expenditures related to the Wastewater Treatment Plant – Expansion project for \$536,282

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, 2014

LONG-TERM DEBT

At the end of the current year, the City had total bonds and certificates of obligation outstanding of \$47,865,000. Of this amount, \$21,960,000 was general obligation debt, \$2,250,000 was revenue bond debt, and certificates of obligation accounted for \$23,655,000.

During the year, the City had a net increase in long-term debt of \$4,389,021 as the result of one new bond issuance.

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 \$196,078,875, 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:

	Moody's Investors Service	Standard and Poor's
General Obligation Bonds	A1	AA+
Water and Sewer	A3	AA+

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Certified and non-certified tax rolls show an increase in the net assessed property values of roughly 17 percent compared to the Certified to Date tax roll as of September 20, 2013. This increase is the result of new properties being added to the tax roll and increases in property values.

For the 2015 fiscal year budget, the total tax rate of \$0.720 per \$100 of assessed value remained unchanged. Increases in projections of total general fund revenues are approximately \$2,228,256, which represents a 6.34 percent increase. Compared to the prior year, budgeted expenditures are expected to increase by approximately \$1,473,452 or 2.67 percent.

On November 12, 2014 the City issued \$6,275,000 in certificates of obligation, series 2014 and \$2,920,000 in general obligation and refunding bonds, series 2014. Proceeds from the sale of the certificates 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. Proceeds from the sale of the bonds will be used for the acquisition and construction of additions and improvements to the City's parks and recreational facilities and for the refunding portions of the water and sewer revenue bonds, series 2002 and general obligation bonds, series 2005.

Water and sewer rates will not increase in the 2015 fiscal year.

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

CITY OF DEER PARK, TEXAS

STATEMENT OF NET POSITION

September 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Crime Control District
Assets				
Cash and cash equivalents	\$ 47,896,289	\$ 18,724,244	\$ 66,620,533	\$ 1,219,734
Restricted cash and cash equivalents	-	1,037,353	1,037,353	-
Receivables, net of allowances	2,494,503	827,393	3,321,896	217,050
Due from component units	1,389	-	1,389	-
Due from other governments	1,218,266	-	1,218,266	-
Inventories	131,538	-	131,538	-
Prepaid items	13,267	-	13,267	-
Capital assets:				
Non-depreciable capital assets	23,604,584	2,753,626	26,358,210	-
Depreciable capital assets, net	36,320,880	24,827,655	61,148,535	498,724
Total Assets	111,680,716	48,170,271	159,850,987	1,935,508
Deferred Outflow of Resources				
Deferred charge on refunding	472,259	103,977	576,236	-
Liabilities				
Accounts payable	1,629,303	1,219,926	2,849,229	-
Accrued liabilities	1,347,543	187,823	1,535,366	19,332
Customer deposits	4,055	713,040	717,095	-
Due to primary government	-	-	-	1,387
Other payables	303,654	4,942	308,596	-
Accrued interest payable	41,986	17,055	59,041	-
Noncurrent liabilities:				
Due within one year	3,566,055	1,078,572	4,644,627	47,918
Due in more than one year	36,253,703	21,321,579	57,575,282	48,934
Total Liabilities	43,146,299	24,542,937	67,689,236	117,571
Net Position				
Net investment in capital assets	41,639,757	16,377,808	58,017,565	401,872
Restricted for:				
Debt service	2,932,183	152,344	3,084,527	-
Grants - FEMA Hurricane Ike	862,351	-	862,351	-
Enabling legislation:				
Hotel/motel occupancy tax	1,074,154	-	1,074,154	-
Police forfeiture	39,017	-	39,017	-
Municipal court	294,259	-	294,259	-
Special projects - Restricted contributions	314,558	-	314,558	1,416,065
Capital projects	9,238,264	-	9,238,264	-
Unrestricted	12,612,133	7,201,159	19,813,292	-
Total Net Position	\$ 69,006,676	\$ 23,731,311	\$ 92,737,987	\$ 1,817,937

See Notes to Financial Statements.

<u>Component Unit</u>
<u>Fire Control District</u>
\$ 646,686
-
216,885
-
-
-
-
7,114
<u>867,467</u>
<u>1,738,152</u>
<u>-</u>
54,343
16,995
-
2
-
-
163,974
<u>-</u>
<u>235,314</u>
710,607
-
-
-
-
-
792,231
-
-
<u>\$ 1,502,838</u>

CITY OF DEER PARK, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 6,875,093	\$ 369,003	\$ -	\$ -
Public safety	11,085,867	2,595,857	-	-
Public works	7,167,383	1,086,752	-	874,867
Parks and recreation	879,371	787,249	-	-
Community development	8,093,613	473,884	62,772	-
Interest on long-term debt	1,042,305	-	-	-
Total Governmental Activities	35,143,632	5,312,745	62,772	874,867
Business-Type Activities				
Water and sewer	8,403,676	9,341,087	-	-
Storm water utility	72,824	275,336	-	-
Total Business-Type Activities	8,476,500	9,616,423	-	-
Total Primary Government	\$ 43,620,132	\$ 14,929,168	\$ 62,772	\$ 874,867
Component Units				
Crime Control District	\$ 898,893	\$ -	\$ -	\$ -
Fire Control District	1,088,984	-	-	-
Total Component Units	\$ 1,987,877	\$ -	\$ -	\$ -

General Revenues:

- Property taxes
- Industrial district taxes
- Franchise taxes
- Sales and use taxes
- Hotel occupancy taxes
- Investment earnings
- Miscellaneous
- Gain on sale of capital assets
- Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning net position

Ending Net Position

See Notes to Financial Statements.

Net Revenue (Expense) and Changes in Net Position

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Crime Control District	Fire Control District
\$ (6,506,090)	\$ -	\$ (6,506,090)	\$ -	\$ -
(8,490,010)	-	(8,490,010)	-	-
(5,205,764)	-	(5,205,764)	-	-
(92,122)	-	(92,122)	-	-
(7,556,957)	-	(7,556,957)	-	-
(1,042,305)	-	(1,042,305)	-	-
<u>(28,893,248)</u>	<u>-</u>	<u>(28,893,248)</u>	<u>-</u>	<u>-</u>
-	937,411	937,411	-	-
-	202,512	202,512	-	-
-	1,139,923	1,139,923	-	-
<u>(28,893,248)</u>	<u>1,139,923</u>	<u>(27,753,325)</u>	<u>-</u>	<u>-</u>
-	-	-	(898,893)	-
-	-	-	-	(1,088,984)
-	-	-	(898,893)	(1,088,984)
14,219,581	-	14,219,581	-	-
14,250,173	-	14,250,173	-	-
2,338,146	-	2,338,146	-	-
5,201,364	-	5,201,364	1,248,696	1,246,453
679,646	-	679,646	-	-
23,014	4,702	27,716	1,355	959
53,644	-	53,644	-	-
214,571	-	214,571	-	-
84,509	(84,509)	-	-	-
<u>37,064,648</u>	<u>(79,807)</u>	<u>36,984,841</u>	<u>1,250,051</u>	<u>1,247,412</u>
8,171,400	1,060,116	9,231,516	351,158	158,428
<u>60,835,276</u>	<u>22,671,195</u>	<u>83,506,471</u>	<u>1,466,779</u>	<u>1,344,410</u>
<u>\$ 69,006,676</u>	<u>\$ 23,731,311</u>	<u>\$ 92,737,987</u>	<u>\$ 1,817,937</u>	<u>\$ 1,502,838</u>

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CITY OF DEER PARK, TEXAS

BALANCE SHEET GOVERNMENTAL FUNDS

September 30, 2014

	General	Debt Service	Nonmajor Governmental	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 30,740,554	\$ 2,932,683	\$ 14,223,052	\$ 47,896,289
Receivables, net	2,177,793	63,339	253,371	2,494,503
Due from other funds	-	-	616,372	616,372
Due from component units	1,389	-	-	1,389
Due from other governments	-	-	1,218,266	1,218,266
Inventories	131,538	-	-	131,538
Prepaid items	13,267	-	-	13,267
Total Assets	\$ 33,064,541	\$ 2,996,022	\$ 16,311,061	\$ 52,371,624
Liabilities				
Accounts payable	\$ 660,036	\$ 500	\$ 968,767	\$ 1,629,303
Accrued liabilities	1,321,249	-	26,294	1,347,543
Due to other funds	-	-	616,372	616,372
Customer deposits	4,055	-	-	4,055
Other payables	303,632	-	22	303,654
Total Liabilities	2,288,972	500	1,611,455	3,900,927
Deferred Inflow of Resources				
Unavailable revenue - court fines and warrants	167,781	-	-	167,781
Unavailable revenue - ambulance	446,336	-	-	446,336
Unavailable revenue - property taxes	159,551	63,339	-	222,890
Total Deferred Inflow of Resources	773,668	63,339	-	837,007
Fund Balances				
Nonspendable				
Inventories	131,538	-	-	131,538
Prepaid items	13,267	-	-	13,267
Restricted for:				
Debt service	-	2,932,183	-	2,932,183
Grants	-	-	862,351	862,351
Enabling legislation	-	-	1,407,430	1,407,430
Special projects	-	-	314,558	314,558
Capital projects	-	-	9,238,264	9,238,264
Assigned				
Police	500	-	-	500
Information technology	2,000	-	-	2,000
Patrick's Bayou	1,300,000	-	-	1,300,000
Special events	2,100	-	2,877,003	2,879,103
Committed				
City hall renovations	2,500,000	-	-	2,500,000
Unassigned	26,052,496	-	-	26,052,496
Total Fund Balances	30,001,901	2,932,183	14,699,606	47,633,690
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 33,064,541	\$ 2,996,022	\$ 16,311,061	\$ 52,371,624

See Notes to Financial Statements.

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CITY OF DEER PARK, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2014

Total fund balances for governmental funds		\$ 47,633,690
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, non-depreciable	23,604,584	
Capital assets, net depreciable	36,320,880	
		59,925,464
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
		837,007
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Accrued interest	(41,986)	
Deferred charge on refunding	472,259	
Non-current liabilities due in one year	(3,566,055)	
Non-current liabilities due in more than one year	(36,253,703)	
		(39,389,485)
		\$ 69,006,676
See Notes to Financial Statements.		

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CITY OF DEER PARK, TEXAS

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

For the Year Ended September 30, 2014

	General	Debt Service	Nonmajor Governmental	Total Governmental Funds
Revenues				
Property taxes	\$ 9,875,863	\$ 4,321,777	\$ -	\$ 14,197,640
Industrial district taxes	14,250,173	-	-	14,250,173
Sales taxes	5,201,364	-	-	5,201,364
Franchise taxes	2,338,146	-	-	2,338,146
Hotel/motel occupancy taxes	-	-	679,646	679,646
Fees and fines	1,344,653	-	195,997	1,540,650
Licenses and permits	513,697	-	-	513,697
Intergovernmental	62,772	-	874,867	937,639
Charges for services	2,949,650	-	263,880	3,213,530
Investment earnings	19,338	608	3,068	23,014
Miscellaneous	42,547	-	11,097	53,644
Total Revenues	36,598,203	4,322,385	2,028,555	42,949,143
Expenditures				
Current:				
General government	6,211,313	-	42,391	6,253,704
Community development	7,032,748	-	468,227	7,500,975
Public works	5,648,506	-	-	5,648,506
Parks and recreation	87,990	-	-	87,990
Public safety	9,890,013	-	385,547	10,275,560
Capital outlay	1,359,033	-	3,089,910	4,448,943
Debt service:				
Principal	341,733	2,664,372	-	3,006,105
Interest and other charges	26,879	1,050,543	-	1,077,422
Total Expenditures	30,598,215	3,714,915	3,986,075	38,299,205
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,999,988	607,470	(1,957,520)	4,649,938
Other Financing Sources (Uses)				
Transfers in	240,442	2,983	1,200,000	1,443,425
Transfers (out)	(1,200,000)	-	(158,916)	(1,358,916)
Proceeds from sale of capital assets	331,415	-	-	331,415
Total Other Financing Sources (Uses)	(628,143)	2,983	1,041,084	415,924
Net Change in Fund Balances	5,371,845	610,453	(916,436)	5,065,862
Beginning fund balances	24,630,056	2,321,730	15,616,042	42,567,828
Ending Fund Balances	\$ 30,001,901	\$ 2,932,183	\$ 14,699,606	\$ 47,633,690

See Notes to Financial Statements.

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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, 2014

Net changes in fund balances - total governmental funds \$ 5,065,862

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	5,059,644
Depreciation expense	(3,084,664)
Disposals, net	(116,844)

The issuance of long-term debt (e.g., bonds, 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.

Principal payments	3,006,105
Amortization of deferred amounts	30,979
Compensated absences	(33,659)
Closure cost	(48,709)
Net pension obligation	(7,979)
Net OPEB obligation	(1,770,282)
Accrued interest	4,138

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	66,809
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Change in Net Position of Governmental Activities	\$ 8,171,400
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See Notes to Financial Statements.

