

2015

CITY OF DEER PARK

BIRTHPLACE OF TEXAS

Comprehensive Annual Financial Report City of Deer Park, Texas

Fiscal Year Ended September 30, 2015

*COMPREHENSIVE
ANNUAL FINANCIAL REPORT*

of the

CITY OF DEER PARK, TEXAS

For the Year Ended
September 30, 2015

Prepared by
Finance Department

Donna Todd
Director of Finance

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CITY OF DEER PARK, TEXAS

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INTRODUCTORY SECTION

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March 3, 2016

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”) publishes 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, 2015. This report is published to provide the citizens, City Council, City management and staff, bondholders, and other interested parties detailed information concerning the financial condition of the City. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To provide a reasonable basis for making these representations, the City has established a comprehensive internal control framework designed to protect the City’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City’s financial statements. I believe the data, as presented, is accurate in all material respects and that it is reported in a manner that fairly presents the financial position and results of operations of the City as measured by the financial activity of the various funds and account groups. All disclosures necessary to enable the reader to gain the maximum understanding of the City’s financial activities have been included.

The Report

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

City Profile

The City of Deer Park, incorporated in 1948, is located in the center of the highly industrialized ship channel area just east of Houston. The City currently occupies a land area of 15 square miles and serves a population of approximately 34,249. The City is empowered to levy an ad valorem tax on both real and personal property located within its boundaries. Further, the City is empowered to extend its corporate limits by annexation. The City receives annual “in-lieu-of-tax” payments from industries located within its extraterritorial jurisdiction. This “industrial district” includes the operations of 24 companies that contract with the City. The current contract, which was modified and renewed effective January 1, 2015, has a 12-year term and will expire on December 31, 2026.

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

The City provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; sanitation, water and sewer services; library services; recreational and cultural opportunities; and general administrative services. In fiscal year 2012 following a special election for each, the City added two component units to be funded by sales and use taxes: the Crime Control and Prevention 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. Deer Park enjoys a vibrant economic environment and local indicators point to continued stability. The City is located along the Houston Ship Channel, home to one of the world's most influential energy corridors and trade ports in the world. The region contains the world's second largest petrochemical complex and is the largest U.S. exporting port. It annually impacts over one million jobs and contributes \$178.5 billion to the Texas economy. With more than \$35 billion planned chemical plant expansions in the area over the next five years, the region is experiencing unprecedented capital investment and job creation.

The City welcomed 44 store-front businesses and over 50 home-based businesses in 2015. Employment growth continues because of the massive plant expansions occurring throughout the region.

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, 2014. This was the 28th 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, 2014

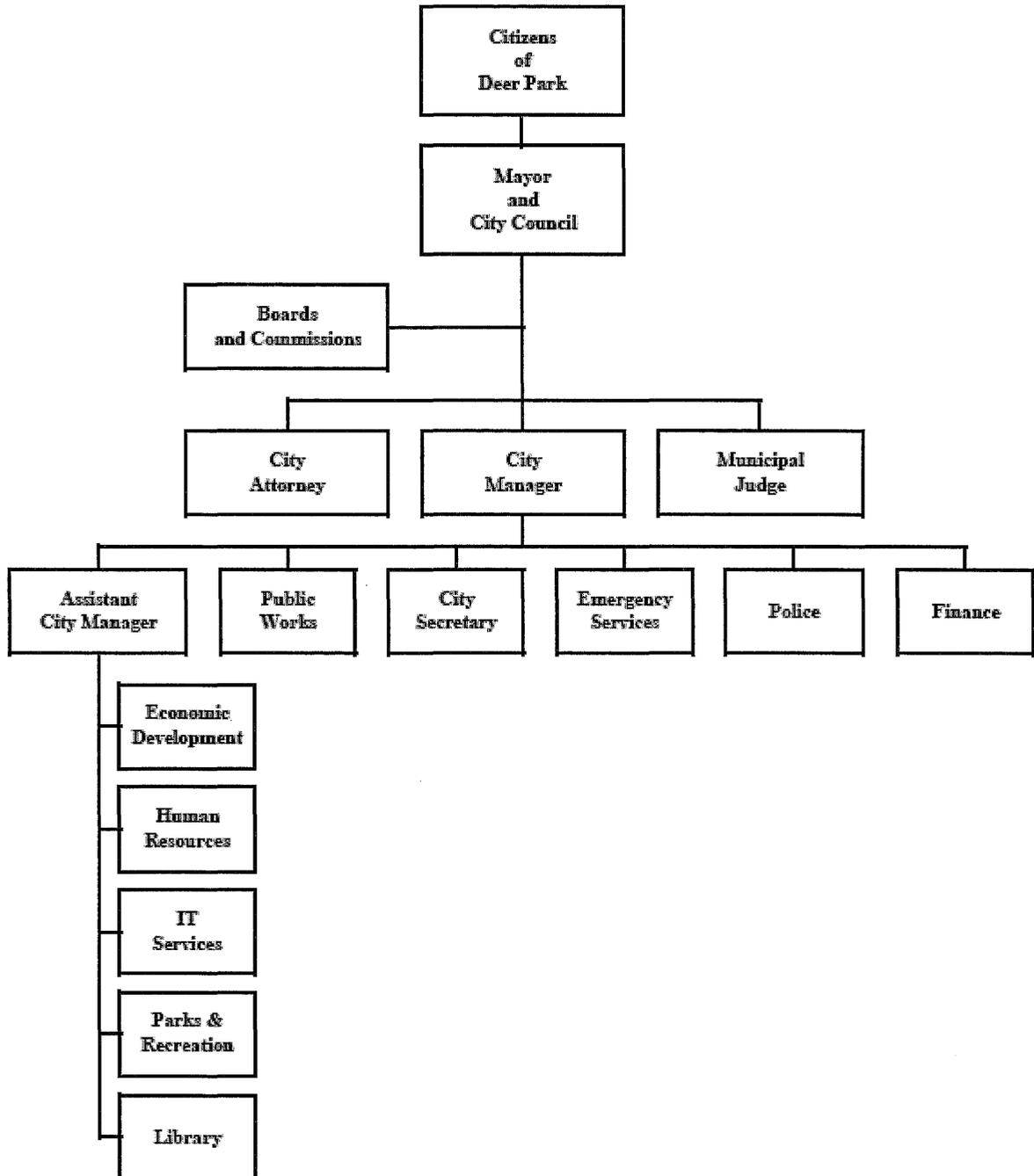
A handwritten signature in black ink, reading "Jeffrey R. Emen". The signature is written in a cursive style with a prominent initial 'J'.

Executive Director/CEO

CITY OF DEER PARK, TEXAS

ORGANIZATIONAL CHART

September 30, 2015



CITY OF DEER PARK, TEXAS

PRINCIPAL OFFICIALS

September 30, 2015

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

Key Staff	Position
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
Robert Hemminger	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, 2015, 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.

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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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

In 2015, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, schedule of the City's proportionate share of the net pension liability, schedules of contributions, and the schedule 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
March 3, 2016

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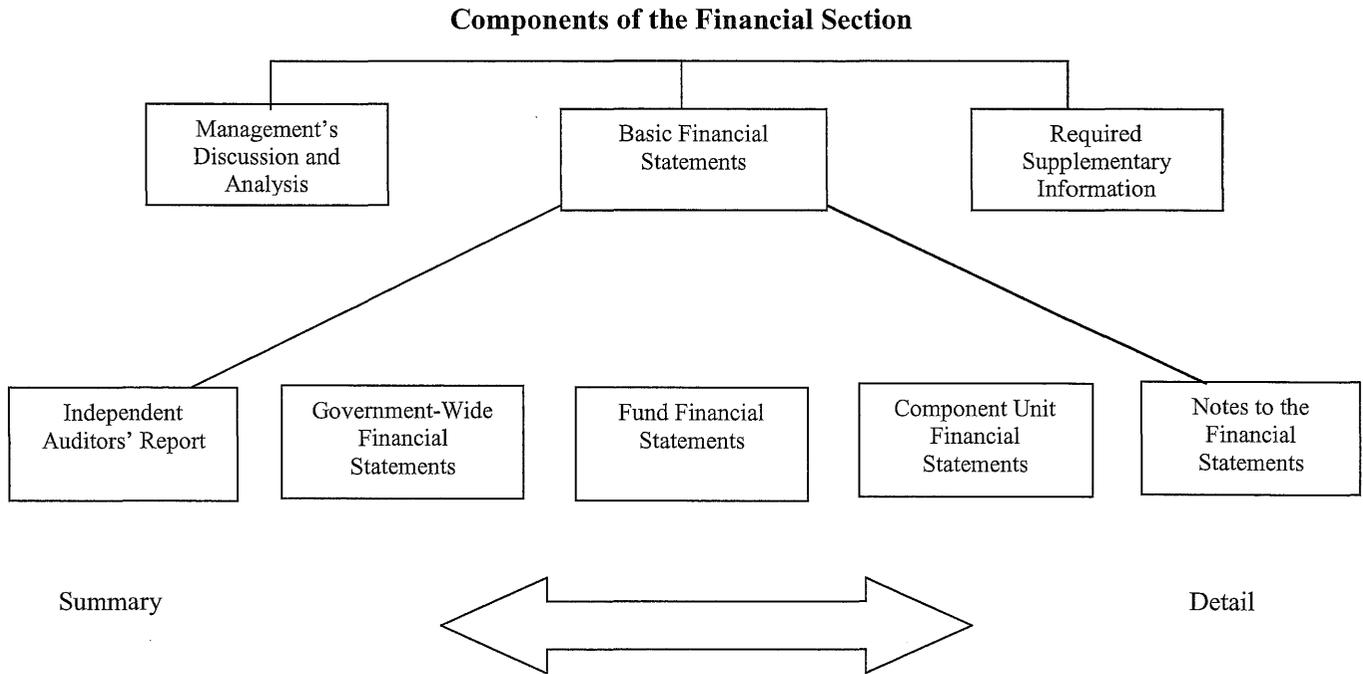
***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

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CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Deer Park, Texas (the "City") for the year ending September 30, 2015. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



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

Government-Wide Statements

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

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

CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

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 and Prevention District and the Fire Control, Prevention, and Emergency Services 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 16 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital improvement bond fund (CIBF) 2015 fund, which are considered to be major funds.

CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

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

Proprietary Funds

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

Fiduciary Funds

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

Notes to Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the City, assets and deferred outflows of resources exceed liabilities and deferred inflows by \$97,202,887 as of September 30, 2015. This compares with \$89,682,155 from the prior fiscal year. The largest portion of the City's net position, 62 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, 2015

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 63,081,703	\$ 51,755,252	\$ 24,510,002	\$ 20,588,990	\$ 87,591,705	\$ 72,344,242
Capital assets, net	62,326,887	59,925,464	29,508,328	27,581,281	91,835,215	87,506,745
Total Assets	125,408,590	111,680,716	54,018,330	48,170,271	179,426,920	159,850,987
Deferred charge on refunding	418,725	472,259	99,826	103,977	518,551	576,236
Deferred outflows - pensions	2,554,272	1,589,453	344,479	208,808	2,898,751	1,798,261
Total Deferred Outflows of Resources	2,972,997	2,061,712	444,305	312,785	3,417,302	2,374,497
Long-term liabilities	47,223,359	44,141,227	27,523,018	22,932,775	74,746,377	67,074,002
Other liabilities	7,312,995	3,326,541	2,914,618	2,142,786	10,227,613	5,469,327
Total Liabilities	54,536,354	47,467,768	30,437,636	25,075,561	84,973,990	72,543,329
Deferred inflows - pensions	597,354	-	69,991	-	667,345	-
Total Deferred Inflows of Resources	597,354	-	69,991	-	667,345	-
Net Position:						
Net investment in capital assets	44,597,669	41,639,757	15,978,461	16,377,808	60,576,130	58,017,565
Restricted	20,899,783	14,754,786	147,896	152,344	21,047,679	14,907,130
Unrestricted	7,750,427	9,880,117	7,828,651	6,877,343	15,579,078	16,757,460
Total Net Position	\$ 73,247,879	\$ 66,274,660	\$ 23,955,008	\$ 23,407,495	\$ 97,202,887	\$ 89,682,155

A portion of the City's net position, \$21,047,679 or 22 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$15,579,078 or 16 percent, may be used to meet the City's ongoing obligations to citizens and creditors.

The City's total net position increased by \$7,520,732 during the current fiscal year, an increase of 8 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 \$1,710,784. This decrease was primarily due to an increase in expenses related to personnel costs, operating supplies/software, insurance premiums, depreciation expense, commercial refuse collection services, and interest and fiscal charges. These increases in expenses were partially offset by an increase in revenues of \$1,465,452 compared to the prior year. Compared to the prior year, charges for services increased due to an increase in water and sewer fees, commercial garbage collection revenues, and various other fees. Property taxes increased due to an increase in the assessed value of properties and sales tax revenues increased from improved economic conditions within the City. Capital grants and contributions decreased due to a prior year capital grant and industrial district in-lieu revenues decreased due to the drop in oil prices. Governmental activities had an increase in net position of \$6,973,219, while business-type activities had an increase in net position of \$547,513.

CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

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	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	\$ 5,652,378	\$ 5,312,745	\$ 9,903,599	\$ 9,616,423	\$ 15,555,977	\$ 14,929,168
Operating grants and contributions	68,991	62,772	-	-	68,991	62,772
Capital grants and contributions	447,810	874,867	-	-	447,810	874,867
General revenues:						
Property taxes	15,143,994	14,219,581	-	-	15,143,994	14,219,581
Industrial taxes	13,649,200	14,250,173	-	-	13,649,200	14,250,173
Other taxes	9,279,310	8,219,156	-	-	9,279,310	8,219,156
Investment earnings	30,502	23,014	10,855	4,702	41,357	27,716
Other	86,050	53,644	-	-	86,050	53,644
Gain on sale of capital assets	44,411	214,571	-	-	44,411	214,571
Total Revenues	44,402,646	43,230,523	9,914,454	9,621,125	54,317,100	52,851,648
Expenses						
General government	7,431,081	6,875,093	-	-	7,431,081	6,875,093
Public safety	11,607,606	11,085,867	-	-	11,607,606	11,085,867
Public works	7,826,672	7,167,383	-	-	7,826,672	7,167,383
Parks and recreation	712,949	879,371	-	-	712,949	879,371
Community development	8,799,109	8,093,613	-	-	8,799,109	8,093,613
Interest on long-term debt	1,143,350	1,042,305	-	-	1,143,350	1,042,305
Water and sewer	-	-	8,787,474	8,403,676	8,787,474	8,403,676
Storm water utility	-	-	488,127	72,824	488,127	72,824
Total Expenses	37,520,767	35,143,632	9,275,601	8,476,500	46,796,368	43,620,132
Increase in Net Position Before Transfers	6,881,879	8,086,891	638,853	1,144,625	7,520,732	9,231,516
Transfers in (out)	91,340	84,509	(91,340)	(84,509)	-	-
Change in Net Position	6,973,219	8,171,400	547,513	1,060,116	7,520,732	9,231,516
Beginning net position	66,274,660	58,103,260	23,407,495	22,347,379	89,682,155	80,450,639
Ending Net Position	\$ 73,247,879	\$ 66,274,660	\$ 23,955,008	\$ 23,407,495	\$ 97,202,887	\$ 89,682,155

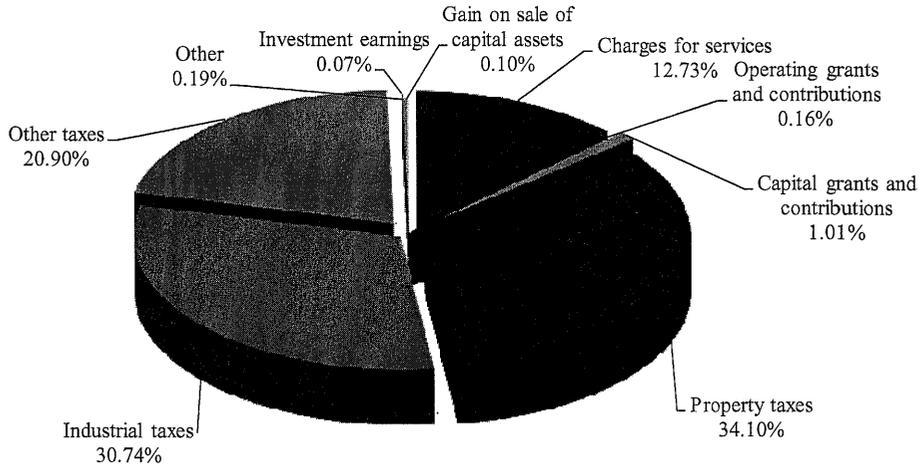
CITY OF DEER PARK, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

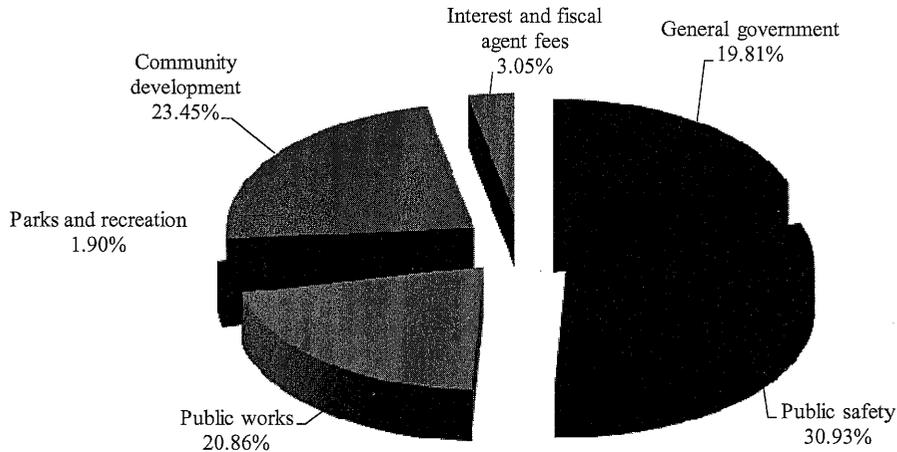
For the Year Ended September 30, 2015

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

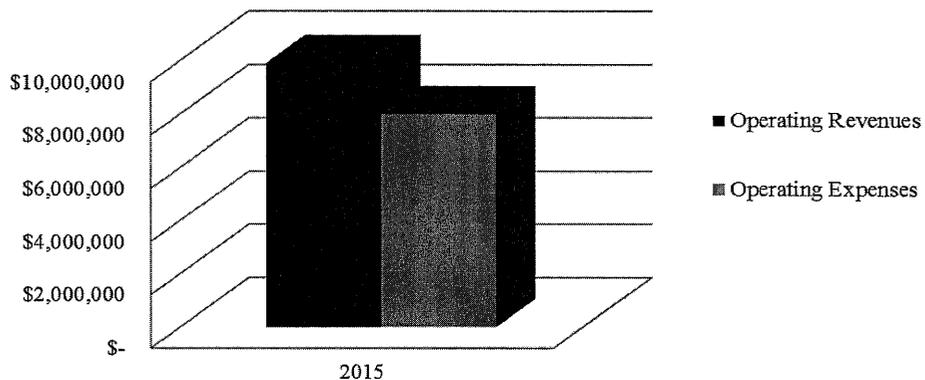
Governmental Revenues



Governmental Expenses



Business-Type Activities



CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

For the year ended September 30, 2015, revenues from governmental activities totaled \$44,402,646, an increase of \$1,172,123 compared to the prior year. This increase is primarily due to an increase in sales tax revenues from improved economic conditions within the City and an increase in property tax revenues from an increase in the assessed values of properties.