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CITY OF DEER PARK, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2014

	Business-Type Activities		
	Water and Sewer	Storm Water Utility	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 18,353,742	\$ 370,502	\$ 18,724,244
Accounts receivable, net	805,536	21,857	827,393
Total Current Assets	19,159,278	392,359	19,551,637
Restricted cash and cash equivalents:			
Current portion of bonds payable	324,313	-	324,313
Customer deposits	713,040	-	713,040
Total Restricted Cash and Cash Equivalents	1,037,353	-	1,037,353
Noncurrent assets:			
Capital assets:			
Land	591,397	-	591,397
Buildings	3,861,540	-	3,861,540
Utility system	46,683,898	-	46,683,898
Machinery and equipment	4,394,512	-	4,394,512
Construction in progress	2,162,229	-	2,162,229
Less: accumulated depreciation	(30,112,295)	-	(30,112,295)
Total Noncurrent Assets	27,581,281	-	27,581,281
Total Assets	47,777,912	392,359	48,170,271
Deferred Outflows of Resources			
Deferred charge on refunding	103,977	-	103,977
Liabilities			
Current liabilities:			
Accounts payable	1,219,926	-	1,219,926
Accrued liabilities	187,823	-	187,823
Accrued interest payable	17,055	-	17,055
Customer deposits	713,040	-	713,040
Other payables	71	4,871	4,942
Compensated absences	47,301	-	47,301
Bonds payable - current	979,656	-	979,656
Capital leases payable	51,615	-	51,615
Total Current Liabilities	3,216,487	4,871	3,221,358
Noncurrent liabilities:			
Net pension obligation	170,747	2,977	173,724
Compensated absences	5,256	-	5,256
Bonds payable, net of deferred charges	21,125,121	-	21,125,121
Capital leases payable	17,478	-	17,478
Total Noncurrent Liabilities	21,318,602	2,977	21,321,579
Total Liabilities	24,535,089	7,848	24,542,937
Net Position			
Net investment in capital assets	16,377,808	-	16,377,808
Restricted for:			
Debt service	152,344	-	152,344
Unrestricted	6,816,648	384,511	7,201,159
Total Net Position	\$ 23,346,800	\$ 384,511	\$ 23,731,311

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, 2014

	Business-Type Activities		
	Water and Sewer	Storm Water Utility	Total
<u>Operating Revenues</u>			
Charges for services	\$ 9,341,087	\$ 275,336	\$ 9,616,423
Total Operating Revenues	9,341,087	275,336	9,616,423
<u>Operating Expenses</u>			
Personnel services	2,776,052	43,064	2,819,116
Contractual services	1,169,832	25,136	1,194,968
Repairs and maintenance	356,025	-	356,025
Other supplies and expenses	1,728,284	4,624	1,732,908
Depreciation	1,620,216	-	1,620,216
Total Operating Expenses	7,650,409	72,824	7,723,233
Operating Income	1,690,678	202,512	1,893,190
<u>Nonoperating Revenues (Expenses)</u>			
Investment earnings	4,702	-	4,702
Interest and fiscal agent fees	(753,267)	-	(753,267)
Total Nonoperating (Expenses)	(748,565)	-	(748,565)
Income Before Transfers and Contributions	942,113	202,512	1,144,625
Transfers (out)	(84,509)	-	(84,509)
Total Transfers and Contributions	(84,509)	-	(84,509)
Change in Net Position	857,604	202,512	1,060,116
Beginning net position	22,489,196	181,999	22,671,195
Ending Net Position	\$ 23,346,800	\$ 384,511	\$ 23,731,311

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, 2014

	Business-Type Activities		
	Water and Sewer	Storm Water Utility	Total
<u>Cash Flows from Operating Activities</u>			
Receipts from customers and users	\$ 9,498,626	\$ 275,072	\$ 9,773,698
Payments to suppliers for goods and services	(2,500,025)	(49,403)	(2,549,428)
Payments to employees for services	(2,768,891)	(39,391)	(2,808,282)
Net Cash Provided by Operating Activities	4,229,710	186,278	4,415,988
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfer to other funds	(84,509)	-	(84,509)
Net Cash (Used) by Noncapital Financing Activities	(84,509)	-	(84,509)
<u>Cash Flows from Capital and Related Financing Activities</u>			
Acquisition and construction of capital assets	(2,866,376)	-	(2,866,376)
Proceeds from debt issuance	7,044,849	-	7,044,849
Principal paid on capital debt	(1,426,378)	-	(1,426,378)
Interest paid on capital debt	(752,889)	-	(752,889)
Net Cash Provided by Capital and Related Financing Activities	1,999,206	-	1,999,206
<u>Cash Flows from Investing Activities</u>			
Earnings on investments	4,702	-	4,702
Net Cash Provided by Investing Activities	4,702	-	4,702
Net Increase in Cash and Cash Equivalents	6,149,109	186,278	6,335,387
Beginning cash and cash equivalents	13,241,986	184,224	13,426,210
Ending Cash and Cash Equivalents	\$ 19,391,095	\$ 370,502	\$ 19,761,597
Ending Cash and Cash Equivalents			
Unrestricted cash and cash equivalents	\$ 18,353,742	\$ 370,502	\$ 18,724,244
Restricted cash and cash equivalents	1,037,353	-	1,037,353
	\$ 19,391,095	\$ 370,502	\$ 19,761,597

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, 2014

	Business-Type Activities		
	Water and Sewer	Storm Water Utility	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income	\$ 1,690,678	\$ 202,512	\$ 1,893,190
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	1,620,216	-	1,620,216
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in Assets:			
Accounts receivable	115,166	(264)	114,902
Increase (Decrease) in Liabilities:			
Accounts payable	741,848	(19,643)	722,205
Accrued liabilities	12,262	-	12,262
Other payables	6	4,871	4,877
Compensated absences payable	3,799	-	3,799
Net pension obligation	3,362	(1,198)	2,164
Customer deposits	42,373	-	42,373
Net Cash Provided by Operating Activities	<u>\$ 4,229,710</u>	<u>\$ 186,278</u>	<u>\$ 4,415,988</u>

See Notes to Financial Statements.

CITY OF DEER PARK, TEXAS

STATEMENT OF NET POSITION

FIDUCIARY FUND

September 30, 2014

	<u>Senior Citizens Trust</u>	<u>LEPC</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 111,200	\$ 128,734
Total Assets	<u>\$ 111,200</u>	<u>\$ 128,734</u>
<u>Liabilities</u>		
Accounts payable	\$ -	\$ 1,276
Due to LEPC	-	127,458
Total Liabilities	<u>\$ -</u>	<u>\$ 128,734</u>
<u>Net Position</u>		
Restricted	\$ 111,200	\$ -
Total Net Position	<u>\$ 111,200</u>	<u>\$ -</u>

See Notes to Financial Statements.

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

For the Year Ended September 30, 2014

	Senior Citizens Trust	LEPC
<u>Additions</u>		
Investment earnings	\$ 39	\$ -
Other income	-	110,759
	-	110,759
Total Additions	39	110,759
<u>Deductions</u>		
Benefits	4,701	-
Other expenses	-	110,759
	-	110,759
Total Deductions	4,701	110,759
Change in Net Position	(4,662)	-
Beginning net position	115,862	-
Ending Net Position	\$ 111,200	\$ -

See Notes to Financial Statements.

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CITY OF DEER PARK, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

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 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.

Discretely Presented Component Units

Deer Park Crime Control and Prevention District

The Deer Park Crime Control and Prevention District (CCPD) is reported in the basic financial statements as a discretely presented component unit, which emphasizes that the CCPD is legally separate from the City. The authority for the CCPD is provided by Texas Local Government Code, Chapter 363. It was established to enhance public safety throughout the City and is funded by a dedicated one-fourth of one percent sales and use tax approved by the voters in May 2011 and effective on October 1, 2011. The CCPD will remain in existence for a period of five years from the date it began to levy taxes, but it may be extended upon approval of the voters. 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 for the CCPD may be obtained from the finance department of the City.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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. The FCPEMSD will remain in existence for a period of five years from the date it began to levy taxes, but it may be extended upon approval of the voters. 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 for the FCPEMSD may be obtained from the finance department of the City.

B. Government-Wide Financial Statements

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

C. Basis of Presentation – Government-Wide Financial Statements

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

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 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

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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 and franchise taxes, 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 projects funds are considered nonmajor funds for reporting purposes.

The City reports the following enterprise funds:

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

Additionally, the City reports the following fund type:

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City maintains two fiduciary funds, the senior citizens trust fund and the Local Emergency Planning Committee (LEPC) fund. The senior citizens 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 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 LEPC fund, which the City maintains in a custodial capacity, is used to account for proceeds received for community awareness and emergency response programs. The LEPC fund is classified as an agency fund.

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

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amounts are included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amounts are included as internal balances in the business-type activities column.

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

E. Measurement Focus and Basis of Accounting

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

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

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

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

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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

1. Cash and Cash Equivalents

The City maintains pooled cash accounts. Each fund whose monies are deposited in the pooled cash and investment accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month end.

Cash includes amounts in demand deposits, as well as balances in investment pools. Investments in state investment pools (TexPool and TexSTAR) and funds invested in interest-bearing checking accounts are stated at cost, which approximate fair value.

For the purpose of presenting the proprietary fund cash flow statement, cash and cash equivalents include cash on hand, demand and time deposits, and investments with a maturity date of three months or less from the date of acquisition.

2. Investments

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for “money market investments” and “2a7-like pools.” Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940, such as TexPool and TexSTAR, are reported using the pools’ share price.

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.

4. Capital Assets

Capital assets 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. The City defines capital assets 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

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

recorded at estimated fair 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

5. 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 only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in 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.

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 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. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

6. Compensated Absences

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

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

7. Long-Term Obligations

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

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

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

Assets acquired under the terms of a 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.

8. 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.

9. 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.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

10. Fund Balance Policies

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

Nonspendable fund balance represents amounts that cannot be spent because they are either in nonspendable form (such as inventory or prepaid insurance) or are legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted fund balance represents amounts that are constrained by external parties, constitutional provision, or by enabling legislation.

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.

In accordance with the City's fund balance policy, the 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.

11. 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 and 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.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except the capital projects funds, which adopt a project length budget. 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, 2014.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2014, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
External investment pools	\$ 37,202,679	0.00
Total Fair Value	<u>\$ 37,202,679</u>	
Portfolio weighted average maturity		0.00

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, 2014, 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, 2014, market values of pledged securities were \$34,642,453 and bank balances were \$30,939,886.

As of September 30, 2014, the discretely presented component units’ bank balances of \$1,862,653 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 securities be safekept at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City’s safekeeping account prior to the release of funds.

TexPool

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

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

TexSTAR

The Texas Short Term Asset Reserve Fund (TexSTAR) is a local government investment pool created under the Interlocal Cooperation Act specifically tailored to meet Texas state and local government investment objectives of preservation and safety of principal, liquidity and yield. J.P. Morgan Investment Management Inc. provides investment management services, fund accounting, transfer agency and custodial services. First Southwest Company provides administrative, marketing and participant services. Together, these firms serve as co-administrators for the TexSTAR under an agreement with the TexSTAR Board of Directors.

TexSTAR is rated 'AAAm' by Standard & Poor's and maintains a maturity of 60 days or less, with a maximum maturity of 13 months for any individual security. The TexSTAR seeks to maintain a net asset value of \$1 per unit as required by the Act. Interest is accrued daily and credited to each account at the end of the month. Interest is reinvested unless the City provides specific instructions for its withdrawal or transfer.

TexPool and TexSTAR operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool and TexSTAR use amortized cost rather than fair value to report net assets to compute share prices. Accordingly, the fair value of the positions in TexPool and TexSTAR are the same as the values of TexPool and TexSTAR shares.

B. Receivables

Amounts recorded as receivable as of September 30, 2014 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	\$ 1,812,843	\$ 253,356	\$ -	\$ -	\$ -
Accounts	923,679	-	253,371	1,176,214	30,196
Ambulance	3,109,946	-	-	-	-
Less allowance	(3,668,675)	(190,017)	-	(370,678)	(8,339)
Total	<u>\$ 2,177,793</u>	<u>\$ 63,339</u>	<u>\$ 253,371</u>	<u>\$ 805,536</u>	<u>\$ 21,857</u>

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

C. Capital Assets

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

	Primary Government			Ending Balance
	Beginning Balance	Increases	(Decreases)	
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 22,676,494	\$ 114,562	\$ -	\$ 22,791,056
Construction in progress	4,264,750	3,176,128	(6,627,350)	813,528
Total capital assets not being depreciated	<u>26,941,244</u>	<u>3,290,690</u>	<u>(6,627,350)</u>	<u>23,604,584</u>
Other capital assets:				
Buildings	22,935,862	99,671	-	23,035,533
Improvements	47,738,446	7,335,125	-	55,073,571
Machinery and equipment	16,673,382	961,508	(965,016)	16,669,874
Total other capital assets	<u>87,347,690</u>	<u>8,396,304</u>	<u>(965,016)</u>	<u>94,778,978</u>
Less accumulated depreciation for:				
Buildings	(9,442,598)	(568,163)	-	(10,010,761)
Improvements	(35,309,794)	(1,485,603)	-	(36,795,397)
Machinery and equipment	(11,469,214)	(1,030,898)	848,172	(11,651,940)
Total accumulated depreciation	<u>(56,221,606)</u>	<u>(3,084,664)</u>	<u>848,172</u>	<u>(58,458,098)</u>
Other capital assets, net Governmental Activities Capital Assets, Net	<u>\$ 58,067,328</u>	<u>\$ 8,602,330</u>	<u>\$ (6,744,194)</u>	<u>59,925,464</u>
			Less associated debt	(28,004,296)
			Plus deferred charge on refunding	472,259
			Plus unspent bond proceeds	9,246,330
			Net Investment in Capital Assets	<u>\$ 41,639,757</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 321,613
Public safety	557,169
Public works	1,383,232
Parks and recreation	533,569
Community development	289,081
Total Governmental Activities Depreciation Expense	<u>\$ 3,084,664</u>

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

Commitments

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

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Contract</u>
Swimming Pool Improvements - Kiddie Pool	\$ 339,508	\$ 309,568	\$ 29,940
Gateway Project - City Monuments	100,300	86,022	14,278
Drainage Improvements - Offsite	338,667	130,164	208,503
8th Street Project	180,600	28,314	152,286
Splash Pad	412,052	3,300	408,752
Golf Tee Box Reconstruction & Drainage Improvements	143,248	72,248	71,000
Norwood Reconstruction Project	1,508,314	107,888	1,400,426
Total	<u>\$ 3,022,689</u>	<u>\$ 737,504</u>	<u>\$ 2,285,185</u>

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

	<u>Primary Government</u>			
	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)/ Reclassifications</u>	
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 591,397	\$ -	\$ -	\$ 591,397
Construction in progress	315,486	2,125,061	(278,318)	2,162,229
Total capital assets not being depreciated	<u>906,883</u>	<u>2,125,061</u>	<u>(278,318)</u>	<u>2,753,626</u>
Other capital assets:				
Buildings	3,861,540	-	-	3,861,540
Improvements	45,811,823	872,075	-	46,683,898
Machinery and equipment	4,246,954	160,079	(12,521)	4,394,512
Total other capital assets	<u>53,920,317</u>	<u>1,032,154</u>	<u>(12,521)</u>	<u>54,939,950</u>
Less accumulated depreciation for:				
Buildings	(808,527)	(96,088)	-	(904,615)
Improvements	(25,557,366)	(1,176,440)	-	(26,733,806)
Machinery and equipment	(2,138,707)	(347,688)	12,521	(2,473,874)
Total accumulated depreciation	<u>(28,504,600)</u>	<u>(1,620,216)</u>	<u>12,521</u>	<u>(30,112,295)</u>
Other capital assets, net	<u>25,415,717</u>	<u>(588,062)</u>	<u>-</u>	<u>24,827,655</u>
Business-Type Activities Capital Assets, Net	<u>\$ 26,322,600</u>	<u>\$ 1,536,999</u>	<u>\$ (278,318)</u>	<u>27,581,281</u>
			Less associated debt	(22,173,870)
			Plus deferred charge on refunding	103,977
			Plus unspent bond proceeds	10,866,420
			Net Investment in Capital Assets	<u>\$ 16,377,808</u>

Depreciation was charged to business-type functions as follows:

Water and sewer	<u>\$ 1,620,216</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 1,620,216</u>

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

Commitments

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

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Contract</u>
Sanitary Sewer Rehab - Priority Area 3	\$ 1,828,165	\$ 1,391,375	\$ 436,790
Transfer Switch	406,190	18,962	387,228
Waste Water Treatment Plant - Expansion	1,052,000	740,032	311,968
Backwash System	113,720	11,110	102,610
Total	<u>\$ 3,400,075</u>	<u>\$ 2,161,479</u>	<u>\$ 1,238,596</u>

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

	<u>Component Units</u>			
	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)/ Reclassifications</u>	<u>Ending Balance</u>
Discretely presented component units:				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 7,114	\$ -	\$ 7,114
Total capital assets not being depreciated	<u>-</u>	<u>7,114</u>	<u>-</u>	<u>7,114</u>
Capital assets, being depreciated:				
Improvements	21,042	45,804	-	66,846
Machinery and equipment	1,727,727	270,241	-	1,997,968
Total capital assets, being depreciated	<u>1,748,769</u>	<u>316,045</u>	<u>-</u>	<u>2,064,814</u>
Less accumulated depreciation for:				
Improvements	(4,208)	(5,158)	-	(9,366)
Machinery and equipment	(394,014)	(295,243)	-	(689,257)
Total accumulated depreciation	<u>(398,222)</u>	<u>(300,401)</u>	<u>-</u>	<u>(698,623)</u>
Capital assets, being depreciated, net	<u>1,350,547</u>	<u>15,644</u>	<u>-</u>	<u>1,366,191</u>
Discretely Presented Component Units Capital Assets, Net	<u>\$ 1,350,547</u>	<u>\$ 22,758</u>	<u>\$ -</u>	<u>\$ 1,373,305</u>

Depreciation was charged to component units as follows:

Crime control district	\$ 182,903
Fire control district	117,498
Total Component Units Depreciation Expense	<u>\$ 300,401</u>

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

Commitments

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

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Contract</u>
Fire Station 2 Addition	\$ 75,000	\$ 7,114	\$ 67,886

D. Long-Term Debt

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
General obligation bonds	\$ 19,891,152	\$ -	\$ 2,294,372	\$ 17,596,780 *	\$ 2,385,344
Certificates of obligation	9,210,000	-	370,000	8,840,000 *	380,000
Capital leases	1,082,960	-	341,733	741,227 *	339,341
Premium on bond issuance	916,226	-	89,937	826,289 *	-
Compensated absences	478,974	1,147,921	1,114,262	512,633	461,370
Net pension obligation	1,266,055	7,979	-	1,274,034	-
Net OPEB obligation	8,209,804	2,170,659	400,377	9,980,086	-
Closure cost	-	48,709	-	48,709	-
Total Governmental Activities	\$ 41,055,171	\$ 3,375,268	\$ 4,610,681	\$ 39,819,758	\$ 3,566,055
				Long-term debt due in more than one year	\$ 36,253,703
				*Debt associated with governmental activity capital assets	\$ 28,004,296
Business-Type Activities:					
General obligation bonds	\$ 4,988,848	\$ -	\$ 625,628	\$ 4,363,220 **	\$ 609,656
Certificates of obligation	8,020,000	6,925,000	130,000	14,815,000 **	120,000
Revenue bonds	2,820,000	-	570,000	2,250,000 **	250,000
Capital leases	119,506	-	50,413	69,093 **	51,615
Premium on bond issuance	607,045	119,849	50,337	676,557 **	-
Net pension obligation	171,560	2,164	-	173,724	-
Compensated absences	48,758	128,571	124,772	52,557	47,301
Total Business-Type Activities	\$ 16,775,717	\$ 7,175,584	\$ 1,551,150	\$ 22,400,151	\$ 1,078,572
				Long-term debt due in more than one year	\$ 21,321,579
				**Debt associated with business-type activity capital assets	\$ 22,173,870
Discretely Presented Component Units:					
Capital leases	\$ 477,633	\$ -	\$ 216,807	\$ 260,826 ***	\$ 211,892
Total Discretely Presented Component Units	\$ 477,633	\$ -	\$ 216,807	\$ 260,826	\$ 211,892
				Long-term debt due in more than one year	\$ 48,934
				***Debt associated with discretely presented component units capital assets	\$ 260,826

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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 liability for the net pension obligation and net other post-employment benefits obligation is fully liquidated by the general fund.

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

Description	Interest Rates	Balance
Governmental Activities		
General Obligation Bonds		
2004 General Obligation Refunding Bonds	4.00%	\$ 655,000
2005 General Obligation Bonds	3.50-4.00%	1,810,000
2007 General Obligation Bonds	3.80-5.00%	6,595,000
2008 General Obligation Refunding Bonds	3.49%	1,585,000
2010 General Obligation Refunding Bonds	3.00-4.50%	2,491,780
2012 General Obligation Refunding Bonds	2.00-3.00%	4,460,000
Total General Obligation Bonds		17,596,780
Certificates of Obligation		
2007 Certificates of Obligation	6.00%	1,830,000
2010 Certificates of Obligation	3.00-5.00%	7,010,000
Total Certificates of Obligation		8,840,000
Total Bonds and Certificates of Obligations		26,436,780
Capital Leases		
VOIP Telephone Communication System	1.60%	64,435
VOIP Telephone Communication System	2.90%	91,307
100' Pierce Velocity Platform	3.64%	371,419
2010 Pierce Velocity Pumper Truck	2.60%	129,964
2013 Freightliner 26 Cubic Yard Trash Truck	1.38%	84,102
Total Capital Leases		741,227
Total Governmental Activities Long-Term Debt		\$ 27,178,007

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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

Business-Type Activities

General Obligation Bonds

2010 General Obligation Refunding Bonds	3.00-4.50%	1,648,220
2011 General Obligation Refunding Bonds	2.00-3.00%	2,715,000
Total General Obligation Bonds		<u>4,363,220</u>

Certificates of Obligation

2011 Certificates of Obligation	2.00-4.00%	\$ 3,200,000
2012 Certificates of Obligation	2.00-3.00%	4,725,000
2013 Certificates of Obligation	2.00-3.35%	6,890,000
Total Certificates of Obligation		<u>14,815,000</u>

Revenue Bonds

2002 Waterworks and Sewer System	3.05-3.40%	2,250,000
Total Revenue Bonds		<u>2,250,000</u>

Capital Leases

2009 Vactor Combination Sewer Cleaner	2.36%	69,093
Total Capital Leases		<u>69,093</u>

Total Business-Type Activities Long-Term Debt \$ 21,497,313

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

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	
2015	\$ 2,385,344	\$ 582,150	\$ 380,000	\$ 379,388	\$ 3,726,882
2016	1,969,325	498,189	415,000	363,088	3,245,602
2017	2,046,315	422,815	430,000	344,238	3,243,368
2018	1,238,024	367,369	505,000	323,406	2,433,799
2019	1,283,024	327,887	525,000	300,500	2,436,411
2020-2024	6,504,748	1,019,291	2,925,000	1,144,806	11,593,845
2025-2029	2,170,000	140,464	3,115,000	477,181	5,902,645
2030	-	-	545,000	13,625	558,625
Total	<u>\$ 17,596,780</u>	<u>\$ 3,358,165</u>	<u>\$ 8,840,000</u>	<u>\$ 3,346,232</u>	<u>\$ 33,141,177</u>

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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		Revenue Bonds		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2015	\$ 609,656	\$ 127,657	\$ 120,000	\$ 453,153	\$ 250,000	\$ 74,313	\$ 1,634,779
2016	600,675	111,324	270,000	449,253	250,000	66,500	1,747,752
2017	588,685	93,837	310,000	443,453	250,000	58,375	1,744,350
2018	521,976	76,468	445,000	435,165	250,000	50,000	1,778,609
2019	521,976	59,079	475,000	424,090	250,000	41,375	1,771,520
2020-2024	1,520,252	81,953	3,660,000	1,851,138	1,000,000	74,875	8,188,218
2025-2029	-	-	5,200,000	1,149,818	-	-	6,349,818
2030-2033	-	-	4,335,000	264,839	-	-	4,599,839
Total	\$ 4,363,220	\$ 550,318	\$ 14,815,000	\$ 5,470,909	\$ 2,250,000	\$ 365,438	\$ 27,814,885

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 revenue. 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 revenue. A number of limitations and restrictions are contained in the various bond ordinances. The City has complied with all significant limitations and restrictions.

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.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of equipment, principally consisting of vehicles, communication equipment and computer systems. 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 1.38 percent to 3.64 percent and have maturity dates ranging from 2015 to 2018. Annual requirements to satisfy these obligations are as follows:

Year Ending Sep 30	Governmental Activities		
	Capital Leases		
	Principal	Interest	Total
2015	\$ 339,341	\$ 17,302	\$ 356,643
2016	196,129	9,513	205,642
2017	131,099	4,622	135,721
2018	74,658	715	75,373
Total	\$ 741,227	\$ 32,152	\$ 773,379

Year Ending Sep 30	Business-Type Activities		
	Capital Leases		
	Principal	Interest	Total
2015	\$ 51,615	\$ 1,075	\$ 52,690
2016	17,478	86	17,564
Total	\$ 69,093	\$ 1,161	\$ 70,254

Year Ending Sep 30	Discretely Presented Component Units		
	Capital Leases		
	Principal	Interest	Total
2015	\$ 211,892	\$ 3,546	\$ 215,438
2016	48,934	1,038	49,972
Total	\$ 260,826	\$ 4,584	\$ 265,410

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activities	Discretely Presented Component Units
Assets:			
Machinery and equipment	\$ 2,138,004	\$ 248,270	\$ 928,324
Less: accumulated depreciation	(828,590)	(198,616)	(278,592)
Total	\$ 1,309,414	\$ 49,654	\$ 649,732

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.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

E. Interfund Receivables, Payables, and Transfers

Interfund loans between the primary government funds during the year were as follows:

Due To	Due From	Amounts
Nonmajor governmental	Nonmajor governmental	\$ 616,372

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

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

Transfer In	Transfer Out	Amounts
General	Water and sewer	\$ 84,509
General	Nonmajor governmental	155,933
Debt service	Nonmajor governmental	2,983
Nonmajor governmental	General	1,200,000
		\$ 1,443,425

Amounts transferred between funds relate to the following activities:

- Transfers to the debt service fund were made to transfer interest earned from bond funds for the repayment of debt service and debt service related expenditures in accordance with applicable ordinances and federal regulations.
- The general fund transferred \$1,200,000 to the capital improvement fund (a nonmajor governmental fund) to fund capital improvement projects.
- Transfers to the general fund were made to move salary expenditures budgeted in nonmajor governmental funds to the general fund, which actually paid the salaries.

F. Fund Equity

As of September 30, 2014, \$1,407,430 of the City’s total fund balance is restricted by enabling legislation.

Change in Beginning Fund Balance/Net Position

During the fiscal year ending September 30, 2014, the City restated fund balance for the capital improvement bond funds, series 2010 fund and the grants fund to recognize fiscal year 2012 grant revenues in the correct fund. Governmental activities have been restated for the reclassification of the LEPC fund from a blended component unit to a fiduciary fund.

	CIBF 2010	Grants	LEPC	Governmental Activities
Beginning fund balance/net position	\$ 3,798,693	515,650	\$ 130,934	\$ 60,966,210
Restatement - fiscal year 2012 grant revenues	213,538	(213,538)	-	-
Restatement - fund reclassification	-	-	(130,934)	(130,934)
Beginning fund balance/net position - restated	\$ 4,012,231	302,112	\$ -	\$ 60,835,276

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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 over 2,700 other entities in the Texas Municipal League's Intergovernmental Risk Pool (the "Pool"). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

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

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

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

C. Pension Plans

Texas Municipal Retirement System

Plan Description

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and Required Supplementary Information for TMRS. The report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used by TMRS. This report may be obtained from the TMRS website at www.TMRS.com.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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:

	2014	2013
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

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) cost method (EAN was first used in the December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method had been used). This rate consists of the normal cost contribution and the prior service cost contribution rate, which is calculated to be a level percentage of payroll from year to year. The normal cost contribution rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projects impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to TMRS at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

The annual pension cost and the net pension obligation (asset) are as follows:

Annual required contribution (ARC)	\$	2,407,731
Interest on net pension obligation (NPO)		100,633
Adjustment to the ARC		(90,490)
Annual pension cost (APC)		2,417,874
Contributions made		(2,407,731)
Increase in NPO		10,143
NPO-beginning of year		1,437,615
NPO-end of year	\$	1,447,758

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

Three-year trend information for the annual pension cost (APC) is as follows:

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution Made</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2012	\$ 2,544,733	\$ 2,421,372	95.15%	\$ 1,425,649
2013	\$ 2,351,822	\$ 2,339,856	99.49%	\$ 1,437,615
2014	\$ 2,417,874	\$ 2,407,731	99.58%	\$ 1,447,758

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarial Valuation Date	12/31/2013	12/31/2012	12/31/2011
Actuarial Cost Method	Entry Age Normal	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level % of Payroll	Level % of Payroll	Level % of Payroll
Remaining Amortization Period	27 years-Closed period	25.4 years-Closed period	26.3 years-Closed period
Amortization Period for New Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year smoothed market	10-year smoothed market	10-year smoothed market
Investment Rate of Return	7.0%	7.0%	7.0%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Includes Inflation at Cost of Living Adjustments	3.00%	3.00%	3.00%
	1.5%	1.5%	1.5%

Funded Status and Funding Progress

In October 2013, the TMRS Board approved actuarial changes in (a) the funding method from Projected Unit Credit to Entry Age Normal, (b) the post-retirement mortality assumptions used in calculating liabilities and contribution rates and in the development of the Annuity Purchase Rate factors, and (c) the amortization policy. These actuarial changes were effective with the December 31, 2013 actuarial valuation. For a complete description of the new actuarial cost method and assumptions, please see the December 31, 2013 TMRS Comprehensive Annual Financial Report.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

The funded status as of December 31, 2013, the most recent valuation date, is as follows:

	2014
Actuarial Valuation Date	12/31/2013
Actuarial Value of Assets	\$ 95,926,322
Actuarial Accrued Liability	\$ 107,934,947
Percentage Funded	88.9%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 12,008,625
Annual Covered Payroll	\$ 15,844,939
UAAL as a Percentage of Covered Payroll	75.8%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

Texas Emergency Services Retirement System

Plan Description

The Texas Emergency Services Retirement System (TESRS) administers a cost-sharing multiple employer pension system (the System) established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. At August 31, 2014, there were 198 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, 2014, the System membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	3,073
Terminated Members Entitled to Benefits but Not Yet Receiving Them	2,161
Active Participants (Vested and Nonvested)	<u>4,036</u>
	9,270

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 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%

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

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

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

Funding Policy

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of the System, 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 System contribution that directly impacts future retiree annuities.