For the year ended September 30, 2015, expenses for governmental activities totaled \$37,520,767, an increase of \$2,377,135. This increase is mainly due to increases in personnel related costs, depreciation expense, operating supplies, and insurance premiums.

Total revenues for business-type activities increased by a total of \$293,329 compared to the prior year. This was due to an increase in water and sewer fees. Total expenses for business-type activities increased by \$799,101. This increase is primarily due to an increase in expenses related to salaries and wages, loss on disposal of assets, and interest and fiscal charges.

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 \$58,751,139. Of this, \$119,159 is nonspendable, \$20,899,783 is restricted, \$8,798,745 is assigned, \$2,500,000 is committed, and \$26,433,452 is unassigned.

There was an increase in the combined fund balance of \$11,117,450 compared to the prior year. Compared to the prior year change in fund balance, the current year change in fund balance increased \$6,051,588. This is largely attributable to the issuance of new bonds in the current 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 \$26,433,452, while total fund balance reached \$34,544,143. 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 81.77 percent of total general fund expenditures, while total fund balance represents 106.86 percent of the total general fund expenditures. The general fund demonstrated an overall increase in fund balance of \$4,542,242. Compared to the prior year change in fund balance, the current year change in fund balance decreased \$829,603 which is largely attributable to an increase in transfers to the capital improvement fund.

The debt service fund has a total fund balance of \$3,351,483, all of which is restricted for the payment of debt service. The City experienced a net decrease in revenues of \$379,599 before a transfer in of \$4,986 and proceeds and premium from a bond issuance of \$793,913 due to debt service payments in excess of property tax collections.

The capital improvement bond fund (CIBF) 2015 is a new fund resulting from the issuance of new bonds during the current year.

CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

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

GENERAL FUND BUDGETARY HIGHLIGHTS

There had been a planned decrease in budgeted fund balance in the amount of \$1,675,306 in the general fund. However, the net change in fund balance increased by \$4,542,242, resulting in a positive variance of \$6,217,548 from actual over budgeted as amended.

Actual general fund revenues were greater than the amended budgeted revenues by \$2,427,291 during the fiscal year. The largest positive variances were from property tax revenues, sales tax revenues, and charges for services.

Actual expenditures were less than budgeted amounts in total by \$3,769,468 for the fiscal year. The largest positive variances were in general government, community development, and public safety.

CAPITAL ASSETS

At the end of the fiscal year, the City's governmental and business-type activities had invested \$91,835,215 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$4,328,470.

Major capital asset events during the year included the following:

- Completion of the kiddie pool swimming pool project for \$326,543
- Completion of the splash pad project for \$400,852
- Completion of the offsite drainage improvements project for \$311,028
- Completion of the 2013 sidewalk improvement project for \$312,034
- Completion of the sanitary sewer rehabilitation – priority area #3 project for \$1,754,760
- Completion of the sanitary sewer rehabilitation – Deer Park Terrace project for \$409,807
- Completion of the 2013 waterline improvements project for \$1,111,313
- Completion of the backwash system project for \$118,661
- Purchase of a freightliner tractor truck for \$103,455
- Purchase of a street sweeper for \$262,847
- Construction of a new parking lot for \$110,775

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

LONG-TERM DEBT

At the end of the current year, the City had total bonds and certificates of obligation outstanding of \$58,515,001. Of this amount, \$21,070,001 was general obligation debt, \$750,000 was revenue bond debt, and certificates of obligation accounted for \$36,695,000.

During the year, the City had a net increase in long-term debt of \$12,901,493 as the result of one new bond issuance.

CITY OF DEER PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

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 \$210,314,548, 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	Aa2	AAA

On August 17, 2015, the underlying rating for the City of Deer Park's general obligation debt, as assigned by Standard and Poor's Ratings Services, has been upgraded to "AAA" from "AA+."

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City budgeted for an increase in property tax revenues of \$1,288,346, which is a 9.42 percent increase from last year's budget. This increase is the result of new properties being added to the tax roll and increases in property values.

For the 2016 fiscal year budget, the City lowered the total tax rate to \$0.714352 per \$100 of assessed value from \$0.720 per \$100 of assessed value. Compared to the prior year, the City budgeted for a decrease in total general fund revenues and other resources of approximately \$1,891,583, which represents a 4.86 percent decrease. Compared to the prior year, budgeted expenditures and other uses are expected to increase by approximately \$2,618.689 or 7.61 percent.

On December 1, 2015, the City issued \$7,110,000 in Certificates of Obligation, Series 2015-A. 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 for the water and sewer system.

On February 16, 2016, the City issued \$9,450,000 in Certificates of Obligation, Series 2016. Proceeds from the sale of certificates will be used to pay costs associated with (i) the renovation and expansion of the community center and gym to include an indoor pool, (ii) the expansion of the existing Maxwell Center and parking lot, (iii) the renovation of City baseball fields, (iv) the renovation of the girls softball facilities at the youth sports complex, (v) the development of City soccer fields, and (vi) the cost of professional services incurred in connection therewith. The debt service on the certificates will be funded by the revenues from a dedicated one-half of one per-cent Type B sales tax approved by voters in May 2015.

City Council approved a five percent increase in water and sewer rates effective in December 2015.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

CITY OF DEER PARK, TEXAS

STATEMENT OF NET POSITION

September 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Crime Control District
Assets				
Cash and cash equivalents	\$ 58,809,719	\$ 22,577,010	\$ 81,386,729	\$ 1,983,325
Restricted cash and cash equivalents	-	1,005,377	1,005,377	-
Receivables, net of allowances	3,081,972	900,399	3,982,371	328,869
Internal balances	(27,216)	27,216	-	-
Due from component units	7,167	-	7,167	-
Due from primary government	-	-	-	167
Due from other governments	1,090,902	-	1,090,902	-
Inventories	113,812	-	113,812	-
Prepaid items	5,347	-	5,347	-
Capital assets:				
Non-depreciable capital assets	26,327,444	2,679,606	29,007,050	85,073
Depreciable capital assets, net	35,999,443	26,828,722	62,828,165	478,916
Total Assets	125,408,590	54,018,330	179,426,920	2,876,350
Deferred Outflow of Resources				
Deferred charge on refunding	418,725	99,826	518,551	-
Deferred outflow of resources - TMRS	2,463,272	344,479	2,807,751	35,930
Deferred outflow of resources - TESRS	91,000	-	91,000	-
Total Deferred Outflow of Resources	2,972,997	444,305	3,417,302	35,930
Liabilities				
Accounts payable	1,494,912	577,583	2,072,495	108,807
Accrued liabilities	1,488,132	202,982	1,691,114	17,199
Customer deposits	6,305	734,627	740,932	-
Due to component units	167	-	167	-
Due to primary government	-	-	-	2
Other payables	421,883	7,336	429,219	-
Accrued interest payable	47,513	17,055	64,568	-
Noncurrent liabilities:				
Due within one year	3,854,083	1,375,035	5,229,118	48,934
Due in more than one year	41,755,247	26,812,090	68,567,337	-
Net pension liability - TMRS	5,083,727	710,928	5,794,655	74,056
Net pension liability - TESRS	384,385	-	384,385	-
Total Liabilities	54,536,354	30,437,636	84,973,990	248,998
Deferred Inflow of Resources				
Deferred inflows of resources - TMRS	500,485	69,991	570,476	7,300
Deferred inflows of resources - TESRS	96,869	-	96,869	-
Total Deferred Inflow of Resources	597,354	69,991	667,345	7,300
Net Position				
Net investment in capital assets	44,597,669	15,978,461	60,576,130	515,055
Restricted for:				
Debt service	3,351,483	147,896	3,499,379	-
Grants - FEMA Hurricane Ike	816,407	-	816,407	-
Enabling legislation:				
Hotel/motel occupancy tax	961,882	-	961,882	-
Police forfeiture	17,931	-	17,931	-
Municipal court	250,654	-	250,654	-
Special projects - restricted contributions	54,568	-	54,568	2,140,927
Capital projects	15,446,858	-	15,446,858	-
Unrestricted	7,750,427	7,828,651	15,579,078	-
Total Net Position	\$ 73,247,879	\$ 23,955,008	\$ 97,202,887	\$ 2,655,982

See Notes to Financial Statements.

Component Unit	
Fire Control District	
\$	812,222
	-
	342,563
	-
	-
	-
	-
	-
	979,558
	<u>2,134,343</u>
	-
	27,084
	-
	<u>27,084</u>
	49,809
	24,811
	-
	-
	7,165
	-
	-
	-
	55,691
	-
	<u>137,476</u>
	5,503
	-
	<u>5,503</u>
	979,558
	-
	-
	-
	-
	1,038,890
	-
	-
\$	<u><u>2,018,448</u></u>

CITY OF DEER PARK, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 7,431,081	\$ 416,554	\$ -	\$ -
Public safety	11,607,606	2,546,299	-	32,371
Public works	7,826,672	1,283,358	-	415,439
Parks and recreation	712,949	922,879	-	-
Community development	8,799,109	483,288	68,991	-
Interest on long-term debt	1,143,350	-	-	-
Total Governmental Activities	37,520,767	5,652,378	68,991	447,810
Business-Type Activities				
Water and sewer	8,787,474	9,628,146	-	-
Storm water utility	488,127	275,453	-	-
Total Business-Type Activities	9,275,601	9,903,599	-	-
Total Primary Government	\$ 46,796,368	\$ 15,555,977	\$ 68,991	\$ 447,810
Component Units				
Crime Control District	\$ 660,604	\$ -	\$ -	\$ -
Fire Control District	974,364	-	-	-
Total Component Units	\$ 1,634,968	\$ -	\$ -	\$ -

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
\$ (7,014,527)	\$ -	\$ (7,014,527)	\$ -	\$ -
(9,028,936)	-	(9,028,936)	-	-
(6,127,875)	-	(6,127,875)	-	-
209,930	-	209,930	-	-
(8,246,830)	-	(8,246,830)	-	-
(1,143,350)	-	(1,143,350)	-	-
<u>(31,351,588)</u>	<u>-</u>	<u>(31,351,588)</u>	<u>-</u>	<u>-</u>
-	840,672	840,672	-	-
-	(212,674)	(212,674)	-	-
-	627,998	627,998	-	-
<u>(31,351,588)</u>	<u>627,998</u>	<u>(30,723,590)</u>	<u>-</u>	<u>-</u>
-	-	-	(660,604)	-
-	-	-	-	(974,364)
-	-	-	(660,604)	(974,364)
15,143,994	-	15,143,994	-	-
13,649,200	-	13,649,200	-	-
2,321,036	-	2,321,036	-	-
6,246,868	-	6,246,868	1,533,054	1,528,224
711,406	-	711,406	-	-
30,502	10,855	41,357	1,773	724
86,050	-	86,050	15,650	-
44,411	-	44,411	-	-
91,340	(91,340)	-	-	-
<u>38,324,807</u>	<u>(80,485)</u>	<u>38,244,322</u>	<u>1,550,477</u>	<u>1,528,948</u>
6,973,219	547,513	7,520,732	889,873	554,584
<u>66,274,660</u>	<u>23,407,495</u>	<u>89,682,155</u>	<u>1,766,109</u>	<u>1,463,864</u>
<u>\$ 73,247,879</u>	<u>\$ 23,955,008</u>	<u>\$ 97,202,887</u>	<u>\$ 2,655,982</u>	<u>\$ 2,018,448</u>

CITY OF DEER PARK, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2015

	General	Debt Service	CIBF 2015	Nonmajor Governmental
<u>Assets</u>				
Cash and cash equivalents	\$ 35,244,817	\$ 3,343,482	\$ 7,505,855	\$ 12,715,565
Receivables, net	2,681,896	63,343	-	336,733
Due from other funds	-	17,913	-	616,372
Due from component units	7,167	-	-	-
Due from other governments	-	-	-	1,090,902
Inventories	113,812	-	-	-
Prepaid items	5,347	-	-	-
Total Assets	\$ 38,053,039	\$ 3,424,738	\$ 7,505,855	\$ 14,759,572
<u>Liabilities</u>				
Accounts payable	\$ 870,053	\$ 9,912	\$ -	\$ 614,947
Accrued liabilities	1,460,319	-	-	27,813
Due to other funds	-	-	-	661,501
Due to component units	-	-	-	167
Customer deposits	6,305	-	-	-
Other payables	316,397	-	-	105,486
Total Liabilities	2,653,074	9,912	-	1,409,914
<u>Deferred Inflow of Resources</u>				
Unavailable revenue - court fines and warrants	158,090	-	-	-
Unavailable revenue - ambulance	517,067	-	-	-
Unavailable revenue - industrial district taxes	21,079	-	-	-
Unavailable revenue - property taxes	159,586	63,343	-	-
Total Deferred Inflow of Resources	855,822	63,343	-	-
<u>Fund Balances</u>				
Nonspendable:				
Inventories	113,812	-	-	-
Prepaid items	5,347	-	-	-
Restricted for:				
Debt service	-	3,351,483	-	-
Grants	-	-	-	816,407
Enabling legislation	-	-	-	1,230,467
Special projects	-	-	-	54,568
Capital projects	-	-	7,505,855	7,941,003
Assigned:				
Beautification	22,000	-	-	-
Park Maintenance	75,500	-	-	-
Information technology	35,618	-	-	-
Municipal court	6,314	-	-	-
Patrick's Bayou	1,300,000	-	-	-
City hall renovations	4,000,000	-	-	-
Gateway project	50,000	-	-	-
Special events	2,100	-	-	-
Capital projects	-	-	-	3,307,213
Committed:				
City hall renovations	2,500,000	-	-	-
Unassigned	26,433,452	-	-	-
Total Fund Balances	34,544,143	3,351,483	7,505,855	13,349,658
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 38,053,039	\$ 3,424,738	\$ 7,505,855	\$ 14,759,572

See Notes to Financial Statements.

**Total
Governmental
Funds**

\$ 58,809,719
 3,081,972
 634,285
 7,167
 1,090,902
 113,812
 5,347
\$ 63,743,204

\$ 1,494,912
 1,488,132
 661,501
 167
 6,305
 421,883
4,072,900

158,090
 517,067
 21,079
222,929
919,165

113,812
 5,347

3,351,483
 816,407
 1,230,467
 54,568
 15,446,858

22,000
 75,500
 35,618
 6,314
 1,300,000
 4,000,000
 50,000
 2,100
 3,307,213

2,500,000
 26,433,452
58,751,139
\$ 63,743,204

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CITY OF DEER PARK, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2015

Total fund balances for governmental funds		\$ 58,751,139
<p>Amounts reported for governmental activities in the Statement of Net Position are different, because:</p> <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
Capital assets, non-depreciable	26,327,444	
Capital assets, net depreciable	35,999,443	
		62,326,887
<p>Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.</p>		
		919,165
<p>Long-term liabilities, deferred outflows, and deferred inflows are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Accrued interest	(47,513)	
Deferred charge on refunding	418,725	
Net pension liability	(5,468,112)	
Deferred outflows - pensions	2,554,272	
Deferred inflows - pensions	(597,354)	
Non-current liabilities due in one year	(3,854,083)	
Non-current liabilities due in more than one year	(41,755,247)	
		(48,749,312)
		\$ 73,247,879

See Notes to Financial Statements.