The state is required to contribute an amount necessary to make the System "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 percent of the Part One portion (not to exceed 15%), 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 if August 31, 2014, the Part Two contribution rate was 0%, since the first actuarial valuation report after the adoption of the rules showed the System to have an adequate contribution arrangement without any Part Two contributions.

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

A small subset of participating departments has a different contribution arrangement which 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 the System. 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 the System.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

Contributions Required and Contributions Made

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather the minimum contribution provisions are set by board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2014, the total contributions (dues, prior service, and interest on prior service financing) of \$4,176,659 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state appropriated \$1,530,343 for the fiscal year ending August 31, 2014.

The actuarial valuation as of August 31, 2014 stated that TESRS has an adequate contribution arrangement for the benefit provisions recognized in the valuation based on the expected total contributions, including the expected contribution both from the governing body of each participating department and from the state. The expected contributions from the state are state appropriations equal to (1) the maximum annual contribution (one-third of all contributions to TESRS by governing bodies of participating departments in a year) as needed in accordance with state law governing TESRS and (2) approximately \$625,000 each year to pay for part of the System's administrative expenses. On August 31, 2014, the actuarial liabilities exceeded the actuarial assets by \$26,093,761.

Actuarial Assumptions

The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	8/31/2014
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	3.50%
Cost of living adjustments	None

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

A report may be obtained by writing the Office of the Fire Fighters' Pension Commissioner, P.O. Box 12577, Austin, TX 78711-2577.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

D. Other Post Employment Benefits

1. Healthcare Plan

Plan Description

The City provides medical benefits to eligible retirees. 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. There is no City subsidy for dependent coverage and the cost of elected dependent coverage is paid entirely by the retiree. Medical benefits continue after age 65 with the medical coverage offered as a supplement to Medicare benefits. Dental and life insurance benefits are also made available to retirees, but these benefits are not subsidized by the City and are not included in this valuation.

The City's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The City's annual OPEB cost for the current year and the related information is listed below:

Annual required contribution	\$ 2,307,821
Interest on prior year net OPEB obligation	328,392
Amortization of prior year net OPEB obligation	<u>(465,554)</u>
Annual OPEB cost (expense)	2,170,659
Contributions made	<u>(400,377)</u>
Increase in net OPEB obligation	1,770,282
Net OPEB obligation-beginning of year	<u>8,209,804</u>
Net OPEB obligation-end of year	<u><u>\$ 9,980,086</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the prior three years (four percent discount rate and level percent of pay amortization) are as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost (APC)</u>	<u>Employer Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012	\$ 1,979,017	\$ 282,198	14.26%	\$ 6,797,187
2013	\$ 1,886,939	\$ 474,322	25.14%	\$ 8,209,804
2014	\$ 2,170,659	\$ 400,377	18.44%	\$ 9,980,086

Funded Status and Funding Progress

As of October 1, 2013, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$25,360,116 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$25,360,116. The annual covered payroll as of September 30, 2014 was \$15,907,069 and the UAAL as a percentage of this number was 159.43 percent.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

The projection of future payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

The projected unit credit actuarial cost method is used to calculate the ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members, as well as to amortize a portion of the unfunded accrued liability.

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following is a summary of the actuarial assumptions:

Actuarial Cost Method	Projected unit credit
Amortization Method	Level dollar
Amortization Period	30 year, open amortization
Asset Valuation Method	Market value
Investment Rate of Return	4.0%
Projected Salary Increases	N/A
Healthcare Cost Trend Rate	7.50% initial, 5.50% ultimate

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

2. TMRS Supplemental Death Benefits Plan

Plan Description

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the 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 City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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); retired employees are insured for \$7,500; this coverage is an “other post employment benefit,” or OPEB. The obligations of this plan are payable only from the SDBF and are not an obligation of, or a claim against, the Pension Trust Fund. For the year ended September 30, 2014, the City offered the supplemental death benefit to both active and retired employees.

Contributions

The City contributes to the SDBF at a contractually required rate 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 ensure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees’ entire careers.

The City’s contribution rates to the TMRS SDBF, for the retiree portion, for the years ended September 30, 2014, 2013, and 2012 are shown below. Annual SDBF costs were \$6,582 and \$5,872 for 2014 and 2013, respectively.

	2014	2013	2012
Annual Req. Contrib. (Rate)	0.04%	0.04%	0.03%
Actual Contribution Made	0.04%	0.04%	0.03%
Percentage of ARC Contrib.	100.00%	100.00%	100.00%

3. Deferred Compensation Plan

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

E. Industrial District Contracts

A significant portion of the City’s revenue is derived from separate contractual agreements with 21 separate industrial companies (the “Companies”) that lie within the City’s extraterritorial jurisdiction (known as the 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 has 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

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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 which would be payable to the City if all of the Company's land and improvements which 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 which would be payable to the City if all of the Company's land and improvements which 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 which would be payable to the City if all of the Company's land and improvements which 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 which 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 10 percent the first year, 20 percent the second year, 30 percent the third year, 40 percent the fourth year, 50 percent the fifth year, and 100 percent after the fifth year of operations. For new construction in excess of \$100,000,000, the new contracts allow for each company to negotiate these payment percentages. If those particular negotiations are not completed by January 1, the stated contract rates will apply to the new construction value. During the fiscal year, the City received revenues of \$14,250,173 related to these contracts.

F. Operating Leases

Effective May 29, 2013, the City entered into a lease agreement with a tenant to operate the City's municipal golf course. The lease extends through May 31, 2023. The term of the lease may be extended for four, five-year extensions upon the mutual agreement of the City and the tenant. The City receives monthly rent payments based upon an annual minimum rent amount plus a percentage of gross revenues.

The City entered into a lease agreement for communication equipment. The lease agreement has a 13 month term with quarterly payments of \$110,045. The total lease expense during the current year was \$440,181. The future minimum lease payment for the lease is as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Future Minimum</u> <u>Lease Payments</u>
2015	\$ 176,072

G. Transfer Station Closure Cost

The City operates a municipal solid waste transfer station (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, 2014, the total estimated closure cost for the City's transfer station is \$48,709. 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 which estimated the total closure cost. The estimated closure costs are adjusted annually using the Implicit Price Deflator for Gross National Product published by the United States Department of Commerce. The actual cost may differ from the estimate due to inflation, changes in technology, or regulatory changes.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

H. Subsequent Events

On November 12, 2014 the City issued \$6,275,000 in certificates of obligation, series 2014 and \$2,920,000 in general obligation and refunding bonds, series 2014. Proceeds from the sale of the certificates 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. Proceeds from the sale of the bonds will be used for the acquisition and construction of additions and improvements to the City's parks and recreational facilities and for the refunding portions of the water and sewer revenue bonds, series 2002 and general obligation bonds, series 2005. The interest rates of the certificates will range from two to four percent while the interest rates of the bonds will range from two to four percent. The certificates and bonds have a maturity date of March 15, 2034.

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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, 2014

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 9,237,300	\$ 9,237,300	\$ 9,875,863	\$ 638,563
Industrial district taxes	14,100,000	14,100,000	14,250,173	150,173
Sales taxes	4,600,000	4,600,000	5,201,364	601,364
Franchise taxes	2,200,000	2,200,000	2,338,146	138,146
Fees and fines	1,163,000	1,163,000	1,344,653	181,653
Licenses and permits	468,600	468,600	513,697	45,097
Intergovernmental	49,000	49,000	62,772	13,772
Charges for services	2,794,500	2,794,500	2,949,650	155,150
Investment earnings	23,000	23,000	19,338	(3,662)
Miscellaneous	270,227	270,227	42,547	(227,680)
Total Revenues	34,905,627	34,905,627	36,598,203	1,692,576
Expenditures				
Current:				
General Government:				
Mayor and council	60,866	60,866	44,289	16,577
City manager	674,850	674,850	666,103	8,747
Boards and commissions	15,408	15,408	11,978	3,430
Municipal court	451,100	451,100	392,728	58,372
General government	3,964,923	3,924,532	2,576,807	1,347,725
Legal services	150,000	150,000	134,647	15,353
Human resources	298,349	315,402	315,402	-
Information technology services	1,082,126	1,103,324	1,103,324	-
Finance	546,858	548,998	548,998	-
City secretary	381,436	381,436	345,411	36,025
Warehouse	72,781	72,781	71,626	1,155
Total General Government	7,698,697	7,698,697	6,211,313	1,487,384
Community Development:				
Planning and development	1,894,629	1,894,629	1,693,296	201,333
Beautification	75,000	75,000	18,972	56,028
Park maintenance	1,576,425	1,576,425	1,491,194	85,231
Recreation	1,545,871	1,545,871	1,365,376	180,495
Athletics and aquatics	549,929	549,929	531,621	18,308
Senior services	440,218	440,218	388,911	51,307
After-school program	254,065	254,065	208,971	45,094
Drama	459,373	459,373	453,697	5,676
Library	958,940	958,940	880,710	78,230
Total Community Development	7,754,450	7,754,450	7,032,748	721,702

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, 2014

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Public Works:				
Building maintenance	558,511	558,511	554,346	4,165
Sanitation	3,346,337	3,346,337	3,129,029	217,308
Street maintenance	1,180,516	1,180,516	1,128,695	51,821
Fleet maintenance	637,326	637,326	624,115	13,211
Humane division	217,845	217,845	212,321	5,524
Total Public Works	<u>5,940,535</u>	<u>5,940,535</u>	<u>5,648,506</u>	<u>292,029</u>
Public Safety:				
Police	8,547,524	8,547,524	8,055,938	491,586
Emergency management	402,452	402,452	401,437	1,015
Fire department	511,650	511,650	500,081	11,569
Ambulance	842,234	842,234	810,862	31,372
Fire marshal	123,518	123,518	121,695	1,823
Total Public Safety	<u>10,427,378</u>	<u>10,427,378</u>	<u>9,890,013</u>	<u>537,365</u>
Parks and Recreation:				
Golf course lease	120,000	120,000	87,990	32,010
Total Parks and Recreation	<u>120,000</u>	<u>120,000</u>	<u>87,990</u>	<u>32,010</u>
Debt service:				
Principal	341,733	341,733	341,733	-
Interest and other charges	26,879	26,879	26,879	-
Total Debt Service	<u>368,612</u>	<u>368,612</u>	<u>368,612</u>	<u>-</u>
Capital outlay	1,428,869	1,428,869	1,359,033	69,836
Total Expenditures	<u>33,738,541</u>	<u>33,738,541</u>	<u>30,598,215</u>	<u>3,140,326</u>
Excess of Revenues Over Expenditures	<u>1,167,086</u>	<u>1,167,086</u>	<u>5,999,988</u>	<u>4,832,902</u>
Other Financing Sources (Uses):				
Transfers in	240,899	240,899	240,442	(457)
Transfers (out)	(1,208,940)	(1,208,940)	(1,200,000)	8,940
Proceeds from sale of capital assets	10,000	10,000	331,415	321,415
Total Other Financing (Uses) Sources	<u>(958,041)</u>	<u>(958,041)</u>	<u>(628,143)</u>	<u>329,898</u>
Net Change in Fund Balance	<u>\$ 209,045</u>	<u>\$ 209,045</u>	<u>5,371,845</u>	<u>\$ 5,162,800</u>
Beginning fund balance			24,630,056	
		Ending Fund Balance	<u>\$ 30,001,901</u>	

Notes to Required Supplementary Information:

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

CITY OF DEER PARK, TEXAS

SCHEDULE OF FUNDING PROGRESS

TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended September 30, 2014

Fiscal Year	2014	2013	2012
Actuarial Valuation Date	12/31/2013	12/31/2012	12/31/2011
Actuarial Value of Assets	\$ 95,926,322	\$ 90,818,295	\$ 86,464,502
Actuarial Accrued Liability	\$ 107,934,947	\$ 99,799,290	\$ 96,281,742
Percentage Funded	88.9%	91.0%	89.8%
Unfunded Actuarial			
Accrued Liability (UAAL)	\$ 12,008,625	\$ 8,980,995	\$ 9,817,240
Annual Covered Payroll	\$ 15,844,939	\$ 15,915,705	\$ 15,871,924
UAAL % of Covered Payroll	75.8%	56.4%	61.9%
Net Pension Obligation (NPO)			
at the Beginning of Period	\$ 1,437,615	\$ 1,425,649	\$ 1,302,288
Annual Pension Cost (APC)	2,417,874	2,351,822	2,544,733
Contributions Made	2,407,731	2,339,856	2,421,372
NPO at the End of Period	<u>\$ 1,447,758</u>	<u>\$ 1,437,615</u>	<u>\$ 1,425,649</u>

CITY OF DEER PARK, TEXAS
SCHEDULE OF FUNDING PROGRESS (UNAUDITED)
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM
For the Year Ended September 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability ⁽¹⁾ (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Total Members Covered (c)	UAAL Per Member Covered [(b-a)/c]
8/31/10 ⁽³⁾	\$ 64,113,803	\$ 81,264,230	\$ 17,150,427	78.9%	8,644	\$ 1,984
8/31/12 ⁽²⁾	\$ 67,987,487	\$ 101,856,042	\$ 33,868,555	66.7%	9,448	\$ 3,585
8/31/14	\$ 83,761,038	\$ 109,854,799	\$ 26,093,761	76.2%	9,270	\$ 2,815

- (1) The actuarial accrued liability is based upon the entry age actuarial cost method.
(2) Changes in actuarial assumptions were reflected in this valuation.
(3) A change in an actuarial assumption and method was reflected in this valuation.

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CITY OF DEER PARK, TEXAS
SCHEDULE OF FUNDING PROGRESS
POST EMPLOYMENT HEALTHCARE BENEFITS
For the Year Ended September 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
10/01/11	\$ -	\$ 22,609,564	\$ 22,609,564	0.0%	\$ 16,137,707	140.1%
10/01/12	\$ -	\$ 22,090,299	\$ 22,090,299	0.0%	\$ 15,470,634	142.8%
10/01/13	\$ -	\$ 25,360,116	\$ 25,360,116	0.0%	\$ 15,907,069	159.4%

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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, 2014

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Property taxes	\$ 4,056,900	\$ 4,056,900	\$ 4,321,777	\$ 264,877
Investment earnings	26,000	26,000	608	(25,392)
Total Revenues	4,082,900	4,082,900	4,322,385	239,485
<u>Expenditures</u>				
Debt service:				
Principal	3,440,000	3,440,000	2,664,372	775,628
Interest and other charges	1,837,266	1,837,266	1,050,543	786,723
Total Expenditures	5,277,266	5,277,266	3,714,915	1,562,351
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,194,366)	(1,194,366)	607,470	1,801,836
<u>Other Financing Sources (Uses)</u>				
Transfers in	1,448,774	1,448,774	2,983	(1,445,791)
Total Other Financing Sources	1,448,774	1,448,774	2,983	(1,445,791)
Net Change in Fund Balance	\$ 254,408	\$ 254,408	610,453	\$ 356,045
Beginning fund balance			2,321,730	
Ending Fund Balance			\$ 2,932,183	

Notes to Supplementary Information:

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

CITY OF DEER PARK, TEXAS

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2014

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, 2014

Capital Improvements Fund

This fund is used to account for local funding of various capital projects throughout the City.

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.

CITY OF DEER PARK, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)
September 30, 2014

	<u>Special Revenue Funds</u>			
	<u>Hotel/Motel Occupancy Tax</u>	<u>Grants</u>	<u>Police Forfeiture</u>	<u>Municipal Court</u>
Assets				
Cash and cash equivalents	\$ 953,823	\$ 1,071,807	\$ 39,017	\$ 283,315
Accounts receivable	185,809	-	-	37,297
Due from other funds	-	-	-	-
Due from other governments	-	689,372	-	-
Total Assets	\$ 1,139,632	\$ 1,761,179	\$ 39,017	\$ 320,612
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 65,478	\$ 830,249	\$ -	\$ 37
Accrued liabilities	-	-	-	26,294
Due to other funds	-	616,372	-	-
Other payables	-	-	-	22
Total Liabilities	65,478	1,446,621	-	26,353
Fund balances:				
Restricted:				
Grants	-	-	-	-
Enabling legislation	1,074,154	-	39,017	294,259
Special projects	-	314,558	-	-
Capital projects	-	-	-	-
Assigned:				
Capital projects	-	-	-	-
Total Fund Balances	1,074,154	314,558	39,017	294,259
Total Liabilities and Fund Balances	\$ 1,139,632	\$ 1,761,179	\$ 39,017	\$ 320,612

Special Revenue Fund	Capital Projects Funds				
FEMA Hurricane Ike	Capital Projects	1997 Streets	Streets	Capital Improvements	General Obligation Series 2005
\$ 333,457	\$ 102,500	\$ 26,976	\$ 94,433	\$ 2,768,299	\$ 1,493,849
-	-	-	-	30,265	-
-	-	-	-	-	-
528,894	-	-	-	-	-
<u>\$ 862,351</u>	<u>\$ 102,500</u>	<u>\$ 26,976</u>	<u>\$ 94,433</u>	<u>\$ 2,798,564</u>	<u>\$ 1,493,849</u>
\$ -	\$ -	\$ -	\$ -	\$ 24,061	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	24,061	-
862,351	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	26,976	94,433	-	1,493,849
-	102,500	-	-	2,774,503	-
<u>862,351</u>	<u>102,500</u>	<u>26,976</u>	<u>94,433</u>	<u>2,774,503</u>	<u>1,493,849</u>
<u>\$ 862,351</u>	<u>\$ 102,500</u>	<u>\$ 26,976</u>	<u>\$ 94,433</u>	<u>\$ 2,798,564</u>	<u>\$ 1,493,849</u>

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CITY OF DEER PARK, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)
September 30, 2014

	<u>Capital Projects Fund</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>CIBF 2007</u>	<u>CIBF 2010</u>	
<u>Assets</u>			
Cash and cash equivalents	\$ 4,875,408	\$ 2,180,168	\$ 14,223,052
Accounts receivable	-	-	253,371
Due from other funds	-	616,372	616,372
Due from other governments	-	-	1,218,266
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 4,875,408	\$ 2,796,540	\$ 16,311,061
	<hr/>	<hr/>	<hr/>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ 45,767	\$ 3,175	\$ 968,767
Accrued liabilities	-	-	26,294
Due to other funds	-	-	616,372
Other payables	-	-	22
	<hr/>	<hr/>	<hr/>
Total Liabilities	45,767	3,175	1,611,455
	<hr/>	<hr/>	<hr/>
Fund balances:			
Restricted			
Grants	-	-	862,351
Enabling legislation	-	-	1,407,430
Special projects	-	-	314,558
Capital projects	4,829,641	2,793,365	9,238,264
Assigned			
Capital projects	-	-	2,877,003
	<hr/>	<hr/>	<hr/>
Total Fund Balances	4,829,641	2,793,365	14,699,606
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	\$ 4,875,408	\$ 2,796,540	\$ 16,311,061
	<hr/>	<hr/>	<hr/>

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, 2014

	Special Revenue Funds			
	Hotel/Motel Occupancy Tax	Grants	Police Forfeiture	Municipal Court
Revenues				
Hotel/motel taxes	\$ 679,646	\$ -	\$ -	\$ -
Fees and fines	-	-	-	195,997
Intergovernmental	-	874,867	-	-
Charges for services	-	-	-	263,880
Investment earnings	-	-	11	-
Miscellaneous	-	9,001	2,096	-
Total Revenues	679,646	883,868	2,107	459,877
Expenditures				
Current:				
General government	-	-	-	42,391
Community development	459,727	-	-	-
Public safety	-	2,825	19,842	362,880
Capital outlay	-	868,597	-	-
Total Expenditures	459,727	871,422	19,842	405,271
Excess (Deficiency) of Revenues Over (Under) Expenditures	219,919	12,446	(17,735)	54,606
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers (out)	(40,543)	-	-	(115,390)
Total Other Financing Sources (Uses)	(40,543)	-	-	(115,390)
Net Change in Fund Balances	179,376	12,446	(17,735)	(60,784)
Beginning fund balances	894,778	302,112	56,752	355,043
Ending Fund Balances	\$ 1,074,154	\$ 314,558	\$ 39,017	\$ 294,259

Special Revenue Fund	Capital Projects Funds					General Obligation Series 2005
FEMA Hurricane Ike	Capital Projects	1997 Streets	Streets	Capital Improvements		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	34	10	25	47	590	590
-	-	-	-	-	-	-
-	34	10	25	47	590	590
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	5,253	-	-	136,635	359,258	359,258
-	5,253	-	-	136,635	359,258	359,258
-	(5,219)	10	25	(136,588)	(358,668)	(358,668)
-	-	-	-	1,200,000	-	-
-	(35)	(9)	-	-	(589)	(589)
-	(35)	(9)	-	1,200,000	(589)	(589)
-	(5,254)	1	25	1,063,412	(359,257)	(359,257)
862,351	107,754	26,975	94,408	1,711,091	1,853,106	1,853,106
<u>\$ 862,351</u>	<u>\$ 102,500</u>	<u>\$ 26,976</u>	<u>\$ 94,433</u>	<u>\$ 2,774,503</u>	<u>\$ 1,493,849</u>	<u>\$ 1,493,849</u>

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CITY OF DEER PARK, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)
For the Year Ended September 30, 2014

	<u>Capital Projects Fund</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>CIBF 2007</u>	<u>CIBF 2010</u>	
<u>Revenues</u>			
Hotel/motel taxes	\$ -	\$ -	\$ 679,646
Fees and fines	-	-	195,997
Intergovernmental	-	-	874,867
Charges for services	-	-	263,880
Investment earnings	1,787	564	3,068
Miscellaneous	-	-	11,097
Total Revenues	<u>1,787</u>	<u>564</u>	<u>2,028,555</u>
<u>Expenditures</u>			
Current:			
General government	-	-	42,391
Community development	8,500	-	468,227
Public safety	-	-	385,547
Capital outlay	501,301	1,218,866	3,089,910
Total Expenditures	<u>509,801</u>	<u>1,218,866</u>	<u>3,986,075</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(508,014)</u>	<u>(1,218,302)</u>	<u>(1,957,520)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers in	-	-	1,200,000
Transfers (out)	(1,786)	(564)	(158,916)
Total Other Financing Sources (Uses)	<u>(1,786)</u>	<u>(564)</u>	<u>1,041,084</u>
Net Change in Fund Balances	(509,800)	(1,218,866)	(916,436)
Beginning fund balances	<u>5,339,441</u>	<u>4,012,231</u>	<u>15,616,042</u>
Ending Fund Balances	<u>\$ 4,829,641</u>	<u>\$ 2,793,365</u>	<u>\$ 14,699,606</u>

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, 2014

		Hotel/Motel Occupancy Tax			
		Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues					
	Hotel/motel occupancy taxes	\$ 559,340	\$ 559,340	\$ 679,646	\$ 120,306
	Total Revenues	<u>559,340</u>	<u>559,340</u>	<u>679,646</u>	<u>120,306</u>
Expenditures					
	Current:				
	Community development	872,000	872,000	459,727	412,273
	Total Expenditures	<u>872,000</u>	<u>872,000</u>	<u>459,727</u>	<u>412,273</u>
	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(312,660)</u>	<u>(312,660)</u>	<u>219,919</u>	<u>532,579</u>
Other Financing Sources (Uses)					
	Transfers (out)	(41,000)	(41,000)	(40,543)	457
	Total Other Financing (Uses)	<u>(41,000)</u>	<u>(41,000)</u>	<u>(40,543)</u>	<u>457</u>
	Net Change in Fund Balance	<u>\$ (353,660)</u>	<u>\$ (353,660)</u>	<u>179,376</u>	<u>\$ 533,036</u>
	Beginning fund balance			894,778	
	Ending Fund Balance			<u>\$ 1,074,154</u>	

		Grants			
		Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues					
	Intergovernmental	\$ 1,148,909	\$ 1,148,909	\$ 874,867	\$ (274,042)
	Total Revenues	<u>1,148,909</u>	<u>1,148,909</u>	<u>874,867</u>	<u>(274,042)</u>
Expenditures					
	Capital outlay	1,148,909	1,148,909	863,802	285,107
	Total Expenditures	<u>1,148,909</u>	<u>1,148,909</u>	<u>863,802</u>	<u>285,107</u>
	Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>11,065</u>	<u>\$ 11,065</u>
	Other special revenue fund net change in fund balance			1,381	
	Beginning fund balance			302,112	
	Ending Fund Balance			<u>\$ 314,558</u>	

Notes to Supplementary Information:

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

CITY OF DEER PARK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2014

		Police Forfeiture			
		Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues					
Investment earnings		\$ -	\$ -	\$ 11	\$ 11
Miscellaneous		10,000	10,000	2,096	(7,904)
	Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>2,107</u>	<u>(7,893)</u>
Expenditures					
Current:					
	Public safety	31,865	31,865	19,842	12,023
	Total Expenditures	<u>31,865</u>	<u>31,865</u>	<u>19,842</u>	<u>12,023</u>
	Net Change in Fund Balance	<u>\$ (21,865)</u>	<u>\$ (21,865)</u>	<u>(17,735)</u>	<u>\$ 4,130</u>
Beginning fund balance				56,752	
	Ending Fund Balance			<u>\$ 39,017</u>	

		Municipal Court			
		Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues					
Fines and fees		\$ 177,000	\$ 177,000	\$ 195,997	\$ 18,997
Charges for services		267,000	267,000	263,880	(3,120)
	Total Revenues	<u>444,000</u>	<u>444,000</u>	<u>459,877</u>	<u>15,877</u>
Expenditures					
Current:					
	General government	56,365	56,365	42,391	13,974
	Public safety	360,465	362,885	362,880	5
	Total Expenditures	<u>416,830</u>	<u>419,250</u>	<u>405,271</u>	<u>13,979</u>
	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>27,170</u>	<u>24,750</u>	<u>54,606</u>	<u>29,856</u>
Other Financing Sources (Uses)					
	Transfers (out)	(115,390)	(115,390)	(115,390)	-
	Total Other Financing (Uses)	<u>(115,390)</u>	<u>(115,390)</u>	<u>(115,390)</u>	<u>-</u>
	Net Change in Fund Balance	<u>\$ (88,220)</u>	<u>\$ (90,640)</u>	<u>(60,784)</u>	<u>\$ 29,856</u>
Beginning fund balance				355,043	
	Ending Fund Balance			<u>\$ 294,259</u>	

Notes to Supplementary Information:

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

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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.

Contents	Page
Financial Trends	106
<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	116
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.</i>	
Debt Capacity	126
<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	136
<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	139
<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)

	Year			
	2005	2006	2007	2008
Governmental Activities				
Net investment in capital assets	\$ 18,087,330	\$ 23,422,416	\$ 23,625,083	\$ 28,350,164
Restricted	1,888,554	2,448,995	2,850,158	3,460,684
Unrestricted	3,271,660	4,811,771	9,701,580	13,373,367
Total Governmental Activities Net Position	<u>\$ 23,247,544</u>	<u>\$ 30,683,182</u>	<u>\$ 36,176,821</u>	<u>\$ 45,184,215</u>
Business-Type Activities				
Net investment in capital assets	\$ 15,061,049	\$ 10,654,013	\$ 11,447,994	\$ 11,928,085
Restricted	-	-	-	-
Unrestricted	4,597,501	4,052,406	3,159,901	3,027,361
Total Business-Type Activities Net Position	<u>\$ 19,658,550</u>	<u>\$ 14,706,419</u>	<u>\$ 14,607,895</u>	<u>\$ 14,955,446</u>
Primary Government				
Net investment in capital assets	\$ 33,148,379	\$ 34,076,429	\$ 35,073,077	\$ 40,278,249
Restricted	1,888,554	2,448,995	2,850,158	3,460,684
Unrestricted	7,869,161	8,864,177	12,861,481	16,400,728
Total Primary Government Net Position	<u>\$ 42,906,094</u>	<u>\$ 45,389,601</u>	<u>\$ 50,784,716</u>	<u>\$ 60,139,661</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).