CITY OF DEER PARK, TEXAS

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

For the Year Ended September 30, 2015

	General	Debt Service	CIBF 2015	Nonmajor Governmental
Revenues				
Property taxes	\$ 10,933,467	\$ 4,210,488	\$ -	\$ -
Industrial district taxes	13,628,122	-	-	-
Sales taxes	6,246,868	-	-	-
Franchise taxes	2,321,036	-	-	-
Hotel/motel occupancy taxes	-	-	-	711,406
Fees and fines	1,229,540	-	-	186,655
Licenses and permits	531,262	-	-	-
Intergovernmental	68,991	-	-	37,328
Charges for services	3,388,795	-	-	255,086
Investment earnings	24,455	936	339	4,772
Miscellaneous	68,980	-	-	17,070
Total Revenues	38,441,516	4,211,424	339	1,212,317
Expenditures				
Current:				
General government	6,902,060	-	-	40,756
Community development	7,757,445	-	-	466,759
Public works	6,083,080	-	-	-
Parks and recreation	98,108	-	-	-
Public safety	10,194,927	-	-	431,104
Capital outlay	918,099	-	-	4,512,408
Debt service:				
Principal	354,910	2,805,343	-	-
Payment to refunded bond escrow agent	-	781,027	-	-
Interest and other charges	18,379	1,004,653	134,486	50,736
Total Expenditures	32,327,008	4,591,023	134,486	5,501,763
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,114,508	(379,599)	(134,147)	(4,289,446)
Other Financing Sources (Uses)				
Transfers in	279,650	4,986	-	2,049,000
Transfers (out)	(2,049,000)	-	(339)	(192,957)
Proceeds from sale of capital assets	93,629	-	-	-
Debt issued	-	732,901	7,310,000	1,005,000
Premium on debt issued	-	61,012	330,341	78,456
Capital lease	103,455	-	-	-
Total Other Financing Sources (Uses)	(1,572,266)	798,899	7,640,002	2,939,499
Net Change in Fund Balances	4,542,242	419,300	7,505,855	(1,349,947)
Beginning fund balances	30,001,901	2,932,183	-	14,699,605
Ending Fund Balances	\$ 34,544,143	\$ 3,351,483	\$ 7,505,855	\$ 13,349,658

See Notes to Financial Statements.

**Total
Governmental
Funds**

\$ 15,143,955
13,628,122
6,246,868
2,321,036
711,406
1,416,195
531,262
106,319
3,643,881
30,502
86,050

43,865,596

6,942,816
8,224,204
6,083,080
98,108
10,626,031
5,430,507

3,160,253
781,027
1,208,254

42,554,280

1,311,316

2,333,636
(2,242,296)
93,629
9,047,901
469,809
103,455

9,806,134

11,117,450

47,633,689

\$ 58,751,139

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, 2015

Net changes in fund balances - total governmental funds \$ 11,117,450

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	5,692,853
Depreciation expense	(3,242,212)
Disposals, net	(49,218)

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	3,160,253
Amortization of deferred loss on refunding	70,431
Amortization of deferred outflows - pensions	867,950
Amortization of deferred inflows - pensions	(500,485)
Compensated absences	24,283
Bonds issued	(9,047,901)
Capital lease activity	(103,455)
Premium on bonds issued	(469,809)
Closure cost	(1,176)
Net pension liability	127,391
Net OPEB obligation	(1,530,793)
Payment to refunded bond escrow agent	781,027
Accrued interest	(5,527)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	82,157
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Change in Net Position of Governmental Activities	\$ <u>6,973,219</u>
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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, 2015

	Business-Type Activities		
	Water and Sewer	Storm Water Utility	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 22,163,978	\$ 413,032	\$ 22,577,010
Accounts receivable, net	877,906	22,493	900,399
Due from other funds	27,216	-	27,216
Total Current Assets	23,069,100	435,525	23,504,625
Restricted cash and cash equivalents:			
Current portion of bonds payable	270,750	-	270,750
Customer deposits	734,627	-	734,627
Total Restricted Cash and Cash Equivalents	1,005,377	-	1,005,377
Noncurrent assets:			
Capital assets:			
Land	591,397	-	591,397
Buildings	3,861,540	-	3,861,540
Utility system	50,235,847	-	50,235,847
Machinery and equipment	4,469,600	-	4,469,600
Construction in progress	2,088,209	-	2,088,209
Less: accumulated depreciation	(31,738,265)	-	(31,738,265)
Total Noncurrent Assets	29,508,328	-	29,508,328
Total Assets	53,582,805	435,525	54,018,330
Deferred Outflows of Resources			
Deferred outflow of resources - pensions	338,575	5,904	344,479
Deferred charge on refunding	99,826	-	99,826
Total Deferred Outflows of Resources	438,401	5,904	444,305
Liabilities			
Current liabilities:			
Accounts payable	571,583	6,000	577,583
Accrued liabilities	202,982	-	202,982
Accrued interest payable	17,055	-	17,055
Customer deposits	734,627	-	734,627
Other payables	191	7,145	7,336
Compensated absences	57,568	-	57,568
Bonds payable - current	1,220,675	-	1,220,675
Capital leases payable	17,477	79,315	96,792
Total Current Liabilities	2,822,158	92,460	2,914,618
Noncurrent liabilities:			
Net pension liability	698,488	12,440	710,928
Compensated absences	6,397	-	6,397
Bonds payable, net of deferred charges	26,636,471	-	26,636,471
Capital leases payable	-	169,222	169,222
Total Noncurrent Liabilities	27,341,356	181,662	27,523,018
Total Liabilities	30,163,514	274,122	30,437,636
Deferred Inflows of Resources			
Deferred inflow of resources - pensions	68,791	1,200	69,991
Total Deferred Inflows of Resources	68,791	1,200	69,991
Net Position			
Net investment in capital assets	15,978,461	-	15,978,461
Restricted for:			
Debt service	147,896	-	147,896
Unrestricted	7,662,544	166,107	7,828,651
Total Net Position	\$ 23,788,901	\$ 166,107	\$ 23,955,008

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, 2015

	Business-Type Activities		
	Water and Sewer	Storm Water Utility	Total
<u>Operating Revenues</u>			
Charges for services	\$ 9,628,146	\$ 275,453	\$ 9,903,599
Total Operating Revenues	9,628,146	275,453	9,903,599
<u>Operating Expenses</u>			
Personnel services	2,918,298	90,141	3,008,439
Contractual services	1,201,612	5,039	1,206,651
Repairs and maintenance	332,091	1,450	333,541
Other supplies and expenses	1,710,028	12,771	1,722,799
Depreciation	1,726,925	-	1,726,925
Total Operating Expenses	7,888,954	109,401	7,998,355
Operating Income	1,739,192	166,052	1,905,244
<u>Nonoperating Revenues (Expenses)</u>			
Investment earnings	10,855	-	10,855
Interest and fiscal agent fees	(898,520)	(615)	(899,135)
Loss on disposal of property	-	(378,111)	(378,111)
Total Nonoperating (Expenses)	(887,665)	(378,726)	(1,266,391)
Income Before Transfers	851,527	(212,674)	638,853
Transfers (out)	(91,340)	-	(91,340)
Total Transfers	(91,340)	-	(91,340)
Change in Net Position	760,187	(212,674)	547,513
Beginning net position	23,028,714	378,781	23,407,495
Ending Net Position	\$ 23,788,901	\$ 166,107	\$ 23,955,008

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, 2015

	Business-Type Activities		
	Water and Sewer	Storm Water Utility	Total
<u>Cash Flows from Operating Activities</u>			
Receipts from customers and users	\$ 9,550,147	\$ 274,817	\$ 9,824,964
Payments to suppliers for goods and services	(3,876,795)	(13,260)	(3,890,055)
Payments to employees for services	(2,962,868)	(88,838)	(3,051,706)
Net Cash Provided by Operating Activities	2,710,484	172,719	2,883,203
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfer to other funds	(91,340)	-	(91,340)
Net Cash (Used) by Noncapital Financing Activities	(91,340)	-	(91,340)
<u>Cash Flows from Capital and Related Financing Activities</u>			
Acquisition and construction of capital assets	(3,653,972)	(378,111)	(4,032,083)
Proceeds from debt issuance	8,115,388	-	8,115,388
Proceeds from capital lease	-	262,847	262,847
Principal paid on capital debt	(2,326,271)	(14,310)	(2,340,581)
Interest and fiscal agent fees paid	(986,884)	(615)	(987,499)
Net Cash Provided (Used) by Capital and Related Financing Activities	1,148,261	(130,189)	1,018,072
<u>Cash Flows from Investing Activities</u>			
Earnings on investments	10,855	-	10,855
Net Cash Provided by Investing Activities	10,855	-	10,855
Net Increase in Cash and Cash Equivalents	3,778,260	42,530	3,820,790
Beginning cash and cash equivalents	19,391,095	370,502	19,761,597
Ending Cash and Cash Equivalents	\$ 23,169,355	\$ 413,032	\$ 23,582,387
Ending Cash and Cash Equivalents			
Unrestricted cash and cash equivalents	\$ 22,163,978	\$ 413,032	\$ 22,577,010
Restricted cash and cash equivalents	1,005,377	-	1,005,377
	\$ 23,169,355	\$ 413,032	\$ 23,582,387

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, 2015

	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	\$ 1,739,192	\$ 166,052	\$ 1,905,244
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,726,925	-	1,726,925
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in Assets:			
Accounts receivable	(72,370)	(636)	(73,006)
Due from other funds	(27,216)	-	(27,216)
Deferred outflows of resources	(129,270)	(2,250)	(131,520)
Increase (Decrease) in Liabilities:			
Accounts payable	(648,343)	6,000	(642,343)
Accrued liabilities	15,159	-	15,159
Other payables	120	2,274	2,394
Compensated absences payable	11,408	-	11,408
Net pension liability	4,501	79	4,580
Deferred inflows of resources	68,791	1,200	69,991
Customer deposits	21,587	-	21,587
Net Cash Provided by Operating Activities	\$ 2,710,484	\$ 172,719	\$ 2,883,203

See Notes to Financial Statements.

CITY OF DEER PARK, TEXAS

STATEMENT OF NET POSITION

FIDUCIARY FUNDS

September 30, 2015

	Senior Citizens Trust	LEPC
<u>Assets</u>		
Cash and cash equivalents	\$ 111,257	\$ 129,123
Total Assets	\$ 111,257	\$ 129,123
<u>Liabilities</u>		
Accounts payable	\$ -	\$ 1,096
Due to others	-	128,027
Total Liabilities	\$ -	\$ 129,123
<u>Net Position</u>		
Restricted	\$ 111,257	\$ -
Total Net Position	\$ 111,257	\$ -

See Notes to Financial Statements.

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

For the Year Ended September 30, 2015

	Senior Citizens Trust
<u>Additions</u>	
Investment earnings	\$ 57
Total Additions	57
Beginning net position	111,200
Ending Net Position	\$ 111,257

See Notes to Financial Statements.

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CITY OF DEER PARK, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

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.

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

Discretely Presented Component Units

Deer Park Crime Control and Prevention District

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

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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.

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, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

City's water and wastewater functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

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

The City reports the following governmental funds:

The *general fund* is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales 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 CIBF 2015 fund is considered a major fund for reporting purposes. The remaining capital project 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

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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 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.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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.

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

1. Cash and Cash Equivalents

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

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

2. Investments

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.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

4. Restricted Assets

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

5. Capital Assets

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

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category on the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows have been recognized for the difference between the projected and actual investment earnings on the pension plan assets. This amount is deferred and amortized over a period of five years. A deferred charge has been recognized for employer pension plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year. This amount is deferred and recognized as a reduction to the net pension liability during the measurement period in which the contributions were made.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category in the government-wide Statement of Net Position. Deferred inflows of resources are recognized for the difference between the projected and actual investment earnings on the pension plan assets. This amount is deferred and amortized over a period of five years. Another deferral is recognized as a result of differences between the actuarial expectations and the actual economic experience related to the City's defined benefit pension plan. This amount is deferred and amortized over the average of the expected service lives of pension plan members. At the fund level, the City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from court fines and warrants, ambulance fees, and property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

7. Compensated Absences

Employees earn vacation based on years of service with the City within certain limits. Only accumulated vacation, 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.

8. Long-Term Obligations

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

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

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

payment with an appropriate reduction of principal recorded in the government-wide financial statements.

9. Net Position Flow Assumption

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

10. Fund Balance Flow Assumptions

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

11. Fund Balance Policies

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

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

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

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

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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

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

12. Estimates

The preparation of the financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets 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.

13. Pensions

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

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.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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 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, 2015.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2015, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
External investment pools	\$ 46,661,660	0.00
Total Fair Value	<u>\$ 46,661,660</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, 2015, 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, 2015, market values of pledged securities were \$38,003,966 and bank balances were \$36,952,417.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

As of September 30, 2015, the discretely presented component units' bank balances of \$2,764,097 were collateralized with securities held by the pledging financial institution or covered by FDIC insurance.

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

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.

TexSTAR

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

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.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

B. Receivables

Amounts recorded as receivable as of September 30, 2015 for the City's individual major and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Water and Sewer</u>	<u>Storm Water Utility</u>
Taxes	\$ 2,253,673	\$ 253,372	\$ -	\$ -	\$ -
Accounts	879,550	-	336,733	1,292,147	32,209
Ambulance	3,077,085	-	-	-	-
Less allowance	<u>(3,537,043)</u>	<u>(190,029)</u>	<u>-</u>	<u>(414,241)</u>	<u>(9,716)</u>
Total	<u>\$ 2,673,265</u>	<u>\$ 63,343</u>	<u>\$ 336,733</u>	<u>\$ 877,906</u>	<u>\$ 22,493</u>

C. Capital Assets

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

	<u>Primary Government</u>			
	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)</u>	
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 22,791,056	\$ -	\$ -	\$ 22,791,056
Construction in progress	813,528	3,761,283	(1,038,423)	3,536,388
Total capital assets not being depreciated	<u>23,604,584</u>	<u>3,761,283</u>	<u>(1,038,423)</u>	<u>26,327,444</u>
Other capital assets:				
Buildings	23,035,533	-	-	23,035,533
Improvements	55,073,571	1,859,754	(255,889)	56,677,436
Machinery and equipment	16,669,874	1,110,239	(276,363)	17,503,750
Total other capital assets	<u>94,778,978</u>	<u>2,969,993</u>	<u>(532,252)</u>	<u>97,216,719</u>
Less accumulated depreciation for:				
Buildings	(10,010,761)	(556,210)	-	(10,566,971)
Improvements	(36,795,397)	(1,580,067)	237,023	(38,138,441)
Machinery and equipment	(11,651,940)	(1,105,935)	246,011	(12,511,864)
Total accumulated depreciation	<u>(58,458,098)</u>	<u>(3,242,212)</u>	<u>483,034</u>	<u>(61,217,276)</u>
Other capital assets, net Governmental Activities	<u>36,320,880</u>	<u>(272,219)</u>	<u>(49,218)</u>	<u>35,999,443</u>
Capital Assets, Net	<u>\$ 59,925,464</u>	<u>\$ 3,489,064</u>	<u>\$ (1,087,641)</u>	<u>62,326,887</u>
			Less associated debt	(33,560,216)
			Plus deferred charge on refunding	418,725
			Plus unspent bond proceeds	<u>15,412,273</u>
			Net Investment in Capital Assets	<u>\$ 44,597,669</u>

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

Depreciation was charged to governmental functions as follows:

General government	\$	346,633
Public safety		516,648
Public works		1,437,660
Parks and recreation		614,627
Community development		<u>326,644</u>
Total Governmental Activities Depreciation Expense	\$	<u>3,242,212</u>

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

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Contract</u>
City Hall Expansion	\$ 253,050	\$ 172,033	\$ 81,017
8th Street Project	1,105,794	1,037,316	68,478
Wetlands Project	134,000	10,225	123,775
Norwood Reconstruction	1,412,384	1,212,671	199,713
Minchen Baseball Field	1,669,985	325,736	1,344,249
Storm Sewer Improvements - Academy & College Park	148,578	63,822	84,756
Total	<u>\$ 4,723,791</u>	<u>\$ 2,821,803</u>	<u>\$ 1,901,988</u>

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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

	Primary Government			Ending Balance
	Beginning Balance	Increases	(Decreases)/ Reclassifications	
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 591,397	\$ -	\$ -	\$ 591,397
Construction in progress	2,162,229	1,794,902	(1,868,922)	2,088,209
Total capital assets not being depreciated	<u>2,753,626</u>	<u>1,794,902</u>	<u>(1,868,922)</u>	<u>2,679,606</u>
Other capital assets:				
Buildings	3,861,540	-	-	3,861,540
Improvements	46,683,898	3,551,949	-	50,235,847
Machinery and equipment	4,394,512	176,043	(100,955)	4,469,600
Total other capital assets	<u>54,939,950</u>	<u>3,727,992</u>	<u>(100,955)</u>	<u>58,566,987</u>
Less accumulated depreciation for:				
Buildings	(904,615)	(96,088)	-	(1,000,703)
Improvements	(26,733,806)	(1,271,078)	-	(28,004,884)
Machinery and equipment	(2,473,874)	(359,759)	100,955	(2,732,678)
Total accumulated depreciation	<u>(30,112,295)</u>	<u>(1,726,925)</u>	<u>100,955</u>	<u>(31,738,265)</u>
Other capital assets, net	<u>24,827,655</u>	<u>2,001,067</u>	<u>-</u>	<u>26,828,722</u>
Business-Type Activities Capital Assets, Net	<u>\$ 27,581,281</u>	<u>\$ 3,795,969</u>	<u>\$ (1,868,922)</u>	<u>29,508,328</u>
			Less associated debt	(28,123,160)
			Plus deferred charge on refunding	99,826
			Plus unspent bond proceeds	14,493,467
			Net Investment in Capital Assets	<u>\$ 15,978,461</u>