Year					
2009	2010	2011	2012	2013*	2014
\$ 32,072,611	\$ 29,888,865	\$ 30,587,182	\$ 29,597,630	\$ 35,765,964	\$ 41,639,757
4,788,311	4,491,224	4,102,964	4,574,770	16,249,861	14,754,786
15,775,137	12,191,299	11,159,636	13,180,581	8,819,451	12,612,133
<u>\$ 52,636,059</u>	<u>\$ 46,571,388</u>	<u>\$ 45,849,782</u>	<u>\$ 47,352,981</u>	<u>\$ 60,835,276</u>	<u>\$ 69,006,676</u>
\$ 12,218,032	\$ 12,218,032	\$ 15,512,082	\$ 20,056,649	\$ 16,499,908	\$ 16,377,808
-	-	-	-	984,962	152,344
2,778,534	5,684,466	5,293,599	5,869,151	5,186,325	7,201,159
<u>\$ 14,996,566</u>	<u>\$ 17,902,498</u>	<u>\$ 20,805,681</u>	<u>\$ 25,925,800</u>	<u>\$ 22,671,195</u>	<u>\$ 23,731,311</u>
\$ 44,290,643	\$ 42,106,897	\$ 46,099,264	\$ 49,654,279	\$ 52,265,872	\$ 58,017,565
4,788,311	4,491,224	4,102,964	4,574,770	17,234,823	14,907,130
18,553,671	17,875,765	16,453,235	19,049,732	14,005,776	19,813,292
<u>\$ 67,632,625</u>	<u>\$ 64,473,886</u>	<u>\$ 66,655,463</u>	<u>\$ 73,278,781</u>	<u>\$ 83,506,471</u>	<u>\$ 92,737,987</u>

CITY OF DEER PARK, TEXAS

CHANGES IN NET POSITION

Last Ten Years

(accrual basis of accounting)

	Year			
	2005	2006*	2007	2008
Expenses				
Governmental activities				
General government	\$ 7,529,534	\$ 8,373,235	\$ 8,846,111	\$ 9,470,146
Public safety	5,877,232	6,252,445	6,885,057	7,921,413
Public works	4,507,203	5,259,922	6,297,724	5,332,621
Parks and recreation	-	2,148,365	2,121,981	2,092,772
Community development	4,602,280	4,933,184	5,280,164	6,486,732
Interest on long-term debt	1,287,617	1,355,043	1,168,616	1,482,204
Total Governmental Activities Expenses	<u>23,803,866</u>	<u>28,322,194</u>	<u>30,599,653</u>	<u>32,785,888</u>
Business-type activities				
Water and sewer	6,274,817	7,099,200	6,996,091	7,168,771
Storm water utility	-	-	-	-
Golf course	2,162,330	-	-	-
Total Business-Type Activities Expenses	<u>8,437,147</u>	<u>7,099,200</u>	<u>6,996,091</u>	<u>7,168,771</u>
Total Expenses	<u>\$ 32,241,013</u>	<u>\$ 35,421,394</u>	<u>\$ 37,595,744</u>	<u>\$ 39,954,659</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 993,383	\$ 730,882	\$ 726,640	\$ 941,187
Public safety	856,307	944,397	1,260,784	1,485,861
Public works	238,526	273,095	299,569	340,962
Parks and recreation	-	1,649,563	1,645,628	1,901,120
Community development	334,666	-	-	-
Operating grants and contributions	719,134	168,513	201,151	732,275
Capital grants and contributions	7,478	-	-	-
Total Governmental Activities Program Revenues	<u>3,149,494</u>	<u>3,766,450</u>	<u>4,133,772</u>	<u>5,401,405</u>
Business-type activities				
Charges for services				
Water and sewer	7,204,119	7,396,257	7,126,559	7,497,682
Golf course	1,100,002	-	-	-
Total Business-Type Activities Program Revenues	<u>8,304,121</u>	<u>7,396,257</u>	<u>7,126,559</u>	<u>7,497,682</u>
Total Program Revenues	<u>\$ 11,453,615</u>	<u>\$ 11,162,707</u>	<u>\$ 11,260,331</u>	<u>\$ 12,899,087</u>
Net (Expense)/Revenue				
Governmental activities	\$ (20,654,372)	\$ (24,555,744)	\$ (26,465,881)	\$ (27,384,483)
Business-type activities	(133,026)	297,057	130,468	328,911
Total Net Expense	<u>\$ (20,787,398)</u>	<u>\$ (24,258,687)</u>	<u>\$ (26,335,413)</u>	<u>\$ (27,055,572)</u>

Year					
2009	2010	2011	2012	2013**	2014
\$ 10,966,814	\$ 14,132,823	\$ 13,666,778	\$ 11,708,476	\$ 11,004,030	\$ 6,875,093
10,285,816	9,585,147	8,927,783	9,077,372	8,749,188	11,085,867
5,925,540	6,030,222	5,592,366	6,053,467	5,763,687	7,167,383
2,690,654	2,158,444	2,154,431	2,436,909	2,289,706	879,371
6,921,903	6,578,378	6,443,264	6,483,611	6,348,454	8,093,613
1,390,366	1,437,830	1,606,938	1,642,422	1,120,112	1,042,305
<u>38,181,093</u>	<u>39,922,844</u>	<u>38,391,560</u>	<u>37,402,257</u>	<u>35,275,177</u>	<u>35,143,632</u>
8,061,221	7,690,164	7,822,999	7,490,715	7,879,276	8,403,676
-	-	-	-	105,578	72,824
-	-	-	-	-	-
<u>8,061,221</u>	<u>7,690,164</u>	<u>7,822,999</u>	<u>7,490,715</u>	<u>7,984,854</u>	<u>8,476,500</u>
<u>\$ 46,242,314</u>	<u>\$ 47,613,008</u>	<u>\$ 46,214,559</u>	<u>\$ 44,892,972</u>	<u>\$ 43,260,031</u>	<u>\$ 43,620,132</u>
\$ 677,102	\$ 40,164	\$ 50,603	\$ 82,593	\$ 473,000	\$ 369,003
1,972,693	1,738,943	1,967,043	2,535,052	2,777,714	2,595,857
378,650	401,748	502,163	535,228	585,090	1,086,752
2,268,422	1,487,907	1,601,366	1,645,362	1,821,617	787,249
-	1,202,284	1,498,581	1,567,354	391,143	473,884
2,884,838	161,293	398,737	279,697	160,389	62,772
-	-	56,237	1,460,218	3,053,828	874,867
<u>8,181,705</u>	<u>5,032,339</u>	<u>6,074,730</u>	<u>8,105,504</u>	<u>9,262,781</u>	<u>6,250,384</u>
8,084,177	8,041,795	10,942,116	9,873,528	9,816,969	9,616,423
-	-	-	-	-	-
<u>8,084,177</u>	<u>8,041,795</u>	<u>10,942,116</u>	<u>9,873,528</u>	<u>9,816,969</u>	<u>9,616,423</u>
<u>\$ 16,265,882</u>	<u>\$ 13,074,134</u>	<u>\$ 17,016,846</u>	<u>\$ 17,979,032</u>	<u>\$ 19,079,750</u>	<u>\$ 15,866,807</u>
\$ (29,999,388)	\$ (34,890,505)	\$ (32,316,830)	\$ (29,296,753)	\$ (26,012,396)	\$ (28,893,248)
22,956	351,631	3,119,117	2,382,813	1,832,115	1,139,923
<u>\$ (29,976,432)</u>	<u>\$ (34,538,874)</u>	<u>\$ (29,197,713)</u>	<u>\$ (26,913,940)</u>	<u>\$ (24,180,281)</u>	<u>\$ (27,753,325)</u>

CITY OF DEER PARK, TEXAS

CHANGES IN NET POSITION (Continued)

Last Ten Years

(accrual basis of accounting)

	Year			
	2005	2006*	2007	2008
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property	\$ 8,320,136	\$ 9,062,891	\$ 9,757,032	\$ 11,292,933
Industrial district	9,450,425	10,975,837	14,428,111	16,185,476
Franchise	1,687,079	1,718,725	1,668,001	1,839,383
Sales and use	2,862,023	3,272,524	3,715,143	4,109,314
Hotel occupancy	203,217	240,612	277,471	334,112
Investment earnings	399,782	798,037	1,084,019	906,857
Miscellaneous	266,466	476,569	616,253	439,524
Gain on sale of asset	-	-	-	-
Transfers	(289,408)	437,816	413,490	73,914
Total Governmental Activities	<u>22,899,720</u>	<u>26,983,011</u>	<u>31,959,520</u>	<u>35,181,513</u>
Business-type activities				
Investment earnings	127,405	196,999	184,498	92,554
Transfers in (out)	289,408	(437,816)	(413,490)	(73,914)
Total Business-Type Activities	<u>416,813</u>	<u>(240,817)</u>	<u>(228,992)</u>	<u>18,640</u>
Total Primary Government	<u>\$ 23,316,533</u>	<u>\$ 26,742,194</u>	<u>\$ 31,730,528</u>	<u>\$ 35,200,153</u>
Change in Net Position				
Governmental activities	\$ 2,245,348	\$ 2,427,267	\$ 5,493,639	\$ 7,797,030
Business-type activities	283,787	56,240	(98,524)	347,551
Total Change in Net Position	<u>\$ 2,529,135</u>	<u>\$ 2,483,507</u>	<u>\$ 5,395,115</u>	<u>\$ 8,144,581</u>

Notes:

* The City moved the golf course into the general fund beginning in fiscal year 2006. It was previously reported as an enterprise fund.

** 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).

Year					
2009	2010	2011	2012	2013**	2014
\$ 11,807,444	\$ 12,000,370	\$ 12,234,105	\$ 13,099,300	\$ 13,002,159	\$ 14,219,581
17,988,792	12,986,530	12,346,943	12,894,626	14,106,107	14,250,173
1,748,053	2,063,774	1,932,237	2,209,371	2,315,334	2,338,146
4,564,184	4,069,523	4,221,452	4,746,096	5,037,072	5,201,364
404,561	403,983	455,166	526,387	607,709	679,646
225,077	65,499	41,978	47,460	40,416	23,014
479,596	222,660	83,875	11,714	210,969	53,644
233,525	66,794	60,948	-	-	214,571
-	(2,550,000)	218,520	(2,735,002)	96,988	84,509
<u>37,451,232</u>	<u>29,329,133</u>	<u>31,595,224</u>	<u>30,799,952</u>	<u>35,416,754</u>	<u>37,064,648</u>
18,164	4,301	2,586	2,304	12,647	4,702
-	2,550,000	(218,520)	2,735,002	(96,988)	(84,509)
<u>18,164</u>	<u>2,554,301</u>	<u>(215,934)</u>	<u>2,737,306</u>	<u>(84,341)</u>	<u>(79,807)</u>
<u>\$ 37,469,396</u>	<u>\$ 31,883,434</u>	<u>\$ 31,379,290</u>	<u>\$ 33,537,258</u>	<u>\$ 35,332,413</u>	<u>\$ 36,984,841</u>
\$ 7,451,844	\$ (5,561,372)	\$ (721,606)	\$ 1,503,199	\$ 9,404,358	\$ 8,171,400
41,120	2,905,932	2,903,183	5,120,119	1,747,774	1,060,116
<u>\$ 7,492,964</u>	<u>\$ (2,655,440)</u>	<u>\$ 2,181,577</u>	<u>\$ 6,623,318</u>	<u>\$ 11,152,132</u>	<u>\$ 9,231,516</u>

CITY OF DEER PARK, TEXAS

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years

	Year			
	2005	2006	2007	2008
General Fund				
Reserved	\$ 121,679	\$ 197,462	\$ 190,484	\$ 271,282
Unreserved	2,927,924	4,280,006	9,255,848	11,715,534
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 3,049,603</u>	<u>\$ 4,477,468</u>	<u>\$ 9,446,332</u>	<u>\$ 11,986,816</u>
All Other Governmental Funds				
Unreserved, reported in:				
Special revenue funds	\$ 688,671	\$ 960,021	\$ 1,337,703	\$ 1,339,195
Capital projects funds	8,859,792	6,979,305	4,359,127	12,099,991
Debt service funds	1,026,306	1,282,720	1,343,259	2,053,462
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 10,574,769</u>	<u>\$ 9,222,046</u>	<u>\$ 7,040,089</u>	<u>\$ 15,492,648</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).

Year					
2009	2010	2011*	2012	2013**	2014
\$ 236,031	\$ 207,006	\$ -	\$ -	\$ -	\$ -
16,188,960	15,247,265	-	-	-	-
-	-	196,355	197,244	151,122	144,805
-	-	-	-	-	-
-	-	3,526,731	257,974	320,216	1,304,600
-	-	-	-	-	2,500,000
-	-	10,825,327	17,011,377	24,158,718	26,052,496
<u>\$ 16,424,991</u>	<u>\$ 15,454,271</u>	<u>\$ 14,548,413</u>	<u>\$ 17,466,595</u>	<u>\$ 24,630,056</u>	<u>\$ 30,001,901</u>
\$ 2,563,441	\$ 2,402,716	\$ -	\$ -	\$ -	\$ -
10,392,992	14,657,635	-	-	-	-
2,081,520	2,088,508	-	-	-	-
-	-	-	2,914	-	-
-	-	17,947,247	19,349,008	16,118,927	14,754,786
-	-	2,118,012	2,995,806	1,818,845	2,877,003
<u>\$ 15,037,953</u>	<u>\$ 19,148,859</u>	<u>\$ 20,065,259</u>	<u>\$ 22,347,728</u>	<u>\$ 17,937,772</u>	<u>\$ 17,631,789</u>

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

	Year			
	2005	2006*	2007	2008
Revenues				
Taxes	\$ 22,517,235	\$ 25,230,868	\$ 29,935,611	\$ 33,749,045
Licenses and permits	402,108	452,092	384,435	470,155
Fines and fees	589,176	482,656	786,887	997,669
Charges for services	1,310,706	2,657,807	2,746,918	3,048,303
Intergovernmental	402,215	160,548	207,765	862,631
Donations	-	-	-	-
Investment earnings	393,802	798,037	1,084,019	906,857
Other revenues	670,749	476,569	616,253	439,524
Total Revenues	<u>26,285,991</u>	<u>30,258,577</u>	<u>35,761,888</u>	<u>40,474,184</u>
Expenditures				
General government	7,355,326	8,203,956	8,679,456	9,318,538
Community development	4,423,327	4,830,599	5,173,478	5,884,062
Public works	3,458,603	4,150,623	5,046,305	4,064,345
Parks and recreation	-	1,701,193	1,625,298	1,954,878
Public safety	5,479,772	5,914,796	6,459,075	7,413,815
Debt service				
Principal	1,427,443	1,360,156	2,427,894	2,441,398
Interest	2,502,449	2,388,435	1,185,640	1,640,406
Capital outlay	1,313,948	2,780,356	3,542,429	7,794,339
Total Expenditures	<u>25,960,868</u>	<u>31,330,114</u>	<u>34,139,575</u>	<u>40,511,781</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	325,123	(1,071,537)	1,622,313	(37,597)
Other Financing Sources (Uses)				
Proceeds from issuance of debt	9,349,162	568,307	-	14,305,000
Proceeds from capital lease	-	-	751,104	947,434
Proceeds from sale of capital assets	-	-	-	-
Refunding bonds issued	4,670,000	-	-	-
Premium on issuance of bonds	170,439	-	-	261,555
Payments to escrow account	(4,717,631)	-	-	(4,557,262)
Proceeds from insurance recovery	-	-	-	-
Transfers in	635,920	1,000,141	835,855	2,921,623
Transfers out	(925,328)	(562,325)	(422,365)	(2,847,709)
Total Other Financing Sources	<u>9,182,562</u>	<u>1,006,123</u>	<u>1,164,594</u>	<u>11,030,641</u>
Net Change in Fund Balances	<u>\$ 9,507,685</u>	<u>\$ (65,414)</u>	<u>\$ 2,786,907</u>	<u>\$ 10,993,044</u>
Debt service as a percentage of noncapital expenditures	15.94%	13.13%	11.81%	12.48%

Notes:

* Parks and recreation became a department of the general fund in fiscal year 2006. It was previously reported as an enterprise fund.

** 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).

		Year									
		2009	2010	2011	2012	2013**	2014				
\$	36,553,195	\$	31,905,813	\$	31,189,903	\$	33,551,435	\$	35,060,741	\$	36,666,969
	307,496		314,313		436,015		510,790		565,191		513,697
	821,479		877,761		1,092,230		1,481,641		1,694,146		1,540,650
	3,852,637		3,379,201		3,709,536		4,087,613		3,695,964		3,212,842
	2,872,735		148,847		389,558		1,681,588		3,184,982		937,639
	-		-		-		100,000		150,202		-
	225,077		65,499		41,978		47,460		40,416		23,013
	492,997		525,932		401,843		330,965		82,107		54,333
	<u>45,125,616</u>		<u>37,217,366</u>		<u>37,261,063</u>		<u>41,791,492</u>		<u>44,473,749</u>		<u>42,949,143</u>
	10,596,083		11,430,086		11,016,985		10,935,746		10,576,393		6,253,704
	6,385,331		6,183,270		6,038,050		5,940,733		5,826,669		7,500,975
	4,161,980		4,534,506		4,172,122		4,298,938		3,951,743		5,648,506
	2,095,437		1,846,217		1,940,202		1,965,054		1,528,443		87,990
	9,112,933		8,845,527		8,216,278		7,965,646		7,999,354		10,275,560
	2,496,678		2,366,966		2,894,789		6,727,393		3,014,913		3,006,105
	1,409,628		1,527,530		1,694,234		1,862,015		1,294,928		1,077,422
	5,152,641		6,126,024		1,807,005		4,968,526		5,477,993		4,448,943
	<u>41,410,711</u>		<u>42,860,126</u>		<u>37,779,665</u>		<u>44,664,051</u>		<u>39,670,436</u>		<u>38,299,205</u>
	3,714,905		(5,642,760)		(518,602)		(2,872,559)		4,803,313		4,649,938
	-		7,805,000		-		3,390,000		-		-
	-		1,005,441		249,676		-		213,295		-
	-		84,469		60,948		91,082		126,362		331,415
	-		6,295,000		-		3,490,000		4,510,000		-
	-		650,160		-		353,878		316,894		-
	-		(4,007,637)		-		-		(4,715,674)		-
	268,575		3,812		-		23,252		2,500		-
	1,728,615		2,092,866		3,822,395		3,326,889		344,856		1,443,425
	(1,728,615)		(4,642,866)		(3,603,875)		(2,601,891)		(129,851)		(1,358,916)
	<u>268,575</u>		<u>9,286,245</u>		<u>529,144</u>		<u>8,073,210</u>		<u>668,382</u>		<u>415,924</u>
\$	<u>3,983,480</u>	\$	<u>3,643,485</u>	\$	<u>10,542</u>	\$	<u>5,200,651</u>	\$	<u>5,471,695</u>	\$	<u>5,065,862</u>
	10.77%		10.60%		12.76%		21.64%		12.58%		12.29%

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

	Year			
	2005	2006	2007	2008
Residential Property	\$ 990,263,860	\$ 1,058,375,190	\$ 1,137,850,873	\$ 1,244,699,984
Commercial Property	395,216,480	576,558,105	562,065,036	705,981,148
Industrial Property	31,934,010	26,918,080	110,248,289	88,869,368
Less: Tax Exempt Property	<u>(270,600,710)</u>	<u>(432,200,585)</u>	<u>(453,353,254)</u>	<u>(491,174,863)</u>
Total Taxable Assessed Value	<u>\$ 1,146,813,640</u>	<u>\$ 1,229,650,790</u>	<u>\$ 1,356,810,944</u>	<u>\$ 1,548,375,637</u>
Total Direct Tax Rate	\$ 0.72000	\$ 0.72000	\$ 0.72000	\$ 0.72000

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

Year					
2009	2010	2011	2012	2013	2014
\$ 1,319,584,117	\$ 1,315,124,845	\$ 1,306,933,609	\$ 1,318,375,083	\$ 1,313,329,562	\$ 1,340,643,775
732,397,906	858,463,574	857,667,514	905,226,326	934,825,965	1,000,810,663
150,255,998	156,543,513	152,160,115	189,306,565	192,957,836	249,479,757
(529,066,640)	(581,449,244)	(585,462,472)	(605,716,400)	(626,932,382)	(630,145,444)
<u>\$ 1,673,171,381</u>	<u>\$ 1,748,682,688</u>	<u>\$ 1,731,298,766</u>	<u>\$ 1,807,191,574</u>	<u>\$ 1,814,180,981</u>	<u>\$ 1,960,788,751</u>
\$ 0.70500	\$ 0.70500	\$ 0.70500	\$ 0.72000	\$ 0.72000	\$ 0.72000

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

	Year			
	2005	2006	2007	2008
Approximate Taxable Value*	\$ 2,084,219,757	\$ 2,419,822,028	\$ 3,181,290,507	\$ 3,569,008,272
Industrial District % Taxable Per Contract	63%	63%	63%	63%
Approximate Adjusted Taxable Value *	\$ 1,313,058,447	\$ 1,524,487,878	\$ 2,004,213,019	\$ 2,248,475,211
Tax Rate	\$ 0.720	\$ 0.720	\$ 0.720	\$ 0.720
Amount Billed	\$ 9,454,021	\$ 10,976,313	\$ 14,430,334	\$ 16,189,022
Amount Collected	\$ 9,450,425	\$ 10,975,837	\$ 14,428,293	\$ 16,185,295
% Collected	99.962%	99.996%	99.986%	99.977%

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

Year					
2009	2010	2011	2012	2013	2014
\$ 4,050,195,673	\$ 2,923,906,219	\$ 2,779,913,092	\$ 2,842,731,040	\$ 3,109,962,743	\$ 3,141,572,531
63%	63%	63%	63%	63%	63%
\$ 2,551,623,274	\$ 1,842,060,918	\$ 1,751,345,248	\$ 1,790,920,555	\$ 1,959,276,528	\$ 1,979,190,695
\$ 0.705	\$ 0.705	\$ 0.705	\$ 0.720	\$ 0.720	\$ 0.720
\$ 17,988,944	\$ 12,986,529	\$ 12,346,984	\$ 12,894,628	\$ 14,106,791	\$ 14,250,173
\$ 17,988,792	\$ 12,986,529	\$ 12,346,943	\$ 12,894,625	\$ 14,106,107	\$ 14,250,173
99.999%	100.000%	100.000%	100.000%	99.995%	100.000%

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

	Year			
	2005	2006	2007	2008
City of Deer Park by fund:				
General	\$ 0.554000	\$ 0.540000	\$ 0.540000	\$ 0.511000
Debt service	0.166000	0.180000	0.180000	0.209000
Total Direct Rates	\$ 0.720000	\$ 0.720000	\$ 0.720000	\$ 0.720000
Deer Park Independent School District	\$ 1.805500	\$ 1.805500	\$ 1.662300	\$ 1.336700
Harris County	0.399860	0.399860	0.402390	0.392390
Harris County Department of Education	0.006290	0.006290	0.006290	0.005850
Harris County Flood Control District	0.033180	0.033220	0.032410	0.031060
Harris County Hospital District	0.190210	0.190210	0.192160	0.192160
Harris County Port of Houston Authority	0.016730	0.014740	0.013020	0.014370
San Jacinto Community College District	0.139130	0.145360	0.145370	0.145370
Total Direct and Overlapping Rates	\$ 3.310900	\$ 3.315180	\$ 3.173940	\$ 2.837900

Source: Harris County Appraisal District

Note:

Tax rates are per \$100 of assessed valuation

Year					
2009	2010	2011	2012	2013	2014
\$ 0.511000	\$ 0.511000	\$ 0.498100	\$ 0.498100	\$ 0.498100	\$ 0.498100
0.194000	0.194000	0.206900	0.221900	0.221900	0.221900
<u>\$ 0.705000</u>	<u>\$ 0.705000</u>	<u>\$ 0.705000</u>	<u>\$ 0.720000</u>	<u>\$ 0.720000</u>	<u>\$ 0.720000</u>
\$ 1.317650	\$ 1.366700	\$ 1.396700	\$ 1.396700	\$ 1.526700	\$ 1.556700
0.389230	0.392240	0.388050	0.391170	0.400210	0.414550
0.005840	0.006050	0.006581	0.006581	0.006617	0.006358
0.030860	0.029220	0.029230	0.028090	0.028090	0.028270
0.192160	0.192160	0.192160	0.192160	0.182160	0.170000
0.017730	0.016360	0.020540	0.018560	0.019520	0.017160
0.163410	0.170800	0.176277	0.185602	0.185602	0.185602
<u>\$ 2.821880</u>	<u>\$ 2.878530</u>	<u>\$ 2.914538</u>	<u>\$ 2.938863</u>	<u>\$ 3.068899</u>	<u>\$ 3.098640</u>

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CITY OF DEER PARK, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Quarter Turn Resources, Inc.	\$ 20,024,991	1	1.02%	\$ -	N/A	-
Zeon Chemical LP	19,860,447	2	1.01%	-	N/A	-
Centerpoint Energy, Inc.	19,489,059	3	0.99%	13,371,010	2	1.17%
Wal-Mart	18,955,263	4	0.97%	17,028,100	1	1.48%
Deer Park Apts. LLC	18,302,720	5	0.93%	-	N/A	-
Siemens Energy LLC	17,576,920	6	0.90%	-	N/A	-
Aquilex Hydrochem, Inc.	13,779,149	7	0.70%	-	N/A	-
GSL Constructors, Ltd.	13,011,402	8	0.66%	-	N/A	-
Dresser Inc.	12,758,580	9	0.65%	-	N/A	-
Partnership Underwood LP	11,686,191	10	0.61%	-	N/A	-
ITCR Deer Park Ltd Partnership	-	N/A	-	12,540,500	3	1.09%
Southwestern Bell	-	N/A	-	12,187,940	4	1.06%
HydroChem Industrial	-	N/A	-	9,566,370	5	0.83%
Intergroup Casa Maria	-	N/A	-	7,818,900	6	0.68%
Insignia Management	-	N/A	-	7,331,100	7	0.64%
Hertz Equipment Rental	-	N/A	-	7,325,280	8	0.64%
Eval Company of America	-	N/A	-	7,052,830	9	0.61%
Triad Senior Living, III, LP	-	N/A	-	5,485,000	10	0.48%
Subtotal	\$ 165,444,722		8.44%	\$ 99,707,030		8.68%
Other Taxpayers	1,795,344,029		91.56%	1,047,106,610		91.32%
Total	\$ 1,960,788,751		100.00%	\$ 1,146,813,640		100.00%

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

	Year			
	2005	2006	2007	2008
Tax levy	\$ 8,247,625	\$ 8,860,495	\$ 9,769,039	\$ 11,172,300
Current tax collected	\$ 8,116,766	\$ 8,720,758	\$ 9,563,436	\$ 10,973,053
Percentage of current tax collections	98.41%	98.42%	97.90%	98.22%
Delinquent tax collections	<u>1,610</u>	<u>5,773</u>	<u>7,647</u>	<u>11,391</u>
Total tax collections	<u>\$ 8,118,376</u>	<u>\$ 8,726,531</u>	<u>\$ 9,571,083</u>	<u>\$ 10,984,444</u>
Total collections as a percentage of current levy	98.43%	98.49%	97.97%	98.32%

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

		Year									
		2009	2010	2011	2012	2013	2014				
\$	11,897,387	\$	12,366,491	\$	12,228,677	\$	13,043,054	\$	13,019,648	\$	14,063,714
\$	11,579,783	\$	12,159,307	\$	12,036,460	\$	12,841,027	\$	12,836,742	\$	13,863,961
	97.33%		98.32%		98.43%		98.45%		98.60%		98.58%
	44,319		88,372		116,942		63,699		1,196		161,282
\$	<u>11,624,102</u>	\$	<u>12,247,679</u>	\$	<u>12,153,402</u>	\$	<u>12,904,726</u>	\$	<u>12,837,938</u>	\$	<u>14,025,243</u>
	97.70%		99.04%		99.38%		98.94%		98.60%		99.73%

CITY OF DEER PARK, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	Year			
	2005	2006	2007	2008
Governmental Activities:				
General obligation bonds	\$ 25,535,000	\$ 23,875,000	\$ 22,205,000	\$ 30,590,000
Certificates of obligation	3,150,000	2,925,000	2,700,000	2,300,000
Capital leases	1,074,132	1,149,649	1,325,293	1,695,189
Business-Type Activities:				
General obligation bonds	-	-	-	-
Certificates of obligation	-	-	-	-
Water revenue bonds	17,270,000	16,045,000	14,825,000	13,610,000
Capital leases	10,645	-	-	-
Total Primary Government	<u>\$ 47,039,777</u>	<u>\$ 43,994,649</u>	<u>\$ 41,055,293</u>	<u>\$ 48,195,189</u>
Debt as a Percentage Of Personal Income	N/A	N/A	N/A	N/A
Debt Per Capita	<u>\$ 1,571</u>	<u>\$ 1,469</u>	<u>\$ 1,371</u>	<u>\$ 1,578</u>

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.