Depreciation was charged to business-type functions as follows:

Water and sewer	\$ 1,726,925
Total Business-Type Activities Depreciation Expense	<u>\$ 1,726,925</u>

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

Project Description	Authorized Contract	Contract Expenditures	Remaining Contract
Transfer Switch	\$ 406,190	\$ 283,485	\$ 122,705
Manhole Rehabilitation	131,125	124,185	6,940
Water Storage Tank - Coy St. (Ground)	456,100	45,975	410,125
Total	<u>\$ 993,415</u>	<u>\$ 453,645</u>	<u>\$ 539,770</u>

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2015

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

	Component Units			
	Beginning Balance	Increases	(Decreases)/ Reclassifications	Ending Balance
Discretely presented component units:				
Capital assets not being depreciated:				
Construction in progress	\$ 7,114	\$ 85,073	\$ (7,114)	\$ 85,073
Total capital assets not being depreciated	<u>7,114</u>	<u>85,073</u>	<u>(7,114)</u>	<u>85,073</u>
Capital assets, being depreciated:				
Building	-	87,641	-	87,641
Improvements	66,846	48,336	-	115,182
Machinery and equipment	1,997,968	322,914	-	2,320,882
Total capital assets, being depreciated	<u>2,064,814</u>	<u>458,891</u>	<u>-</u>	<u>2,523,705</u>
Less accumulated depreciation for:				
Building	-	(2,191)	-	(2,191)
Improvements	(9,366)	(8,380)	-	(17,746)
Machinery and equipment	(689,257)	(356,037)	-	(1,045,294)
Total accumulated depreciation	<u>(698,623)</u>	<u>(366,608)</u>	<u>-</u>	<u>(1,065,231)</u>
Capital assets, being depreciated, net	<u>1,366,191</u>	<u>92,283</u>	<u>-</u>	<u>1,458,474</u>
Discretely Presented Component Units Capital Assets, Net	<u>\$ 1,373,305</u>	<u>\$ 177,356</u>	<u>\$ (7,114)</u>	<u>1,543,547</u>
			Less associated debt	<u>(48,934)</u>
			Net Investment in Capital Assets	<u>\$ 1,494,613</u>

Depreciation was charged to component units as follows:

Crime control district	\$ 223,676
Fire control district	142,932
Total Component Units Depreciation Expense	<u>\$ 366,608</u>

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>
Firearms Range	\$ 120,000	\$ 85,073	\$ 34,927

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2015

D. Long-Term Debt

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

	<u>Beginning Balance ⁽¹⁾</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
General obligation bonds	\$ 17,596,780	\$ 1,737,901	\$ 3,200,343	\$ 16,134,338 *	\$ 2,009,325
Certificates of obligation	8,840,000	7,310,000	380,000	15,770,000 *	1,060,000
Capital leases	741,227	103,455	354,910	489,772 *	230,745
Premium on bond issuance	826,289	469,809	129,992	1,166,106 *	114,498
Compensated absences	512,633	1,139,607	1,163,890	488,350	439,515
Net pension liability	5,595,503	-	127,391	5,468,112	-
Net OPEB obligation	9,980,086	1,961,395	430,602	11,510,879	-
Closure cost	48,709	1,176	-	49,885	-
Total Governmental Activities	<u>\$ 44,141,227</u>	<u>\$ 12,723,343</u>	<u>\$ 5,787,128</u>	<u>\$ 51,077,442</u>	<u>\$ 3,854,083</u>
				<u>Long-term debt due in more than one year</u>	<u>\$ 47,223,359</u>
				<u>*Debt associated with governmental activity capital assets</u>	<u>\$ 33,560,216</u>
Business-Type Activities:					
General obligation bonds	\$ 4,363,220	\$ 1,182,099	\$ 609,656	\$ 4,935,663 **	\$ 600,675
Certificates of obligation	14,815,000	6,275,000	165,000	20,925,000 **	370,000
Revenue bonds	2,250,000	-	1,500,000	750,000 **	250,000
Capital leases	69,093	262,847	65,926	266,014 **	96,792
Premium on bond issuance	676,557	658,289	88,363	1,246,483 **	88,151
Net pension liability	706,348	4,580	-	710,928	-
Compensated absences	52,557	135,427	124,019	63,965	57,568
Total Business-Type Activities	<u>\$ 22,932,775</u>	<u>\$ 8,518,242</u>	<u>\$ 2,552,964</u>	<u>\$ 28,898,053</u>	<u>\$ 1,463,186</u>
				<u>Long-term debt due in more than one year</u>	<u>\$ 27,434,867</u>
				<u>**Debt associated with business-type activity capital assets</u>	<u>\$ 28,123,160</u>
Discretely Presented Component Units:					
Capital leases	\$ 260,826	\$ -	\$ 211,892	\$ 48,934 ***	\$ 48,934
Net pension liability	128,909	838	-	129,747	-
Total Discretely Presented Component Units	<u>\$ 389,735</u>	<u>\$ 838</u>	<u>\$ 211,892</u>	<u>\$ 178,681</u>	<u>\$ 48,934</u>
				<u>***Debt associated with discretely presented component units capital assets</u>	<u>\$ 48,934</u>

(1) As restated.

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.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2015

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

Description	Interest Rates	Balance
Governmental Activities		
General Obligation Bonds		
2005 General Obligation Bonds	3.70%	\$ 530,000
2007 General Obligation Bonds	3.80-5.00%	6,290,000
2008 General Obligation Refunding Bonds	3.49%	1,115,000
2010 General Obligation Refunding Bonds	3.00-4.50%	2,061,436
2012 General Obligation Refunding Bonds	2.00-3.00%	4,440,000
2014 General Obligation Bonds	2.00-4.00%	965,000
2014 General Obligation Refunding Bonds	2.00-4.00%	732,902
Total General Obligation Bonds		16,134,338
Certificates of Obligation		
2007 Certificates of Obligation	4.25-6.00%	1,740,000
2010 Certificates of Obligation	3.00-5.00%	6,720,000
2015 Certificates of Obligation	2.00-4.00%	7,310,000
Total Certificates of Obligation		15,770,000
Total Bonds and Certificates of Obligations		31,904,338
Capital Leases		
VOIP Telephone Communication System	1.60%	29,523
VOIP Telephone Communication System	2.90%	39,699
100' Pierce Velocity Platform	3.64%	270,075
2013 Freightliner 26 Cubic Yard Trash Truck	1.38%	62,589
2014 Freightliner Tractor Truck	1.59%	87,886
Total Capital Leases		489,772
Total Governmental Activities Long-Term Debt		\$ 32,394,110

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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%	\$ 1,363,564
2011 General Obligation Refunding Bonds	2.00-3.00%	2,390,000
2014 General Obligation Refunding Bonds	2.00-3.00%	1,182,099
Total General Obligation Bonds		<u>4,935,663</u>

Certificates of Obligation

2011 Certificates of Obligation	2.00-4.00%	3,100,000
2012 Certificates of Obligation	2.00-3.00%	4,725,000
2013 Certificates of Obligation	2.00-3.35%	6,870,000
2014 Certificates of Obligation	2.00-4.00%	6,230,000
Total Certificates of Obligation		<u>20,925,000</u>

Revenue Bonds

2002 Waterworks and Sewer System	3.20-3.40%	750,000
Total Revenue Bonds		<u>750,000</u>

Capital Leases

2009 Vector Combination Sewer Cleaner	2.36%	17,477
2014 Freightliner Street Sweeper	1.42%	248,537
Total Capital Leases		<u>266,014</u>

Total Business-Type Activities Long-Term Debt \$ 26,876,677

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	
2016	\$ 2,009,325	\$ 525,876	\$ 1,060,000	\$ 563,948	\$ 4,159,149
2017	2,086,315	449,702	1,100,000	524,188	4,160,205
2018	1,278,025	393,256	1,185,000	489,856	3,346,137
2019	1,412,962	351,225	1,215,000	453,250	3,432,437
2020	1,454,953	306,377	1,260,000	408,250	3,429,580
2021-2025	5,852,758	873,369	6,995,000	1,322,550	15,043,677
2026-2030	1,780,000	144,311	2,955,000	337,138	5,216,449
2031-2035	260,000	21,400	-	-	281,400
Total	<u><u>\$ 16,134,338</u></u>	<u><u>\$ 3,065,516</u></u>	<u><u>\$ 15,770,000</u></u>	<u><u>\$ 4,099,180</u></u>	<u><u>\$ 39,069,034</u></u>

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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

Year Ending Sep 30	Business-Type Activities							Total
	General Obligation Bonds		Certificates of Obligation		Revenue Bonds			
	Principal	Interest	Principal	Interest	Principal	Interest		
2016	\$ 600,675	\$ 146,787	\$ 370,000	\$ 668,578	\$ 250,000	\$ 20,750	\$ 2,056,790	
2017	588,685	129,300	415,000	660,728	250,000	12,625	2,056,338	
2018	521,976	111,931	680,000	647,865	250,000	4,250	2,216,022	
2019	667,038	92,367	715,000	629,665	-	-	2,104,070	
2020	660,047	69,983	765,000	609,678	-	-	2,104,708	
2021-2025	1,897,242	108,729	5,675,000	2,589,309	-	-	10,270,280	
2026-2030	-	-	7,430,000	1,535,629	-	-	8,965,629	
2031-2033	-	-	4,875,000	280,816	-	-	5,155,816	
Total	\$ 4,935,663	\$ 659,097	\$ 20,925,000	\$ 7,622,268	\$ 750,000	\$ 37,625	\$ 34,929,653	

General Obligation Bonds

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

Certificates of Obligations

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

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.

Current Refunding

The City issued \$1,915,000 of General Obligation Refunding Bonds, Series 2014 to provide resources for all future debt service payments of \$1,250,000 of Waterworks and Sewer System Revenue Bonds, Series 2002 and \$775,000 of General Obligation Bonds, Series 2005. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$15,747. This amount is being amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. This current refunding was undertaken to reduce total debt service payments over the next ten years by \$213,559 and resulted in an economic gain of

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

\$189,058. At September 30, 2015, \$1,250,000 of Waterworks and Sewer System Revenue Bonds, Series 2002 and \$775,000 of General Obligation Bonds, Series 2005 were considered defeased.

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 2016 to 2018. Annual requirements to satisfy these obligations are as follows:

Year Ending Sep 30	Governmental Activities		
	Capital Leases		
	Principal	Interest	Total
2016	\$ 230,745	\$ 10,563	\$ 241,308
2017	169,440	5,189	174,629
2018	89,587	771	90,358
Total	\$ 489,772	\$ 16,523	\$ 506,295

Year Ending Sep 30	Business-Type Activities		
	Capital Leases		
	Principal	Interest	Total
2016	\$ 96,792	\$ 2,861	\$ 99,653
2017	87,714	1,839	89,553
2018	81,508	581	82,089
Total	\$ 266,014	\$ 5,281	\$ 271,295

Year Ending Sep 30	Discretely Presented Component Units		
	Capital Leases		
	Principal	Interest	Total
2016	\$ 48,934	\$ 1,038	\$ 49,972

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activities	Discretely Presented Component Units
Assets:			
Machinery and equipment	\$ 2,241,459	\$ 511,117	\$ 928,324
Less: accumulated depreciation	(997,597)	(248,270)	(371,456)
Total	\$ 1,243,862	\$ 262,847	\$ 556,868

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

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

could result. The City periodically engages an arbitrage consultant to perform the calculations in accordance with the rules and regulations of the IRS.

E. Interfund Receivables, Payables, and Transfers

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

<u>Due To</u>	<u>Due From</u>	<u>Amounts</u>
Debt service	Nonmajor governmental	\$ 17,913
Water and sewer	Nonmajor governmental	27,216
Nonmajor governmental	Nonmajor governmental	616,372
		<u>\$ 661,501</u>

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:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amounts</u>
General	Water and sewer	\$ 91,340
General	Nonmajor governmental	188,310
Debt service	Nonmajor governmental	4,647
Debt service	CIBF 2015	339
Nonmajor governmental	General	2,049,000
		<u>\$ 2,333,636</u>

Amounts transferred between funds relate to the following activities:

- Transfers to the debt service fund were made to transfer interest earned from bond funds for the repayment of debt service and debt service related expenditures in accordance with applicable ordinances and federal regulations.
- The general fund transferred \$2,049,000 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, 2015, \$1,230,467 of the City’s total fund balance is restricted by enabling legislation.

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result, the City has restated beginning net position to account for the net pension liability as of measurement date, December 31, 2013. In addition, the City has restated beginning net position to record a deferred outflow for contributions made to the pension plan between the initial measurement date and the end of the prior fiscal year, September 30, 2014.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

Beginning net position was restated as follows:

	<u>Governmental Activities</u>	<u>Water and Sewer</u>	<u>Storm Water Utility</u>	<u>Business-Type Activities</u>
Beginning net position as reported	\$ 69,006,676	\$ 23,346,800	\$ 384,511	\$ 23,731,311
Deferred outflows - contributions after measurement date - TMRS	1,493,153	205,154	3,654	208,808
Net pension liability - TMRS	(5,050,974)	(693,987)	(12,361)	(706,348)
Reverse net pension obligation - TMRS	1,274,034	170,747	2,977	173,724
Deferred outflows - contributions after measurement date - TESRS	96,300	-	-	-
Net pension liability - TESRS	(544,529)	-	-	-
Beginning net position - restated	<u>\$ 66,274,660</u>	<u>\$ 23,028,714</u>	<u>\$ 378,781</u>	<u>\$ 23,407,495</u>

	<u>Crime Control District</u>	<u>Fire Control District</u>
Beginning net position as reported	\$ 1,817,937	\$ 1,502,838
Deferred outflows - contributions after measurement date - TMRS	21,750	16,357
Net pension liability	(73,578)	(55,331)
Beginning net position - restated	<u>\$ 1,766,109</u>	<u>\$ 1,463,864</u>

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City participates along with 2,617 other entities in the Texas Municipal League's Intergovernmental Risk 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.

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

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

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

C. Pension Plans

1. Texas Municipal Retirement System

Plan Description

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tmr.com.

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

Benefits Provided

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

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

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

	<u>2015</u>	<u>2014</u>
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	50% of CPI	50% of CPI

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

Employees Covered by Benefit Terms

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	188
Inactive employees entitled to but not yet receiving benefits	102
Active employees	283
Total	573

Contributions

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

Employees for the City were required to contribute seven percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 14.58 percent and 14.45 percent in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2015 were \$2,527,680 which was equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment rate of return	7.0%, net of pension plan investment expense, including inflation

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

Actuarial assumptions used in the December 31, 2014 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the EAN actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is seven percent. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation, as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	100.0%	

Discount Rate

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

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

Changes in the NPL

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Changes for the year:			
Service cost	\$ 2,681,792	\$ -	\$ 2,681,792
Interest	7,460,704	-	7,460,704
Change of benefit terms	-	-	-
Difference between expected and actual experience	(718,727)	-	(718,727)
Changes of assumptions	-	-	-
Contributions - employer	-	2,442,022	(2,442,022)
Contributions - employee	-	1,172,340	(1,172,340)
Net investment income	-	5,837,195	(5,837,195)
Benefit payments, including refunds of employee contributions	(5,388,710)	(5,388,710)	-
Administrative expense	-	(60,949)	60,949
Other changes	-	(5,011)	5,011
Net Changes	4,035,059	3,996,887	38,172
Balance at December 31, 2013	107,934,947	102,048,717	5,886,230
Balance at December 31, 2014	\$ 111,970,006	\$ 106,045,604	\$ 5,924,402

Sensitivity of the NPL to Changes in the Discount Rate

The following presents the NPL of the City, calculated using the discount rate of seven percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate:

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's Net Pension Liability	\$ 21,524,754	\$ 5,924,402	\$ (6,860,602)

Pension Plan Fiduciary Net Position

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

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

For the fiscal year ended September 30, 2015, the City recognized net pension expense of \$2,018,501.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 583,279
Difference between projected and actual investment earnings	1,044,972	-
Contributions subsequent to the measurement date	1,825,793	-
Total	<u><u>\$ 2,870,765</u></u>	<u><u>\$ 583,279</u></u>

\$1,825,793 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended September 30</u>	<u>Expense Amount</u>
2016	\$ 125,795
2017	125,795
2018	125,795
2019	125,795
2020	(41,487)
Total	<u><u>\$ 461,693</u></u>

2. Texas Emergency Services Retirement System

Plan Description

The City participates in a cost-sharing multiple employer pension plan that has a special funding situation. The plan is administered by the Texas Emergency Services Retirement System (TESRS) 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 pension 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)	4,036

Pension Plan Fiduciary Net Position

Detailed information about the TESRS's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information, which can be obtained at www.tesrs.org. The separately issued actuarial valuations which may be of interest are also available at the same link.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

Benefits Provided

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by Board rule. The benefit provisions include retirement benefits, as well as death and disability benefits. Members are 50 percent vested after the tenth year of service, with the vesting percent increasing 10 percent for each of the next five years of service so that a member becomes 100 percent vested with 15 years of service.

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

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

Funding Policy

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

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

The Board rule defining contributions was amended effective July 27, 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the State are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percentage of the Part One portion (not to exceed 15 percent), is to be actuarially adjusted near the end of each even-numbered calendar year based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2014, the Part Two contribution rate was zero percent, since the first actuarial valuation report after adoption of the rules showed TESRS to have an adequate contribution arrangement without any Part Two contributions.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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

A small subset of participating departments have 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 TESRS. There is no actuarial impact associated with this arrangement as the pay-as-you-go contributions made by these governing bodies are always equal to benefit payments paid by TESRS.

Contributions

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2014, total contributions (dues, prior service, and interest on prior service financing) of \$96,300 were paid by the City. The State appropriated \$1,530,343 for the fiscal year ending August 31, 2014 to the plan as a whole.

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

Mortality rates were based on the RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2018 by scale AA. The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.50 percent). In addition, the final 7.75 percent assumption reflected a reduction of 0.20 percent for adverse deviation.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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

Asset Class	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities		
Large cap domestic	32%	5.2%
Small cap domestic	10	5.8
Developed international	21	5.5
Emerging markets	6	5.4
Master limited partnership	5	7.1
Fixed income		
Domestic	21	1.4
International	5	1.6
Cash	0	0.0
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent. No projection of cash flows was used to determine the discount rate because the August 31, 2014 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. That UAAL was based on an actuarial value of assets that was \$7.9 million less than the plan fiduciary net position as of August 31, 2014. Because of the 30-year amortization period with the conservative amortization method and with a lower value of assets, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity Analysis

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

	<u>1% Decrease in Discount Rate (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase in Discount Rate (8.75%)</u>
City's proportionate share of the net pension liability:	\$ 792,100	\$ 384,385	\$ 146,506

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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

At August 31, 2014, the City reported a liability of \$384,385 for its proportionate share of TESRS's net pension liability. This liability reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the collective net pension liability	\$384,385
State's proportionate share that is associated with the City*	<u>129,211</u>
Total	<u>\$513,596</u>

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

The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. GASB Statement No. 68 requires the net pension liability to be measured as of a date no earlier than the end of the employer's prior fiscal year. TESRS did not roll forward the net pension liability nor did they provide the necessary information for the participants to roll forward themselves. While the City acknowledges that the measurement date does not fall within this 12 month period, the City elected to honor the conservatism principle and report a net pension liability measured as of August 31, 2014. The City used the assumption that any differences in the net pension liability measured as of August 31, 2014 versus September 30, 2014 would be immaterial. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2013 through August 31, 2014.

At August 31, 2014, the employer's proportion of the collective net pension liability was 2.115 percent. TESRS did not provide prior year proportions measured as of August 31, 2013. The City is using the assumption that the change in proportion would have been immaterial and, therefore, disregarded it this year.

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

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

For the year ended August 31, 2014, the City recognized pension expense of \$33,227. The City recognized on-behalf revenues of \$32,371 calculated by taking the State's total contributions to TESRS multiplied by the City's proportionate share.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

At August 31, 2014, the City reported its proportionate share of the TERSRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment earnings	\$ -	\$ 96,869
Contributions paid to TERSRS subsequent to the measurement date	91,000	-
Total	\$ 91,000	\$ 96,869

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

Year Ended September 30	Pension Expense Amount
2016	\$ (24,217)
2017	(24,217)
2018	(24,217)
2019	(24,218)
Total	\$ (96,869)

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	\$ 2,128,134
Interest on prior year net OPEB obligation	399,203
Amortization of prior year net OPEB obligation	(565,942)
Annual OPEB cost (expense)	1,961,395
Contributions made	(430,602)
Increase in net OPEB obligation	1,530,793
Net OPEB obligation-beginning of year	9,980,086
Net OPEB obligation-end of year	\$ 11,510,879

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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 percentage 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>
2013	\$ 1,886,939	\$ 474,322	25.14%	\$ 8,209,804
2014	\$ 2,170,659	\$ 400,377	18.44%	\$ 9,980,086
2015	\$ 1,961,395	\$ 430,602	21.95%	\$ 11,510,879

Funded Status and Funding Progress

As of October 1, 2014, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$23,180,676 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$23,180,676. The annual covered payroll as of September 30, 2015 was \$17,110,560 and the UAAL as a percentage of this number was 135.5 percent.

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 ARC 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.

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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.

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, 2015, 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, 2015, 2014, and 2013 are shown below. Annual SDBF costs were \$6,980 and \$6,582 for 2015 and 2014, respectively.

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual Req. Contrib. (Rate)	0.04%	0.04%	0.04%
Actual Contribution Made	0.04%	0.04%	0.04%
Percentage of ARC Contrib.	100.00%	100.00%	100.00%

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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 “Industrial District”). In 2007, the City and the Companies located in the Industrial District agreed to new contracts extending to December 31, 2014. The City completed negotiations on new contracts with the companies located in the Industrial District, with a new expiration date of December 31, 2026. These contracts call for each Company to annually render to the City a written description of its land, improvements, and tangible personal property as of the immediately preceding January 1 (based on the opinion of the legal counsel for the Harris County Appraisal District that the value of land and improvements that were not physically located within the corporate area of the City could not be included in the City’s tax roll). The Companies have agreed to pay an amount “in lieu” of taxes in the unannexed area of an amount equal to the sum of 63 percent of the amount of ad valorem taxes 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 ten percent the first year, 20 percent the second year, 30 percent the third year, 40 percent the fourth year, 50 percent the fifth year, and 100 percent after the fifth year of operations. For new construction in excess of \$100,000,000, the new contracts allow for each Company to negotiate these payment percentages. If those particular negotiations are not completed by January 1, the stated contract rates will apply to the new construction value. During the fiscal year, the City received revenues of \$13,628,122 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

CITY OF DEER PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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.

G. Transfer Station Closure Cost

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

As of September 30, 2015, the total estimated closure cost for the City's Transfer Station is \$49,885. 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.

H. Subsequent Events

On December 1, 2015, the City issued \$7,110,000 in Certificates of Obligation, Series 2015-A. 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 for the water and sewer system. The interest rates of the certificates will range from 2.00 to 3.50 percent. The certificates have a maturity date of March 15, 2035.

On February 16, 2016, the City issued \$9,450,000 in Certificates of Obligation, Series 2016. Proceeds from the sale of certificates will be used to pay costs associated with (i) the renovation and expansion of the community center and gym to include an indoor pool, (ii) the expansion of the existing Maxwell Center and parking lot, (iii) the renovation of City baseball fields, (iv) the renovation of the girls softball facilities at the youth sports complex, (v) the development of City soccer fields, and (vi) the cost of professional services incurred in connection therewith. The interest rate of the certificates is 1.59 percent. The certificates have a maturity date of March 15, 2026. The debt service on the certificates will be funded by the revenues from a dedicated one-half of one percent Type B sales tax approved by voters in May 2015.

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, 2015

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 10,110,843	\$ 10,110,843	\$ 10,933,467	\$ 822,624
Industrial district taxes	14,100,000	14,100,000	13,628,122	(471,878)
Sales taxes	4,600,000	4,600,000	6,246,868	1,646,868
Franchise taxes	2,200,000	2,200,000	2,321,036	121,036
Fees and fines	1,378,182	1,378,182	1,229,540	(148,642)
Licenses and permits	507,100	507,100	531,262	24,162
Intergovernmental	49,000	49,000	68,991	19,991
Charges for services	3,019,600	3,019,600	3,388,795	369,195
Investment earnings	21,000	21,000	24,455	3,455
Miscellaneous	28,500	28,500	68,980	40,480
Total Revenues	<u>36,014,225</u>	<u>36,014,225</u>	<u>38,441,516</u>	<u>2,427,291</u>
Expenditures				
Current:				
General Government:				
Mayor and council	60,966	60,966	59,830	1,136
City manager	815,282	815,282	773,893	41,389
Boards and commissions	15,408	15,408	11,202	4,206
Municipal court	443,271	443,271	402,395	40,876
General government	4,064,070	4,414,070	3,009,984	1,404,086
Legal services	152,000	152,000	96,756	55,244
Human resources	338,270	338,270	310,414	27,856
Information technology services	1,183,924	1,183,924	1,207,517	(23,593) *
Finance	591,553	591,553	575,262	16,291
City secretary	430,295	430,295	379,093	51,202
Warehouse	74,573	75,714	75,714	-
Total General Government	<u>8,169,612</u>	<u>8,520,753</u>	<u>6,902,060</u>	<u>1,618,693</u>
Community Development:				
Planning and development	1,960,683	1,960,683	1,774,504	186,179
Beautification	62,500	62,500	40,192	22,308
Park maintenance	1,827,943	1,827,943	1,644,189	183,754
Recreation	1,617,421	1,617,421	1,463,420	154,001
Athletics and aquatics	593,975	666,340	666,340	-
Senior services	456,746	498,506	498,505	1
After-school program	327,133	327,133	298,739	28,394
Drama	438,490	438,490	401,509	36,981
Library	1,037,189	1,037,189	970,047	67,142
Total Community Development	<u>8,322,080</u>	<u>8,436,205</u>	<u>7,757,445</u>	<u>678,760</u>

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, 2015

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Public Works:				
Building maintenance	\$ 598,463	\$ 598,463	\$ 586,367	\$ 12,096
Sanitation	3,519,579	3,519,579	3,377,533	142,046
Street maintenance	1,256,455	1,256,455	1,203,374	53,081
Fleet maintenance	672,503	690,853	678,474	12,379
Humane division	241,763	241,763	237,332	4,431
Total Public Works	<u>6,288,763</u>	<u>6,307,113</u>	<u>6,083,080</u>	<u>224,033</u>
Public Safety:				
Police	8,995,572	8,995,572	8,343,380	652,192
Emergency management	407,131	407,131	403,999	3,132
Fire department	535,450	535,450	500,923	34,527
Ambulance	929,100	929,100	826,231	102,869
Fire marshal	157,733	157,733	120,394	37,339
Total Public Safety	<u>11,024,986</u>	<u>11,024,986</u>	<u>10,194,927</u>	<u>830,059</u>
Parks and Recreation:				
Golf course lease	120,000	277,078	98,108	178,970
Total Parks and Recreation	<u>120,000</u>	<u>277,078</u>	<u>98,108</u>	<u>178,970</u>
Debt service:				
Principal	363,266	363,266	354,910	8,356
Interest and other charges	18,379	18,379	18,379	-
Total Debt Service	<u>381,645</u>	<u>381,645</u>	<u>373,289</u>	<u>8,356</u>
Capital outlay	1,148,696	1,148,696	918,099	230,597
Total Expenditures	<u>35,455,782</u>	<u>36,096,476</u>	<u>32,327,008</u>	<u>3,769,468</u>
Excess of Revenues Over Expenditures	<u>558,443</u>	<u>(82,251)</u>	<u>6,114,508</u>	<u>6,196,759</u>
Other Financing Sources (Uses):				
Transfers in	321,445	321,445	279,650	(41,795)
Transfers (out)	(2,049,000)	(2,049,000)	(2,049,000)	-
Proceeds from sale of capital assets	10,000	14,500	93,629	79,129
Capital lease proceeds	120,000	120,000	103,455	(16,545)
Total Other Financing (Uses)	<u>(1,597,555)</u>	<u>(1,593,055)</u>	<u>(1,572,266)</u>	<u>20,789</u>
Net Change in Fund Balance	<u>\$ (1,039,112)</u>	<u>\$ (1,675,306)</u>	4,542,242	<u>\$ 6,217,548</u>
Beginning fund balance			30,001,901	
Ending Fund Balance			<u>\$ 34,544,143</u>	

Notes to Required Supplementary Information:

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

CITY OF DEER PARK, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
For the Year Ended September 30, 2015

	Measurement Year*
	2015
Total Pension Liability	
Service cost	\$ 2,681,792
Interest (on the total pension liability)	7,460,704
Difference between expected and actual experience	(718,727)
Benefit payments, including refunds of employee contributions	(5,388,710)
Net Change in Total Pension Liability	4,035,059
Beginning total pension liability	107,934,947
Ending Total Pension Liability	\$ 111,970,006
Plan Fiduciary Net Position	
Contributions - employer	\$ 2,442,022
Contributions - employee	1,172,340
Net investment income	5,837,195
Benefit payments, including refunds of employee contributions	(5,388,710)
Administrative expense	(60,949)
Other	(5,011)
Net Change in Plan Fiduciary Net Position	3,996,887
Beginning plan fiduciary net position	102,048,717
Ending Plan Fiduciary Net Position	\$ 106,045,604
Net Pension Liability	\$ 5,924,402
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	94.71%
Covered Employee Payroll	\$ 16,747,712
Net Pension Liability as a Percentage of Covered Employee Payroll	35.37%

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

CITY OF DEER PARK, TEXAS
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM OF TEXAS (TESRS)
For the Year Ended September 30, 2015

	Measurement Year*
	2015
City's proportion of the net pension liability	2.115%
City's proportionate share of the net pension liability	\$ 384,385
State's proportionate share of the net pension liability	129,211
Total	\$ 513,596
Number of active members**	80
City's net pension liability per active member	\$ 4,805
Plan fiduciary net position as a percentage of the total pension liability	83.50%

Notes to Required Supplementary Information:

Defined Benefit Pension Plan

Changes in benefit terms

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

Changes in assumptions

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

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

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

CITY OF DEER PARK, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
For the Year Ended September 30, 2015

	Fiscal Year*	
	2014	2015
Actuarially determined contribution	\$ 2,407,731	\$ 2,527,680
Contributions in relation to the actuarially determined contribution	2,407,731	2,527,680
Contributions deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 16,455,020	\$ 17,449,288
Contributions as a percentage of covered employee payroll	14.63%	14.49%

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

Notes to Required Supplementary Information:

1. Valuation Date:

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

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	26 years
Asset valuation method	10 year smoothed market; 15% soft corridor
Inflation	3.0%
Salary increases	3.50% to 12.00% including inflation
Investment rate of return	7.00%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

3. Other Information:

There were no benefit changes during the year.

CITY OF DEER PARK, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS)
For the Year Ended September 30, 2015

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

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

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

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CITY OF DEER PARK, TEXAS
SCHEDULE OF FUNDING PROGRESS
POST EMPLOYMENT HEALTHCARE BENEFITS
For the Year Ended September 30, 2015

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]
10/01/12	\$ -	\$ 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%
10/01/14	\$ -	\$ 23,180,676	\$ 23,180,676	0.0%	\$ 17,110,560	135.5%

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***COMBINING STATEMENTS
AND SCHEDULES***

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

For the Year Ended September 30, 2015

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 3,876,459	\$ 3,876,459	\$ 4,210,488	\$ 334,029
Investment earnings	500	500	936	436
Total Revenues	<u>3,876,959</u>	<u>3,876,959</u>	<u>4,211,424</u>	<u>334,465</u>
Expenditures				
Debt service:				
Principal	2,807,003	2,807,003	2,805,343	1,660
Payment to refunded bond escrow agent	-	781,027	781,027	-
Interest and other charges	1,092,070	1,092,070	1,004,653	87,417
Total Expenditures	<u>3,899,073</u>	<u>4,680,100</u>	<u>4,591,023</u>	<u>89,077</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(22,114)</u>	<u>(803,141)</u>	<u>(379,599)</u>	<u>423,542</u>
Other Financing Sources				
Transfers in	20,000	20,000	4,986	(15,014)
Debt issued	-	732,901	732,901	-
Premium on bonds issued	-	61,012	61,012	-
Total Other Financing Sources	<u>20,000</u>	<u>813,913</u>	<u>798,899</u>	<u>(15,014)</u>
Net Change in Fund Balance	<u>\$ (2,114)</u>	<u>\$ 10,772</u>	419,300	<u>\$ 408,528</u>
Beginning fund balance			<u>2,932,183</u>	
Ending Fund Balance			<u>\$ 3,351,483</u>	

Notes to Supplementary Information:

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

CITY OF DEER PARK, TEXAS

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2015

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, 2015

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.

Capital Improvements Bond Fund 2014

This fund is used to account for the receipt of bond proceeds and the expenditure of such proceeds for the acquisition and construction of additions and improvements to the City's parks and recreational facilities.