Year					
2009	2010	2011	2012	2013*	2014
\$ 28,725,000	\$ 29,200,000	\$ 26,785,000	\$ 27,750,000	\$ 20,334,132	\$ 17,979,969
2,230,000	9,965,000	9,890,000	12,960,000	9,683,246	9,283,100
1,130,649	1,834,124	1,679,561	1,257,169	1,082,960	741,227
-	-	-	-	5,207,260	4,557,742
-	-	-	-	8,408,633	15,297,035
12,400,000	8,645,000	7,745,000	3,395,000	2,820,000	2,250,000
-	-	216,834	168,743	119,506	69,093
<u>\$ 44,485,649</u>	<u>\$ 49,644,124</u>	<u>\$ 46,316,395</u>	<u>\$ 45,530,912</u>	<u>\$ 47,655,737</u>	<u>\$ 50,178,166</u>
N/A	N/A	N/A	N/A	N/A	N/A
<u>\$ 1,428</u>	<u>\$ 1,551</u>	<u>\$ 1,447</u>	<u>\$ 1,408</u>	<u>\$ 1,436</u>	<u>\$ 1,493</u>

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

	Year			
	2005	2006	2007	2008
General Obligation Bonds (1)	\$ 25,535,000	\$ 23,875,000	\$ 24,905,000	\$ 30,590,000
Less: Amounts Restricted to Repaying Principal	<u>(1,026,306)</u>	<u>(1,282,720)</u>	<u>(1,343,259)</u>	<u>(2,053,462)</u>
Total	<u>\$ 24,508,694</u>	<u>\$ 22,592,280</u>	<u>\$ 23,561,741</u>	<u>\$ 28,536,538</u>
Percentage of Actual Taxable Value of Property	2.14%	1.84%	1.92%	1.84%
Net Bonded Debt Per Capita	<u>\$ 818</u>	<u>\$ 754</u>	<u>\$ 787</u>	<u>\$ 934</u>

Notes:

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

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

* 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).

Year					
2009	2010	2011	2012	2013*	2014
\$ 28,725,000	\$ 29,200,000	\$ 26,785,000	\$ 27,750,000	\$ 25,541,392	\$ 22,537,711
(2,278,722)	(2,088,508)	(1,734,892)	(1,988,204)	(2,321,730)	(2,932,183)
<u>\$ 26,446,278</u>	<u>\$ 27,111,492</u>	<u>\$ 25,050,108</u>	<u>\$ 25,761,796</u>	<u>\$ 23,219,662</u>	<u>\$ 19,605,528</u>
1.58%	1.55%	1.45%	1.43%	1.28%	1.00%
<u>\$ 866</u>	<u>\$ 847</u>	<u>\$ 783</u>	<u>\$ 797</u>	<u>\$ 699</u>	<u>\$ 583</u>

CITY OF DEER PARK, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2014

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Deer Park Independent School District	\$ 257,065,000	17.49%	\$ 44,960,669
Harris County	2,474,458,204	0.62%	15,341,641
Harris County Department of Education	7,410,000	0.62%	45,942
Harris County Flood Control District	89,990,000	0.62%	557,938
La Porte Independent School District	292,055,000	11.58%	33,819,969
Port of Houston Authority of Harris County	717,624,397	0.62%	4,449,271
San Jacinto Community College District	<u>288,044,848</u>	4.69%	<u>13,509,303</u>
Subtotal, overlapping debt	\$ 4,126,647,449		\$ 112,684,733
City Direct Debt	\$ 28,004,296	100.00%	<u>28,004,296</u>
		Total Direct and Overlapping Debt	<u><u>\$ 140,689,029</u></u>

Source: Texas Municipal Reports and Governmental Units

Note:

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

	Year			
	2005	2006	2007	2008
Debt limit	\$ 114,491,670	\$ 132,614,400	\$ 135,681,094	\$ 154,837,564
Total net debt applicable to limit	27,670,822	25,517,280	23,561,741	28,536,538
Legal debt margin	\$ 86,820,848	\$ 107,097,120	\$ 112,119,353	\$ 126,301,026
Total net debt applicable to the limit as a percentage of debt limit	24.17%	19.24%	17.37%	18.43%

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed value	\$ 1,960,788,751
Debt limit (10% of assessed value)	196,078,875
Debt applicable to limit:	
General obligation bonds	22,537,711
Less: amount set aside for repayment of general obligation debt	(2,932,183)
Total net debt applicable to limit	19,605,528
Legal debt margin	\$ 176,473,347

Year					
2009	2010	2011	2012	2013	2014
\$ 168,338,508	\$ 174,868,269	\$ 173,129,877	\$ 180,719,157	\$ 181,418,098	\$ 196,078,875
<u>26,643,480</u>	<u>27,118,480</u>	<u>25,050,108</u>	<u>25,761,796</u>	<u>22,558,270</u>	<u>19,605,528</u>
<u>\$ 141,695,028</u>	<u>\$ 147,749,789</u>	<u>\$ 148,079,769</u>	<u>\$ 154,957,361</u>	<u>\$ 158,859,828</u>	<u>\$ 176,473,347</u>
15.83%	15.51%	14.47%	14.26%	12.43%	10.00%

CITY OF DEER PARK, TEXAS

PLEDGED REVENUE COVERAGE

Last Ten Years

	Year			
	2005	2006	2007	2008
Utility Service Charges	\$ 7,331,524	\$ 7,396,257	\$ 7,126,559	\$ 7,497,682
Less: Operating Expenses (1)	5,546,425	5,146,645	5,122,467	5,327,121
Net Available Revenue	\$ 1,785,099	\$ 2,249,612	\$ 2,004,092	\$ 2,170,561
Debt Service Requirements (2)				
Principal	\$ 675,043	\$ 635,000	\$ 721,516	\$ 1,215,000
Interest	728,392	734,023	643,892	645,008
Total	\$ 1,403,435	\$ 1,369,023	\$ 1,365,408	\$ 1,860,008
Coverage	1.27	1.64	1.47	1.17

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.

Year						
2009	2010	2011	2012	2013	2014	
\$ 8,084,177	\$ 8,041,795	\$ 10,942,116	\$ 9,873,258	\$ 9,529,392	\$ 9,341,087	
6,197,174	5,951,271	6,119,717	5,890,927	5,758,791	6,030,193	
<u>\$ 1,887,003</u>	<u>\$ 2,090,524</u>	<u>\$ 4,822,399</u>	<u>\$ 3,982,331</u>	<u>\$ 3,770,601</u>	<u>\$ 3,310,894</u>	
\$ 1,210,000	\$ 1,205,000	\$ 900,000	\$ 890,000	\$ 575,000	\$ 570,000	
532,804	426,798	327,057	296,649	106,449	87,653	
<u>\$ 1,742,804</u>	<u>\$ 1,631,798</u>	<u>\$ 1,227,057</u>	<u>\$ 1,186,649</u>	<u>\$ 681,449</u>	<u>\$ 657,653</u>	
1.08	1.28	3.93	3.36	5.53	5.03	

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

<u>Calendar Year</u>	<u>Population</u>	<u>Per Capita Income</u>	<u>Personal Income</u>	<u>Unemployment Rate</u>	<u>School Enrollment</u>
2005	29,946	N/A	N/A	5.4%	11,970
2006	29,946	N/A	N/A	4.1%	12,276
2007	29,946	N/A	N/A	4.4%	12,096
2008	30,544	N/A	N/A	5.6%	12,206
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%	12,600
2012	32,332	N/A	N/A	6.4%	12,743
2013	33,196	N/A	N/A	5.7%	12,772
2014	33,600	N/A	N/A	4.5%	12,944

Source: 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	2014		2005	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Shell Deer Park	3,200	15.73%	N/A	-
Deer Park Independent School District	1,753	8.62%	N/A	-
Lubrizol Specialty Chemicals	1,330	6.54%	N/A	-
Dow Chemical Co.	900	4.43%	N/A	-
Mistras Group	700	3.44%	N/A	-
Wal-Mart	425	2.09%	N/A	-
City of Deer Park	401	1.97%	N/A	-
Minh Foods, Inc.	400	1.97%	N/A	-
Siemens Energy	350	1.72%	N/A	-
Clean Harbors	270	1.33%	N/A	-
Total	<u>9,729</u>	<u>47.84%</u>		
Estimated total jobs in the City	<u>20,337</u>			

Source: City of Deer Park Economic Development Administrator.

N/A - The top ten principal employers' information from nine years ago is not available.

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CITY OF DEER PARK, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Years

	Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Management services	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Finance	6.5	7.0	7.0	6.0	6.0	8.0	6.0	6.0	6.0	6.0
Planning	13.0	12.0	13.0	13.0	14.0	14.0	14.0	13.0	14.0	14.0
Other	20.0	20.0	20.0	23.5	29.5	33.5	30.5	30.5	30.5	32.0
Police										
Officers	52.0	55.0	57.0	58.0	61.0	61.0	59.0	59.0	60.0	60.0
Civilians	34.0	32.0	32.0	25.0	26.0	25.0	24.0	25.0	25.0	25.0
Fire										
Firefighters and officers	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Civilians	4.5	4.5	4.5	5.5	9.5	13.5	13.5	13.0	13.0	15.5
Sanitation	21.0	22.0	24.0	23.0	23.0	23.0	23.0	23.0	23.0	22.0
Other public works										
Engineering	4.0	4.0	4.0	4.0	5.0	5.0	5.0	4.0	5.0	5.0
Other	26.5	25.5	26.5	26.0	25.0	27.0	27.0	27.0	27.0	28.0
Golf operations	40.0	40.0	25.5	26.0	26.0	26.0	25.0	26.0	24.0	-
Parks and recreation	57.5	58.5	58.5	60.5	61.5	73.5	73.5	74.0	69.5	70.5
Library	10.0	10.0	10.0	11.0	12.0	12.5	13.0	13.0	13.5	14.0
Water	14.0	14.0	14.0	14.0	15.0	16.0	16.0	16.0	16.0	16.0
Wastewater	13.0	13.0	12.0	13.0	12.0	12.0	12.0	12.0	12.0	13.0
Total	317.0	319.5	310.0	311.5	328.5	353.0	344.5	344.5	341.5	324.0

Source: Adopted City Budget

CITY OF DEER PARK, TEXAS

OPERATING INDICATORS BY FUNCTION

Last Ten Years

Function/Program	Year			
	2005	2006	2007	2008
General government				
Building permits issued	737	651	588	576
Building inspections conducted	3,641	2,959	1,933	1,251
Police				
Physical arrests	1,773	2,682	2,559	2,637
Parking violations	34	31	19	18
Traffic violations	7,117	5,497	11,647	10,167
Fire				
Emergency responses	1,613	1,734	1,871	1,992
Fires extinguished	228	206	326	418
Inspections	669	702	N/A	N/A
Sanitation				
Refuse collected (tons per day)*	99	100	97	111
Recyclables collected (tons per day)	1	2	2	1
Streets				
Street resurfacing (miles)**	-	-	-	-
Potholes repaired	18	14	35	45
Parks and recreation				
Community center admissions	230	250	429	500
Library				
Volumes in collection	77,454	80,353	81,072	82,386
Total volumes borrowed	179,834	168,196	158,973	169,395
Water				
New connections	481	337	240	114
Water main breaks	108	79	31	41
Average daily consumption (thousands of gallons)	3,739,577	3,676,567	3,661,000	3,900,000
Peak daily consumption (thousands of gallons)	6,638,000	5,517,000	5,279,000	6,086,000
Wastewater				
Average daily sewage treatment (thousands of gallons)	2,861	2,828	3,700	3,500

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

Year					
2009	2010	2011	2012	2013	2014
431	546	506	670	663	665
1,201	1,351	989	1,127	1,017	1,204
2,596	1,975	2,690	2,843	3,296	3,258
13	6	192	143	114	81
7,990	9,122	15,505	13,338	14,601	13,205
1,843	1,950	1,887	2,032	2,100	2,193
352	387	580	588	648	655
N/A	N/A	N/A	1,353	1,392	1,288
101	818	75	71	81	83
1	1	1	2	3	4
-	-	1	-	2	-
50	150	49	62	50	50
510	520	521	N/A	N/A	N/A
82,159	82,200	80,593	79,897	83,346	84,296
174,058	174,100	173,409	165,620	164,962	168,852
125	31	27	34	78	39
14	60	261	73	76	62
3,900,000	4,199,000	4,646,400	4,501,100	4,661,000	4,507,000
6,961,000	6,566,000	7,722,000	6,350,000	6,438,000	5,826,000
3,650	3,058	2,572	3,129	2,960	2,595

CITY OF DEER PARK, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Years

Function/Program	Year			
	2005	2006	2007	2008
Police				
Stations	1	1	1	1
Patrol units	36	34	37	39
Fire				
Stations	2	2	2	3
Sanitation				
Collection trucks	5	5	6	6
Streets				
Streets (miles)	97	99	105	105
Streetlights	2,400	2,421	2,541	2,557
Traffic signals	40	42	43	43
Parks and recreation				
Acreage	270	270	270	270
Parks with play structures	17	17	17	17
Baseball / softball diamonds	18	18	16	16
Soccer/football fields	9	9	9	9
Golf course	1	1	1	1
Community centers	7	7	7	7
Water				
Water lines (miles)	N/A	101	103	103
Fire hydrants	848	873	889	889
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	5.0	5.0	5.0	5.0
Wastewater				
Sanitary sewers (miles)	107	111	114	114
Storm sewers (miles)	59	60	61	62
Treatment capacity (millions of gallons)	6	6	6	6

Source: Various City departments

N/A - This information is currently not available.

Year					
2009	2010	2011	2012	2013	2014
1	1	1	1	1	1
40	40	40	41	41	42
3	3	3	3	3	3
6	6	6	5	5	6
105	105	106	106	107	107
2,557	2,557	2,583	2,583	2,622	2,623
43	43	43	43	43	43
270	270	270	270	270	270
17	17	17	19	19	19
16	16	16	24	24	19
9	9	9	6	6	7
1	1	1	1	1	1
7	7	7	7	7	7
103	132	133	133	134	135
889	890	895	895	906	914
3.0	3.0	3.0	3.0	3.0	3.0
1.5	1.5	1.5	1.5	1.5	1.5
5.0	5.0	5.0	5.0	5.0	5.0
114	123	124	124	125	125
62	66	67	67	68	68
6	6	6	6	6	6

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710 E. San Augustine Deer Park, Texas 77536
(281) 479-2394 www.deerparktx.gov