CITY OF DEER PARK, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)
September 30, 2015

	Special Revenue Funds			
	Hotel/Motel Occupancy Tax	Grants	Police Forfeiture	Municipal Court
<u>Assets</u>				
Cash and cash equivalents	\$ 910,581	\$ 79,568	\$ 17,931	\$ 128,872
Accounts receivable	179,919	-	-	149,911
Due from other funds	-	-	-	-
Due from other governments	-	616,372	-	-
Total Assets	\$ 1,090,500	\$ 695,940	\$ 17,931	\$ 278,783
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 128,451	\$ -	\$ -	\$ 316
Accrued liabilities	-	-	-	27,813
Due to other funds	-	616,372	-	-
Due to component units	167	-	-	-
Other payables	-	25,000	-	-
Total Liabilities	128,618	641,372	-	28,129
Fund balances:				
Restricted				
Grants	-	-	-	-
Enabling legislation	961,882	-	17,931	250,654
Special projects	-	54,568	-	-
Capital projects	-	-	-	-
Assigned				
Capital projects	-	-	-	-
Total Fund Balances	961,882	54,568	17,931	250,654
Total Liabilities and Fund Balances	\$ 1,090,500	\$ 695,940	\$ 17,931	\$ 278,783

Special Revenue Fund	Capital Projects Funds				
FEMA Hurricane Ike	Capital Projects	1997 Streets	Streets	Capital Improvements	General Obligation Series 2005
\$ 341,877	\$ 59,888	\$ 26,975	\$ 94,472	\$ 3,473,915	\$ 832,966
-	-	-	-	-	-
-	-	-	-	-	-
474,530	-	-	-	-	-
<u>\$ 816,407</u>	<u>\$ 59,888</u>	<u>\$ 26,975</u>	<u>\$ 94,472</u>	<u>\$ 3,473,915</u>	<u>\$ 832,966</u>
\$ -	\$ -	\$ -	\$ -	\$ 162,135	\$ 110,559
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	64,455	16,031
-	-	-	-	226,590	126,590
816,407	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	26,975	94,472	-	706,376
-	59,888	-	-	3,247,325	-
<u>816,407</u>	<u>59,888</u>	<u>26,975</u>	<u>94,472</u>	<u>3,247,325</u>	<u>706,376</u>
<u>\$ 816,407</u>	<u>\$ 59,888</u>	<u>\$ 26,975</u>	<u>\$ 94,472</u>	<u>\$ 3,473,915</u>	<u>\$ 832,966</u>

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CITY OF DEER PARK, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)
September 30, 2015

	Capital Projects Funds			Total Nonmajor Governmental Funds
	CIBF 2007	CIBF 2010	CIBF 2014	
Assets				
Cash and cash equivalents	\$ 3,494,116	\$ 2,170,807	\$ 1,083,597	\$ 12,715,565
Accounts receivable	6,903	-	-	336,733
Due from other funds	-	616,372	-	616,372
Due from other governments	-	-	-	1,090,902
Total Assets	\$ 3,501,019	\$ 2,787,179	\$ 1,083,597	\$ 14,759,572
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 211,438	\$ 2,048	\$ -	\$ 614,947
Accrued liabilities	-	-	-	27,813
Due to other funds	-	-	45,129	661,501
Due to component units	-	-	-	167
Other payables	-	-	-	105,486
Total Liabilities	211,438	2,048	45,129	1,409,914
Fund balances:				
Restricted				
Grants	-	-	-	816,407
Enabling legislation	-	-	-	1,230,467
Special projects	-	-	-	54,568
Capital projects	3,289,581	2,785,131	1,038,468	7,941,003
Assigned				
Capital projects	-	-	-	3,307,213
Total Fund Balances	3,289,581	2,785,131	1,038,468	13,349,658
Total Liabilities and Fund Balances	\$ 3,501,019	\$ 2,787,179	\$ 1,083,597	\$ 14,759,572

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, 2015

	Special Revenue Funds			
	Hotel/Motel Occupancy Tax	Grants	Police Forfeiture	Municipal Court
Revenues				
Hotel/motel taxes	\$ 711,406	\$ -	\$ -	\$ -
Fees and fines	-	-	-	186,655
Intergovernmental	-	37,328	-	-
Charges for services	-	-	-	255,086
Investment earnings	-	-	15	-
Miscellaneous	-	15,091	1,979	-
Total Revenues	711,406	52,419	1,994	441,741
Expenditures				
Current:				
General government	-	-	-	40,756
Community development	433,681	33,078	-	-
Public safety	-	7,490	23,080	354,590
Debt service:				
Interest and other charges	-	-	-	-
Capital outlay	291,687	271,841	-	-
Total Expenditures	725,368	312,409	23,080	395,346
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,962)	(259,990)	(21,086)	46,395
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers (out)	(98,310)	-	-	(90,000)
Proceeds from bond issuance	-	-	-	-
Premium on debt issued	-	-	-	-
Total Other Financing Sources (Uses)	(98,310)	-	-	(90,000)
Net Change in Fund Balances	(112,272)	(259,990)	(21,086)	(43,605)
Beginning fund balances	1,074,154	314,558	39,017	294,259
Ending Fund Balances	\$ 961,882	\$ 54,568	\$ 17,931	\$ 250,654

Special Revenue Fund	Capital Projects Funds					General Obligation Series 2005
FEMA Hurricane Ike	Capital Projects	1997 Streets	Streets	Capital Improvements		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	49	14	39	71	758	
-	-	-	-	-	-	
-	49	14	39	71	758	
-	-	-	-	-	-	
-	-	-	-	-	-	
45,944	-	-	-	-	-	
-	-	-	-	-	3,700	
-	42,612	-	-	1,576,249	783,773	
45,944	42,612	-	-	1,576,249	787,473	
(45,944)	(42,563)	14	39	(1,576,178)	(786,715)	
-	-	-	-	2,049,000	-	
-	(49)	(14)	-	-	(758)	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	(49)	(14)	-	2,049,000	(758)	
(45,944)	(42,612)	-	39	472,822	(787,473)	
862,351	102,500	26,975	94,433	2,774,503	1,493,849	
\$ 816,407	\$ 59,888	\$ 26,975	\$ 94,472	\$ 3,247,325	\$ 706,376	

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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, 2015

	<u>Capital Projects Funds</u>			Total Nonmajor Governmental Funds
	<u>CIBF 2007</u>	<u>CIBF 2010</u>	<u>CIBF 2014</u>	
<u>Revenues</u>				
Hotel/motel taxes	\$ -	\$ -	\$ -	\$ 711,406
Fees and fines	-	-	-	186,655
Intergovernmental	-	-	-	37,328
Charges for services	-	-	-	255,086
Investment earnings	2,317	867	642	4,772
Miscellaneous	-	-	-	17,070
Total Revenues	2,317	867	642	1,212,317
<u>Expenditures</u>				
Current:				
General government	-	-	-	40,756
Community development	-	-	-	466,759
Public safety	-	-	-	431,104
Debt service:				
Interest and other charges	-	2,048	44,988	50,736
Capital outlay	1,540,060	6,186	-	4,512,408
Total Expenditures	1,540,060	8,234	44,988	5,501,763
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,537,743)	(7,367)	(44,346)	(4,289,446)
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	-	-	2,049,000
Transfers (out)	(2,317)	(867)	(642)	(192,957)
Proceeds from bond issuance	-	-	1,005,000	1,005,000
Premium on debt issued	-	-	78,456	78,456
Total Other Financing Sources (Uses)	(2,317)	(867)	1,082,814	2,939,499
Net Change in Fund Balances	(1,540,060)	(8,234)	1,038,468	(1,349,947)
Beginning fund balances	4,829,641	2,793,365	-	14,699,605
Ending Fund Balances	\$ 3,289,581	\$ 2,785,131	\$ 1,038,468	\$ 13,349,658

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, 2015

Hotel/Motel Occupancy Tax

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Hotel/motel occupancy taxes	\$ 614,186	\$ 614,186	\$ 711,406	\$ 97,220
Total Revenues	<u>614,186</u>	<u>614,186</u>	<u>711,406</u>	<u>97,220</u>
Expenditures				
Current:				
Community development	532,935	564,935	433,681	131,254
Capital outlay	250,000	750,000	291,687	458,313
Total Expenditures	<u>782,935</u>	<u>1,314,935</u>	<u>725,368</u>	<u>589,567</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(168,749)</u>	<u>(700,749)</u>	<u>(13,962)</u>	<u>686,787</u>
Other Financing (Uses)				
Transfers (out)	(140,105)	(140,105)	(98,310)	41,795
Total Other Financing (Uses)	<u>(140,105)</u>	<u>(140,105)</u>	<u>(98,310)</u>	<u>41,795</u>
Net Change in Fund Balance	<u>\$ (308,854)</u>	<u>\$ (840,854)</u>	<u>(112,272)</u>	<u>\$ 728,582</u>
Beginning fund balance			1,074,154	
Ending Fund Balance			<u>\$ 961,882</u>	

Grants

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Intergovernmental	\$ 25,000	\$ 25,000	\$ 23,548	\$ (1,452)
Total Revenues	<u>25,000</u>	<u>25,000</u>	<u>23,548</u>	<u>(1,452)</u>
Expenditures				
Capital outlay	25,000	25,000	21,841	3,159
Total Expenditures	<u>25,000</u>	<u>25,000</u>	<u>21,841</u>	<u>3,159</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,707</u>	<u>\$ 1,707</u>
Other special revenue fund net change in fund balance			(261,697)	
Beginning fund balance			314,558	
Ending Fund Balance			<u>\$ 54,568</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 (Continued)
For the Year Ended September 30, 2015

Police Forfeiture

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Investment earnings	\$ -	\$ -	\$ 15	\$ 15
Miscellaneous	5,000	5,000	1,979	(3,021)
Total Revenues	5,000	5,000	1,994	(3,006)
Expenditures				
Current:				
Public safety	32,593	32,593	23,080	9,513
Total Expenditures	32,593	32,593	23,080	9,513
Net Change in Fund Balance	\$ (27,593)	\$ (27,593)	(21,086)	\$ 6,507
Beginning fund balance			39,017	
Ending Fund Balance			\$ 17,931	

Municipal Court

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Fees and fines	\$ 184,546	\$ 184,546	\$ 186,655	\$ 2,109
Charges for services	265,000	265,000	255,086	(9,914)
Total Revenues	449,546	449,546	441,741	(7,805)
Expenditures				
Current:				
General government	60,628	60,628	40,756	19,872
Public safety	365,593	365,593	354,590	11,003
Total Expenditures	426,221	426,221	395,346	30,875
Excess of Revenues Over Expenditures	23,325	23,325	46,395	23,070
Other Financing (Uses)				
Transfers (out)	(90,000)	(90,000)	(90,000)	-
Total Other Financing (Uses)	(90,000)	(90,000)	(90,000)	-
Net Change in Fund Balance	\$ (66,675)	\$ (66,675)	(43,605)	\$ 23,070
Beginning fund balance			294,259	
Ending Fund Balance			\$ 250,654	

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	114
<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	124
<i>These schedules contain information to help the reader assess the City’s most significant local revenue source, property tax.</i>	
Debt Capacity	134
<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	144
<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	147
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.</i>	

CITY OF DEER PARK, TEXAS

NET POSITION BY COMPONENT

Last Ten Years

(accrual basis of accounting)

	Fiscal Year			
	2006	2007	2008	2009
Governmental Activities				
Net investment in capital assets	\$ 23,422,416	\$ 23,625,083	\$ 28,350,164	\$ 32,072,611
Restricted	2,448,995	2,850,158	3,460,684	4,788,311
Unrestricted	4,811,771	9,701,580	13,373,367	15,775,137
Total Governmental Activities Net Position	\$ 30,683,182	\$ 36,176,821	\$ 45,184,215	\$ 52,636,059
Business-Type Activities				
Net investment in capital assets	\$ 10,654,013	\$ 11,447,994	\$ 11,928,085	\$ 12,218,032
Restricted	-	-	-	-
Unrestricted	4,052,406	3,159,901	3,027,361	2,778,534
Total Business-Type Activities Net Position	\$ 14,706,419	\$ 14,607,895	\$ 14,955,446	\$ 14,996,566
Primary Government				
Net investment in capital assets	\$ 34,076,429	\$ 35,073,077	\$ 40,278,249	\$ 44,290,643
Restricted	2,448,995	2,850,158	3,460,684	4,788,311
Unrestricted	8,864,177	12,861,481	16,400,728	18,553,671
Total Primary Government Net Position	\$ 45,389,601	\$ 50,784,716	\$ 60,139,661	\$ 67,632,625

Notes:

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

Fiscal Year

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013*</u>	<u>2014</u>	<u>2015</u>
\$ 29,888,865	\$ 30,587,182	\$ 29,597,630	\$ 35,765,964	\$ 41,639,757	\$ 44,597,669
4,491,224	4,102,964	4,574,770	16,249,861	14,754,786	20,899,783
12,191,299	11,159,636	13,180,581	8,819,451	9,880,117	7,750,427
<u>\$ 46,571,388</u>	<u>\$ 45,849,782</u>	<u>\$ 47,352,981</u>	<u>\$ 60,835,276</u>	<u>\$ 66,274,660</u>	<u>\$ 73,247,879</u>
\$ 12,218,032	\$ 15,512,082	\$ 20,056,649	\$ 16,499,908	\$ 16,377,808	\$ 15,978,461
-	-	-	984,962	152,344	147,896
5,684,466	5,293,599	5,869,151	5,186,325	6,877,343	7,828,651
<u>\$ 17,902,498</u>	<u>\$ 20,805,681</u>	<u>\$ 25,925,800</u>	<u>\$ 22,671,195</u>	<u>\$ 23,407,495</u>	<u>\$ 23,955,008</u>
\$ 42,106,897	\$ 46,099,264	\$ 49,654,279	\$ 52,265,872	\$ 58,017,565	\$ 60,576,130
4,491,224	4,102,964	4,574,770	17,234,823	14,907,130	21,047,679
17,875,765	16,453,235	19,049,732	14,005,776	16,757,460	15,579,078
<u>\$ 64,473,886</u>	<u>\$ 66,655,463</u>	<u>\$ 73,278,781</u>	<u>\$ 83,506,471</u>	<u>\$ 89,682,155</u>	<u>\$ 97,202,887</u>

CITY OF DEER PARK, TEXAS

CHANGES IN NET POSITION

Last Ten Years

(accrual basis of accounting)

	Fiscal Year			
	2006*	2007	2008	2009
Expenses				
Governmental activities				
General government	\$ 8,373,235	\$ 8,846,111	\$ 9,470,146	\$ 10,966,814
Public safety	6,252,445	6,885,057	7,921,413	10,285,816
Public works	5,259,922	6,297,724	5,332,621	5,925,540
Parks and recreation	2,148,365	2,121,981	2,092,772	2,690,654
Community development	4,933,184	5,280,164	6,486,732	6,921,903
Interest on long-term debt	1,355,043	1,168,616	1,482,204	1,390,366
Total Governmental Activities Expenses	<u>28,322,194</u>	<u>30,599,653</u>	<u>32,785,888</u>	<u>38,181,093</u>
Business-type activities				
Water and sewer	7,099,200	6,996,091	7,168,771	8,061,221
Storm water utility	-	-	-	-
Golf course	-	-	-	-
Total Business-Type Activities Expenses	<u>7,099,200</u>	<u>6,996,091</u>	<u>7,168,771</u>	<u>8,061,221</u>
Total Expenses	<u>\$ 35,421,394</u>	<u>\$ 37,595,744</u>	<u>\$ 39,954,659</u>	<u>\$ 46,242,314</u>
Program Revenues				
Governmental activities				
Charges for services:				
General government	\$ 730,882	\$ 726,640	\$ 941,187	\$ 677,102
Public safety	944,397	1,260,784	1,485,861	1,972,693
Public works	273,095	299,569	340,962	378,650
Parks and recreation	1,649,563	1,645,628	1,901,120	2,268,422
Community development	-	-	-	-
Operating grants and contributions	168,513	201,151	732,275	2,884,838
Capital grants and contributions	-	-	-	-
Total Governmental Activities Program Revenues	<u>3,766,450</u>	<u>4,133,772</u>	<u>5,401,405</u>	<u>8,181,705</u>
Business-type activities				
Charges for services:				
Water and sewer	7,396,257	7,126,559	7,497,682	8,084,177
Total Business-Type Activities Program Revenues	<u>7,396,257</u>	<u>7,126,559</u>	<u>7,497,682</u>	<u>8,084,177</u>
Total Program Revenues	<u>\$ 11,162,707</u>	<u>\$ 11,260,331</u>	<u>\$ 12,899,087</u>	<u>\$ 16,265,882</u>
Net (Expense)/Revenue				
Governmental activities	\$ (24,555,744)	\$ (26,465,881)	\$ (27,384,483)	\$ (29,999,388)
Business-type activities	297,057	130,468	328,911	22,956
Total Net Expense	<u>\$ (24,258,687)</u>	<u>\$ (26,335,413)</u>	<u>\$ (27,055,572)</u>	<u>\$ (29,976,432)</u>

Fiscal Year

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013**</u>	<u>2014</u>	<u>2015</u>
\$ 14,132,823	\$ 13,666,778	\$ 11,708,476	\$ 11,004,030	\$ 6,875,093	\$ 7,431,081
9,585,147	8,927,783	9,077,372	8,749,188	11,085,867	11,607,606
6,030,222	5,592,366	6,053,467	5,763,687	7,167,383	7,826,672
2,158,444	2,154,431	2,436,909	2,289,706	879,371	712,949
6,578,378	6,443,264	6,483,611	6,348,454	8,093,613	8,799,109
1,437,830	1,606,938	1,642,422	1,120,112	1,042,305	1,143,350
<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>	<u>37,520,767</u>
7,690,164	7,822,999	7,490,715	7,879,276	8,403,676	8,787,474
-	-	-	105,578	72,824	488,127
-	-	-	-	-	-
<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>9,275,601</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>	<u>\$ 46,796,368</u>
\$ 40,164	\$ 50,603	\$ 82,593	\$ 473,000	\$ 369,003	\$ 416,554
1,738,943	1,967,043	2,535,052	2,777,714	2,595,857	2,546,299
401,748	502,163	535,228	585,090	1,086,752	1,283,358
1,487,907	1,601,366	1,645,362	1,821,617	787,249	922,879
1,202,284	1,498,581	1,567,354	391,143	473,884	483,288
161,293	398,737	279,697	160,389	62,772	68,991
-	56,237	1,460,218	3,053,828	874,867	447,810
<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>	<u>6,169,179</u>
8,041,795	10,942,116	9,873,528	9,816,969	9,616,423	9,903,599
<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>9,903,599</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>	<u>\$ 16,072,778</u>
\$ (34,890,505)	\$ (32,316,830)	\$ (29,296,753)	\$ (26,012,396)	\$ (28,893,248)	\$ (31,351,588)
351,631	3,119,117	2,382,813	1,832,115	1,139,923	627,998
<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>	<u>\$ (30,723,590)</u>

CITY OF DEER PARK, TEXAS

CHANGES IN NET POSITION (Continued)

Last Ten Years
(accrual basis of accounting)

	Fiscal Year			
	2006*	2007	2008	2009
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes:				
Property	\$ 9,062,891	\$ 9,757,032	\$ 11,292,933	\$ 11,807,444
Industrial district	10,975,837	14,428,111	16,185,476	17,988,792
Franchise	1,718,725	1,668,001	1,839,383	1,748,053
Sales and use	3,272,524	3,715,143	4,109,314	4,564,184
Hotel occupancy	240,612	277,471	334,112	404,561
Investment earnings	798,037	1,084,019	906,857	225,077
Miscellaneous	476,569	616,253	439,524	479,596
Gain on sale of asset	-	-	-	233,525
Transfers	437,816	413,490	73,914	-
Total Governmental Activities	<u>26,983,011</u>	<u>31,959,520</u>	<u>35,181,513</u>	<u>37,451,232</u>
Business-type activities				
Investment earnings	196,999	184,498	92,554	18,164
Transfers in (out)	(437,816)	(413,490)	(73,914)	-
Total Business-Type Activities	<u>(240,817)</u>	<u>(228,992)</u>	<u>18,640</u>	<u>18,164</u>
Total Primary Government	<u>\$ 26,742,194</u>	<u>\$ 31,730,528</u>	<u>\$ 35,200,153</u>	<u>\$ 37,469,396</u>
Change in Net Position				
Governmental activities	\$ 2,427,267	\$ 5,493,639	\$ 7,797,030	\$ 7,451,844
Business-type activities	56,240	(98,524)	347,551	41,120
Total Change in Net Position	<u>\$ 2,483,507</u>	<u>\$ 5,395,115</u>	<u>\$ 8,144,581</u>	<u>\$ 7,492,964</u>

Notes:

* The City moved the golf course fund 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).

Fiscal Year

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013**</u>	<u>2014</u>	<u>2015</u>
\$ 12,000,370	\$ 12,234,105	\$ 13,099,300	\$ 13,002,159	\$ 14,219,581	\$ 15,143,994
12,986,530	12,346,943	12,894,626	14,106,107	14,250,173	13,649,200
2,063,774	1,932,237	2,209,371	2,315,334	2,338,146	2,321,036
4,069,523	4,221,452	4,746,096	5,037,072	5,201,364	6,246,868
403,983	455,166	526,387	607,709	679,646	711,406
65,499	41,978	47,460	40,416	23,014	30,502
222,660	83,875	11,714	210,969	53,644	86,050
66,794	60,948	-	-	214,571	44,411
<u>(2,550,000)</u>	<u>218,520</u>	<u>(2,735,002)</u>	<u>96,988</u>	<u>84,509</u>	<u>91,340</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>	<u>38,324,807</u>
4,301	2,586	2,304	12,647	4,702	10,855
<u>2,550,000</u>	<u>(218,520)</u>	<u>2,735,002</u>	<u>(96,988)</u>	<u>(84,509)</u>	<u>(91,340)</u>
<u>2,554,301</u>	<u>(215,934)</u>	<u>2,737,306</u>	<u>(84,341)</u>	<u>(79,807)</u>	<u>(80,485)</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>	<u>\$ 38,244,322</u>
\$ (5,561,372)	\$ (721,606)	\$ 1,503,199	\$ 9,404,358	\$ 8,171,400	\$ 6,973,219
<u>2,905,932</u>	<u>2,903,183</u>	<u>5,120,119</u>	<u>1,747,774</u>	<u>1,060,116</u>	<u>547,513</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>	<u>\$ 7,520,732</u>

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

	Fiscal Year			
	2006	2007	2008	2009
General Fund				
Reserved	\$ 197,462	\$ 190,484	\$ 271,282	\$ 236,031
Unreserved	4,280,006	9,255,848	11,715,534	16,188,960
Nondspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 4,477,468</u>	<u>\$ 9,446,332</u>	<u>\$ 11,986,816</u>	<u>\$ 16,424,991</u>
All Other Governmental Funds				
Unreserved, reported in:				
Special revenue funds	\$ 960,021	\$ 1,337,703	\$ 1,339,195	\$ 2,563,441
Capital projects funds	6,979,305	4,359,127	12,099,991	10,392,992
Debt service funds	1,282,720	1,343,259	2,053,462	2,081,520
Nondspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 9,222,046</u>	<u>\$ 7,040,089</u>	<u>\$ 15,492,648</u>	<u>\$ 15,037,953</u>

Notes:

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

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

Fiscal Year

2010	2011*	2012	2013**	2014	2015
\$ 207,006	\$ -	\$ -	\$ -	\$ -	\$ -
15,247,265	-	-	-	-	-
-	196,355	197,244	151,122	144,805	119,159
-	-	-	-	-	-
-	3,526,731	257,974	320,216	1,304,600	5,491,532
-	-	-	-	2,500,000	2,500,000
-	10,825,327	17,011,377	24,158,718	26,052,496	26,433,452
<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>	<u>\$ 34,544,143</u>
\$ 2,402,716	\$ -	\$ -	\$ -	\$ -	\$ -
14,657,635	-	-	-	-	-
2,088,508	-	-	-	-	-
-	-	2,914	-	-	-
-	17,947,247	19,349,008	16,118,927	14,754,786	20,899,783
-	2,118,012	2,995,806	1,818,845	2,877,003	3,307,213
<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>	<u>\$ 24,206,996</u>

CITY OF DEER PARK, TEXAS

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Years

	Fiscal Year			
	2006*	2007	2008	2009
Revenues				
Taxes	\$ 25,230,868	\$ 29,935,611	\$ 33,749,045	\$ 36,553,195
Licenses and permits	452,092	384,435	470,155	307,496
Fines and fees	482,656	786,887	997,669	821,479
Charges for services	2,657,807	2,746,918	3,048,303	3,852,637
Intergovernmental	160,548	207,765	862,631	2,872,735
Donations	-	-	-	-
Investment earnings	798,037	1,084,019	906,857	225,077
Other revenues	476,569	616,253	439,524	492,997
Total Revenues	<u>30,258,577</u>	<u>35,761,888</u>	<u>40,474,184</u>	<u>45,125,616</u>
Expenditures				
General government	8,203,956	8,679,456	9,318,538	10,596,083
Community development	4,830,599	5,173,478	5,884,062	6,385,331
Public works	4,150,623	5,046,305	4,064,345	4,161,980
Parks and recreation	1,701,193	1,625,298	1,954,878	2,095,437
Public safety	5,914,796	6,459,075	7,413,815	9,112,933
Debt service:				
Principal	1,360,156	2,427,894	2,441,398	2,496,678
Payments to escrow account	-	-	-	-
Interest	2,388,435	1,185,640	1,640,406	1,409,628
Capital outlay	2,780,356	3,542,429	7,794,339	5,152,641
Total Expenditures	<u>31,330,114</u>	<u>34,139,575</u>	<u>40,511,781</u>	<u>41,410,711</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,071,537)	1,622,313	(37,597)	3,714,905
Other Financing Sources (Uses)				
Proceeds from issuance of debt	568,307	-	14,305,000	-
Proceeds from capital lease	-	751,104	947,434	-
Proceeds from sale of capital assets	-	-	-	-
Refunding bonds issued	-	-	-	-
Premium on issuance of bonds	-	-	261,555	-
Payments to escrow account	-	-	(4,557,262)	-
Proceeds from insurance recovery	-	-	-	268,575
Transfers in	1,000,141	835,855	2,921,623	1,728,615
Transfers out	(562,325)	(422,365)	(2,847,709)	(1,728,615)
Total Other Financing Sources	<u>1,006,123</u>	<u>1,164,594</u>	<u>11,030,641</u>	<u>268,575</u>
Net Change in Fund Balances	<u>\$ (65,414)</u>	<u>\$ 2,786,907</u>	<u>\$ 10,993,044</u>	<u>\$ 3,983,480</u>
Debt service as a percentage of noncapital expenditures	13.13%	11.81%	12.48%	10.77%

Notes:

* The City moved the golf course fund 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).

Fiscal Year

	2010	2011	2012	2013**	2014	2015
\$	31,905,813	\$ 31,189,903	\$ 33,551,435	\$ 35,060,741	\$ 36,666,969	\$ 38,051,387
	314,313	436,015	510,790	565,191	513,697	531,262
	877,761	1,092,230	1,481,641	1,694,146	1,540,650	1,416,195
	3,379,201	3,709,536	4,087,613	3,695,964	3,212,842	3,643,881
	148,847	389,558	1,681,588	3,184,982	937,639	106,319
	-	-	100,000	150,202	-	-
	65,499	41,978	47,460	40,416	23,013	30,502
	525,932	401,843	330,965	82,107	54,333	86,050
	<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>	<u>43,865,596</u>
	11,430,086	11,016,985	10,935,746	10,576,393	6,253,704	6,940,527
	6,183,270	6,038,050	5,940,733	5,826,669	7,500,975	8,226,493
	4,534,506	4,172,122	4,298,938	3,951,743	5,648,506	6,083,080
	1,846,217	1,940,202	1,965,054	1,528,443	87,990	98,108
	8,845,527	8,216,278	7,965,646	7,999,354	10,275,560	10,626,031
	2,366,966	2,894,789	6,727,393	3,014,913	3,006,105	3,160,253
	-	-	-	-	-	781,027
	1,527,530	1,694,234	1,862,015	1,294,928	1,077,422	1,208,254
	6,126,024	1,807,005	4,968,526	5,477,993	4,448,943	5,430,507
	<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>	<u>42,554,280</u>
	(5,642,760)	(518,602)	(2,872,559)	4,803,313	4,649,938	1,311,316
	7,805,000	-	3,390,000	-	-	8,315,000
	1,005,441	249,676	-	213,295	-	103,455
	84,469	60,948	91,082	126,362	331,415	93,629
	6,295,000	-	3,490,000	4,510,000	-	732,901
	650,160	-	353,878	316,894	-	469,809
	(4,007,637)	-	-	(4,715,674)	-	-
	3,812	-	23,252	2,500	-	-
	2,092,866	3,822,395	3,326,889	344,856	1,443,425	2,333,636
	<u>(4,642,866)</u>	<u>(3,603,875)</u>	<u>(2,601,891)</u>	<u>(129,851)</u>	<u>(1,358,916)</u>	<u>(2,242,296)</u>
	<u>9,286,245</u>	<u>529,144</u>	<u>8,073,210</u>	<u>668,382</u>	<u>415,924</u>	<u>9,806,134</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>	<u>\$ 11,117,450</u>
	10.60%	12.76%	21.64%	12.58%	12.29%	11.81%

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

	Fiscal Year			
	2006	2007	2008	2009
Residential Property	\$ 1,058,375,190	\$ 1,137,850,873	\$ 1,244,699,984	\$ 1,319,584,117
Commercial Property	576,558,105	562,065,036	705,981,148	732,397,906
Industrial Property	26,918,080	110,248,289	88,869,368	150,255,998
Less: Tax Exempt Property	(432,200,585)	(453,353,254)	(491,174,863)	(529,066,640)
Total Taxable Assessed Value	\$ 1,229,650,790	\$ 1,356,810,944	\$ 1,548,375,637	\$ 1,673,171,381
Total Direct Tax Rate	\$ 0.72000	\$ 0.72000	\$ 0.72000	\$ 0.70500

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

Fiscal Year

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 1,315,124,845	\$ 1,306,933,609	\$ 1,318,375,083	\$ 1,313,329,562	\$ 1,340,643,775	\$ 1,433,044,472
858,463,574	857,667,514	905,226,326	934,825,965	1,000,810,663	1,089,149,570
156,543,513	152,160,115	189,306,565	192,957,836	249,479,757	234,654,586
<u>(581,449,244)</u>	<u>(585,462,472)</u>	<u>(605,716,400)</u>	<u>(626,932,382)</u>	<u>(630,145,444)</u>	<u>(653,703,145)</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>	<u>\$ 2,103,145,483</u>
\$ 0.70500	\$ 0.70500	\$ 0.72000	\$ 0.72000	\$ 0.72000	\$ 0.72000

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

Last Ten Years

	Fiscal Year			
	2006	2007	2008	2009
Approximate Taxable Value*	\$ 2,419,822,028	\$ 3,181,290,507	\$ 3,569,008,272	\$ 4,050,195,673
Industrial District % Taxable Per Contract	63%	63%	63%	63%
Approximate Adjusted Taxable Value *	\$ 1,524,487,878	\$ 2,004,213,019	\$ 2,248,475,211	\$ 2,551,623,274
Tax Rate	\$ 0.720	\$ 0.720	\$ 0.720	\$ 0.705
Amount Billed	\$ 10,976,313	\$ 14,430,334	\$ 16,189,022	\$ 17,988,944
Amount Collected	\$ 10,975,837	\$ 14,428,293	\$ 16,185,295	\$ 17,988,792
% Collected	99.996%	99.986%	99.977%	99.999%

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

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 2,923,906,219	\$ 2,779,913,092	\$ 2,842,731,040	\$ 3,109,962,743	\$ 3,141,572,531	\$ 3,009,235,229
63%	63%	63%	63%	63%	63%
\$ 1,842,060,918	\$ 1,751,345,248	\$ 1,790,920,555	\$ 1,959,276,528	\$ 1,979,190,695	\$ 1,895,818,194
\$ 0.705	\$ 0.705	\$ 0.720	\$ 0.720	\$ 0.720	\$ 0.720
\$ 12,986,529	\$ 12,346,984	\$ 12,894,628	\$ 14,106,791	\$ 14,250,173	\$ 13,649,891
\$ 12,986,529	\$ 12,346,943	\$ 12,894,625	\$ 14,106,107	\$ 14,250,173	\$ 13,628,122
100.000%	100.000%	100.000%	99.995%	100.000%	99.841%

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

Last Ten Years

	Fiscal Year			
	2006	2007	2008	2009
City of Deer Park by fund:				
General	\$ 0.540000	\$ 0.540000	\$ 0.511000	\$ 0.511000
Debt service	0.180000	0.180000	0.209000	0.194000
Total Direct Rates	<u>\$ 0.720000</u>	<u>\$ 0.720000</u>	<u>\$ 0.720000</u>	<u>\$ 0.705000</u>
Deer Park Independent School District	\$ 1.805500	\$ 1.662300	\$ 1.336700	\$ 1.317650
Harris County	0.399860	0.402390	0.392390	0.389230
Harris County Department of Education	0.006290	0.006290	0.005850	0.005840
Harris County Flood Control District	0.033220	0.032410	0.031060	0.030860
Harris County Hospital District	0.190210	0.192160	0.192160	0.192160
Harris County Port of Houston Authority	0.014740	0.013020	0.014370	0.017730
San Jacinto Community College District	0.145360	0.145370	0.145370	0.163410
Total Direct and Overlapping Rates	<u>\$ 3.315180</u>	<u>\$ 3.173940</u>	<u>\$ 2.837900</u>	<u>\$ 2.821880</u>

Source: Harris County Appraisal District

Note:

Tax rates are per \$100 of assessed valuation

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 0.511000	\$ 0.498100	\$ 0.498100	\$ 0.498100	\$ 0.498100	\$ 0.518000
0.194000	0.206900	0.221900	0.221900	0.221900	0.202000
<u>\$ 0.705000</u>	<u>\$ 0.705000</u>	<u>\$ 0.720000</u>	<u>\$ 0.720000</u>	<u>\$ 0.720000</u>	<u>\$ 0.720000</u>
\$ 1.366700	\$ 1.396700	\$ 1.396700	\$ 1.526700	\$ 1.556700	\$ 1.556700
0.392240	0.388050	0.391170	0.400210	0.414550	0.417310
0.006050	0.006581	0.006581	0.006617	0.006358	0.005999
0.029220	0.029230	0.028090	0.028090	0.028270	0.027360
0.192160	0.192160	0.192160	0.182160	0.170000	0.170000
0.016360	0.020540	0.018560	0.019520	0.017160	0.015310
0.170800	0.176277	0.185602	0.185602	0.185602	0.185602
<u>\$ 2.878530</u>	<u>\$ 2.914538</u>	<u>\$ 2.938863</u>	<u>\$ 3.068899</u>	<u>\$ 3.098640</u>	<u>\$ 3.098281</u>

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CITY OF DEER PARK, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Quarter Turn Resources, Inc.	\$ 23,164,181	1	1.09%	\$ -	N/A	-
Deer Park Apts. LLC	22,896,077	2	1.09%	-	N/A	-
Wal-Mart	20,381,431	3	0.97%	17,028,100	1	1.37%
Centerpoint Energy, Inc.	19,157,804	4	0.91%	13,371,010	2	1.09%
Siemens Energy LLC	17,216,140	5	0.82%	-	N/A	-
Dresser Inc.	16,057,747	6	0.76%	-	N/A	-
GSL Constructors, Ltd.	13,801,339	7	0.66%	-	N/A	-
Hydrochem Industrial Services, Inc.	13,088,542	8	0.62%	9,566,370	5	0.78%
Partnership Underwood LP	12,727,756	9	0.61%	-	N/A	-
Clay Partners - 405 Deerwood Glen LP	11,472,373	10	0.55%	-	N/A	-
ITCR Deer Park Ltd Partnership	-	N/A	-	12,540,500	3	1.02%
Southwestern Bell	-	N/A	-	12,187,940	4	0.99%
Intergroup Casa Maria, Inc.	-	N/A	-	7,818,900	6	0.64%
Insignia Management	-	N/A	-	7,331,100	7	0.60%
Hertz Equipment Rental	-	N/A	-	7,325,280	8	0.60%
Eval Company of America	-	N/A	-	7,052,830	9	0.57%
Triad Senior Living, III, LP	-	N/A	-	5,485,000	10	0.45%
Subtotal	<u>169,963,390</u>		<u>8.08%</u>	<u>99,707,030</u>		<u>8.11%</u>
Other Taxpayers	<u>1,933,182,093</u>		<u>91.92%</u>	<u>1,129,943,760</u>		<u>91.89%</u>
Total	<u><u>\$ 2,103,145,483</u></u>		<u><u>100.00%</u></u>	<u><u>\$ 1,229,650,790</u></u>		<u><u>100.00%</u></u>

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

CITY OF DEER PARK, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Years

	Fiscal Year			
	2006	2007	2008	2009
Tax levy	\$ 8,860,495	\$ 9,769,039	\$ 11,172,300	\$ 11,897,387
Current tax collected	\$ 8,720,758	\$ 9,563,436	\$ 10,973,053	\$ 11,579,783
Percentage of current tax collections	98.42%	97.90%	98.22%	97.33%
Delinquent tax collections	120,086	187,990	178,097	285,391
Total tax collections	<u>\$ 8,840,844</u>	<u>\$ 9,751,426</u>	<u>\$ 11,151,150</u>	<u>\$ 11,865,174</u>
Total collections as a percentage of current levy	99.78%	99.82%	99.81%	99.73%

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

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 12,366,491	\$ 12,228,677	\$ 13,043,054	\$ 13,019,648	\$ 14,063,714	\$ 15,019,982
\$ 12,159,307	\$ 12,036,460	\$ 12,841,027	\$ 12,836,742	\$ 13,863,961	\$ 14,858,925
98.32%	98.43%	98.45%	98.60%	98.58%	98.93%
170,905	152,773	154,911	127,521	103,186	-
<u>\$ 12,330,212</u>	<u>\$ 12,189,233</u>	<u>\$ 12,995,938</u>	<u>\$ 12,964,263</u>	<u>\$ 13,967,147</u>	<u>\$ 14,858,925</u>
99.71%	99.68%	99.64%	99.57%	99.31%	98.93%

CITY OF DEER PARK, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	Fiscal Year			
	2006	2007	2008	2009
Governmental Activities:				
General obligation bonds	\$ 23,875,000	\$ 22,205,000	\$ 30,590,000	\$ 28,725,000
Certificates of obligation	2,925,000	2,700,000	2,300,000	2,230,000
Capital leases	1,149,649	1,325,293	1,695,189	1,130,649
Business-Type Activities:				
General obligation bonds	-	-	-	-
Certificates of obligation	-	-	-	-
Water revenue bonds	16,045,000	14,825,000	13,610,000	12,400,000
Capital leases	-	-	-	-
Total Primary Government	<u><u>\$ 43,994,649</u></u>	<u><u>\$ 41,055,293</u></u>	<u><u>\$ 48,195,189</u></u>	<u><u>\$ 44,485,649</u></u>
Debt as a Percentage Of Personal Income	N/A	N/A	N/A	N/A
Debt Per Capita	<u><u>\$ 1,469</u></u>	<u><u>\$ 1,371</u></u>	<u><u>\$ 1,578</u></u>	<u><u>\$ 1,428</u></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.

Fiscal Year

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013*</u>	<u>2014</u>	<u>2015</u>
\$ 29,200,000	\$ 26,785,000	\$ 27,750,000	\$ 20,334,132	\$ 17,979,969	\$ 16,587,180
9,965,000	9,890,000	12,960,000	9,683,246	9,283,100	16,483,264
1,834,124	1,679,561	1,257,169	1,082,960	741,227	489,772
-	-	-	5,207,260	4,557,742	5,194,671
-	-	-	8,408,633	15,297,035	21,912,475
8,645,000	7,745,000	3,395,000	2,820,000	2,250,000	750,000
-	216,834	168,743	119,506	69,093	266,014
<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>	<u>\$ 61,683,376</u>
N/A	N/A	N/A	N/A	N/A	N/A
<u>\$ 1,551</u>	<u>\$ 1,447</u>	<u>\$ 1,408</u>	<u>\$ 1,436</u>	<u>\$ 1,493</u>	<u>\$ 1,801</u>

CITY OF DEER PARK, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Years

	Fiscal Year			
	2006	2007	2008	2009
General Obligation Bonds (1)	\$ 23,875,000	\$ 24,905,000	\$ 30,590,000	\$ 28,725,000
Less: Amounts Restricted to Repaying Principal	<u>(1,282,720)</u>	<u>(1,343,259)</u>	<u>(2,053,462)</u>	<u>(2,278,722)</u>
Total	<u>\$ 22,592,280</u>	<u>\$ 23,561,741</u>	<u>\$ 28,536,538</u>	<u>\$ 26,446,278</u>
Percentage of Actual Taxable Value of Property	1.84%	1.92%	1.84%	1.58%
Net Bonded Debt Per Capita	<u>\$ 754</u>	<u>\$ 787</u>	<u>\$ 934</u>	<u>\$ 866</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).

Fiscal Year					
2010	2011	2012	2013*	2014	2015
\$ 29,200,000	\$ 26,785,000	\$ 27,750,000	\$ 25,541,392	\$ 22,537,711	\$ 21,781,851
<u>(2,088,508)</u>	<u>(1,734,892)</u>	<u>(1,988,204)</u>	<u>(2,321,730)</u>	<u>(2,932,183)</u>	<u>(3,351,483)</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>	<u>\$ 18,430,368</u>
1.55%	1.45%	1.43%	1.28%	1.00%	0.88%
<u>\$ 847</u>	<u>\$ 783</u>	<u>\$ 797</u>	<u>\$ 699</u>	<u>\$ 583</u>	<u>\$ 538</u>

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CITY OF DEER PARK, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2015

	<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	\$ 240,070,000	18.62%	\$ 44,701,034
Harris County	2,678,076,350	0.59%	15,800,650
Harris County Department of Education	7,210,000	0.59%	42,539
Harris County Flood Control District	87,400,000	0.59%	515,660
La Porte Independent School District	346,380,000	11.58%	40,110,804
Port of Houston Authority of Harris County	690,219,397	0.59%	4,072,294
San Jacinto Community College District	<u>278,419,848</u>	4.69%	<u>13,057,891</u>
Subtotal, overlapping debt	4,327,775,595		118,300,872
City Direct Debt	\$ 33,560,216	100.00%	<u>33,560,216</u>
	Total Direct and Overlapping Debt		<u><u>\$ 151,861,088</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

	Fiscal Year			
	2006	2007	2008	2009
Debt limit	\$ 132,614,400	\$ 135,681,094	\$ 154,837,564	\$ 168,338,508
Total net debt applicable to limit	25,517,280	23,561,741	28,536,538	26,643,480
Legal debt margin	\$ 107,097,120	\$ 112,119,353	\$ 126,301,026	\$ 141,695,028
Total net debt applicable to the limit as a percentage of debt limit	19.24%	17.37%	18.43%	15.83%

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed value	\$ 2,103,145,483
Debt limit (10% of assessed value)	210,314,548
Debt applicable to limit:	
General obligation bonds	21,781,851
Less: amount set aside for repayment of general obligation debt	(3,351,483)
Total net debt applicable to limit	18,430,368
Legal debt margin	\$ 191,884,180

Fiscal Year					
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 174,868,269	\$ 173,129,877	\$ 180,719,157	\$ 181,418,098	\$ 196,078,875	\$ 210,314,548
<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>18,430,368</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>	<u>\$ 191,884,180</u>
15.51%	14.47%	14.26%	12.43%	10.00%	8.76%

CITY OF DEER PARK, TEXAS

PLEDGED REVENUE COVERAGE

Last Ten Years

	Fiscal Year			
	2006	2007	2008	2009
Utility Service Charges	\$ 7,396,257	\$ 7,126,559	\$ 7,497,682	\$ 8,084,177
Less: Operating Expenses (1)	5,146,645	5,122,467	5,327,121	6,197,174
Net Available Revenue	\$ 2,249,612	\$ 2,004,092	\$ 2,170,561	\$ 1,887,003
Debt Service Requirements (2)				
Principal	\$ 635,000	\$ 721,516	\$ 1,215,000	\$ 1,210,000
Interest	734,023	643,892	645,008	532,804
Total	\$ 1,369,023	\$ 1,365,408	\$ 1,860,008	\$ 1,742,804
Coverage	1.64	1.47	1.17	1.08

Notes:

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

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

(2) Includes revenue bonds only.

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 8,041,795	\$ 10,942,116	\$ 9,873,258	\$ 9,529,392	\$ 9,341,087	\$ 9,628,146
<u>5,951,271</u>	<u>6,119,717</u>	<u>5,890,927</u>	<u>5,758,791</u>	<u>6,030,193</u>	<u>6,162,029</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>	<u>\$ 3,466,117</u>
\$ 1,205,000	\$ 900,000	\$ 890,000	\$ 575,000	\$ 570,000	\$ 250,000
426,798	327,057	296,649	106,449	87,653	28,563
<u>\$ 1,631,798</u>	<u>\$ 1,227,057</u>	<u>\$ 1,186,649</u>	<u>\$ 681,449</u>	<u>\$ 657,653</u>	<u>\$ 278,563</u>
1.28	3.93	3.36	5.53	5.03	12.44

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

Calendar Year	Population	Per Capita Income	Personal Income	Unemployment Rate	School Enrollment
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
2015	34,249	N/A	N/A	5.2%	13,043

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	2015		2006	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Shell Deer Park	3,100	15.09%	-	-
Deer Park ISD	1,857	9.04%	1,600	9.58%
Dow Chemical Co.	1,330	6.47%	-	-
Lubrizol Specialty Chemicals	1,300	6.33%	-	-
Mistras Group	700	3.41%	-	-
Wal-Mart	425	2.07%	425	2.54%
City of Deer Park	405	1.97%	414	2.48%
Minh Foods, Inc.	400	1.95%	-	-
Siemens Energy	350	1.70%	-	-
Flexitallic LP	243	1.18%	180	1.08%
Amber LP	-	-	250	1.50%
Hydrochem Industrial Services	-	-	228	1.37%
Triad Electric & Controls	-	-	200	1.20%
Brock Enterprises	-	-	150	0.90%
Dacon Corporation	-	-	150	0.90%
International Catalyst Inc.	-	-	150	0.90%
Total	<u>10,110</u>	<u>49.21%</u>	<u>3,747</u>	<u>22.45%</u>
Estimated total jobs in the City	<u>20,541</u>		<u>16,701</u>	

Source: City of Deer Park Economic Development Administrator

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Management services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Finance	7.0	7.0	6.0	6.0	8.0	6.0	6.0	6.0	6.0	6.0
Planning	12.0	13.0	13.0	14.0	14.0	14.0	13.0	14.0	14.0	14.0
Other	20.0	20.0	23.5	29.5	33.5	30.5	30.5	30.5	32.0	35.5
Police										
Officers	55.0	57.0	58.0	61.0	61.0	59.0	59.0	60.0	60.0	61.0
Civilians	32.0	32.0	25.0	26.0	25.0	24.0	25.0	25.0	25.0	26.0
Fire										
Firefighters and officers	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Civilians	4.5	4.5	5.5	9.5	13.5	13.5	13.0	13.0	15.5	14.5
Sanitation	22.0	24.0	23.0	23.0	23.0	23.0	23.0	23.0	22.0	22.0
Other public works										
Engineering	4.0	4.0	4.0	5.0	5.0	5.0	4.0	5.0	5.0	5.0
Other	25.5	26.5	26.0	25.0	27.0	27.0	27.0	27.0	28.0	28.0
Golf operations	40.0	25.5	26.0	26.0	26.0	25.0	26.0	24.0	-	-
Parks and recreation	58.5	58.5	60.5	61.5	73.5	73.5	74.0	69.5	70.5	73.0
Library	10.0	10.0	11.0	12.0	12.5	13.0	13.0	13.5	14.0	14.0
Water	14.0	14.0	14.0	15.0	16.0	16.0	16.0	16.0	16.0	16.0
Wastewater	13.0	12.0	13.0	12.0	12.0	12.0	12.0	12.0	13.0	12.0
Total	319.5	310.0	311.5	328.5	353.0	344.5	344.5	341.5	324.0	330.0

Source: Adopted City Budget

CITY OF DEER PARK, TEXAS

OPERATING INDICATORS BY FUNCTION

Last Ten Years

Function/Program	Fiscal Year			
	2006	2007	2008	2009
General government				
Building permits issued	651	588	576	431
Building inspections conducted	2,959	1,933	1,251	1,201
Police				
Physical arrests	2,682	2,559	2,637	2,596
Parking violations	31	19	18	13
Traffic violations	5,497	11,647	10,167	7,990
Fire				
Emergency responses	1,734	1,871	1,992	1,843
Fires extinguished	206	326	418	352
Inspections	702	N/A	N/A	N/A
Sanitation				
Refuse collected (tons per day)*	100	97	111	101
Recyclables collected (tons per day)	2	2	1	1
Streets				
Street resurfacing (miles)**	-	-	-	-
Potholes repaired	14	35	45	50
Parks and recreation				
Community center admissions	250	429	500	510
Program enrollments	N/A	N/A	N/A	N/A
Library				
Volumes in collection	80,353	81,072	82,386	82,159
Total volumes borrowed	168,196	158,973	169,395	174,058
Water				
New connections	337	240	114	125
Water main breaks	79	31	41	14
Average daily consumption (thousands of gallons)	3,676,567	3,661,000	3,900,000	3,900,000
Peak daily consumption (thousands of gallons)	5,517,000	5,279,000	6,086,000	6,961,000
Wastewater				
Average daily sewage treatment (thousands of gallons)	2,828	3,700	3,500	3,650

Source: Various City departments

N/A - This information is currently not available.

* 2010 is atypical due to collections associated with Hurricane Ike

** Majority of streets are concrete

Fiscal Year					
2010	2011	2012	2013	2014	2015
546	506	670	663	665	739
1,351	989	1,127	1,017	1,204	1,494
1,975	2,690	2,843	3,296	3,258	3,068
6	192	143	114	81	101
9,122	15,505	13,338	14,601	13,205	14,049
1,950	1,887	2,032	2,100	2,193	2,401
387	580	588	648	655	862
N/A	N/A	1,353	1,392	1,288	1,523
818	75	71	81	83	81
1	1	2	3	4	4
-	1	-	2	-	-
150	49	62	50	50	55
520	521	N/A	N/A	N/A	N/A
10,722	17,877	18,081	17,527	15,300	16,309
82,200	80,593	79,897	83,346	84,296	87,171
174,100	173,409	165,620	164,962	168,852	167,012
31	27	34	78	39	77
60	261	73	76	62	46
4,199,000	4,646,400	4,501,100	4,661,000	4,507,000	4,286,000
6,566,000	7,722,000	6,350,000	6,438,000	5,826,000	6,700,000
3,058	2,572	3,129	2,960	2,595	4,299

CITY OF DEER PARK, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Years

Function/Program	Fiscal Year			
	2006	2007	2008	2009
Police				
Stations	1	1	1	1
Patrol units	34	37	39	40
Fire				
Stations	2	2	3	3
Sanitation				
Collection trucks	5	6	6	6
Streets				
Streets (miles)	99	105	105	105
Streetlights	2,421	2,541	2,557	2,557
Traffic signals	42	43	43	43
Parks and recreation				
Acreage	270	270	270	270
Parks with play structures	17	17	17	17
Baseball / softball diamonds	18	16	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)	101	103	103	103
Fire hydrants	873	889	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)	111	114	114	114
Storm sewers (miles)	60	61	62	62
Treatment capacity (millions of gallons)	6	6	6	6

Source: Various City departments

Fiscal Year					
2010	2011	2012	2013	2014	2015
1	1	1	1	1	1
40	40	41	41	42	41
3	3	3	3	3	3
6	6	5	5	6	6
105	106	106	107	107	109
2,557	2,583	2,583	2,622	2,623	2,661
43	43	43	43	43	44
270	270	270	270	270	270
17	17	19	19	19	19
16	16	24	24	19	19
9	9	6	6	7	7
1	1	1	1	1	1
7	7	7	7	7	7
132	133	133	134	135	137
890	895	895	906	914	934
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	2.0
123	124	124	125	125	127
66	67	67	68	68	69
6	6	6	6	6	6

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