

CITY OF DEER PARK, TEXAS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2008**

CITY OF DEER PARK, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2008**

**Prepared by
Finance Department**

**Keith Nelson, CMA, CGFO
Director of Finance**

CITY OF DEER PARK, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>Page Number</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1 – 4
GFOA Certificate of Achievement	5
Organization Chart.....	6
Principal City Officials	7
FINANCIAL SECTION	
Independent Auditors’ Report.....	8 – 9
Management’s Discussion and Analysis	10 – 18
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	19
Statement of Activities.....	20 – 21
Fund Financial Statements	
Balance Sheet – Governmental Funds	22 – 23
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	24 – 25

(continued)

CITY OF DEER PARK, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

**Page
Number**

FINANCIAL SECTION (Continued)

Fund Financial Statements (Continued)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	26
Statement of Net Assets – Proprietary Funds	27
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	28
Statement of Cash Flows – Proprietary Funds.....	29 – 30
Notes to Financial Statements.....	31 – 54

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	55
Notes to Required Supplementary Information	56

Combining Statements

Nonmajor Governmental Funds

Combining Balance Sheet.....	57 – 58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	59 – 60

(continued)

CITY OF DEER PARK, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**TABLE OF CONTENTS
(Continued)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

	<u>Page Number</u>
FINANCIAL SECTION (Continued)	
Budget to Actual Comparisons	
Schedule of Expenditures – Budget and Actual – General Fund.....	61 – 68
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund	69
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Hotel Occupancy Fund	70
STATISTICAL SECTION	
Net Assets by Component.....	71
Changes in Net Assets	72 – 73
Fund Balances.....	74
Changes in Fund Balances.....	75 – 76
Assessed Value and Estimated Actual Value of Taxable Property.....	77
Direct and Overlapping Property Tax Rates.....	78
Principal Property Taxpayers.....	79
Property Tax Levies and Collections.....	80

(continued)

CITY OF DEER PARK, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>Page Number</u>
STATISTICAL SECTION (Continued)	
Ratios of Outstanding Debt by Type	81
Ratios of General Bonded Debt Outstanding.....	82
Direct and Overlapping Governmental Activities Debt.....	83
Legal Debt Margin Information.....	84 – 85
Pledged Revenue Coverage	86
Demographic and Economic Statistics	87
Principal Employers.....	88
Fulltime Equivalent City Government Employees by Function/Program	89
Operating Indicators by Function/Program	90
Capital Asset Statistics by Function/Program.....	91

INTRODUCTORY SECTION



March 3, 2009

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 publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Deer Park for the fiscal year ended September 30, 2008.

This report consists of management's representations concerning the finances of the City of Deer Park, Texas. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Deer Park has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Deer Park's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Deer Park's comprehensive framework of internal controls has been designated to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Deer Park's financial statements have been audited by Pattillo, Brown, & Hill, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Deer Park for the fiscal year ended September 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Deer Park's financial statements for the fiscal year ended September 30, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment MD&A and should be read in conjunction with it. The City of Deer Park's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

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 of Deer Park currently occupies a land area of 15 square miles and serves a population of approximately 30,544. The City of Deer Park is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered to extend its corporate limits by annexation. Additionally, the City of Deer Park receives annual "in-lieu-of-tax" payments from industries located within its extraterritorial jurisdiction. This "industrial district" includes the operations of 21 companies that contract with the City of Deer Park on a periodic basis. The current contract period is 2008 through 2014.

The City of Deer Park 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, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager and City Attorney. The Council is elected on a non-partisan basis. Council members serve two-year staggered terms, with three Council members and the Mayor elected in odd numbered years and the three remaining Council members elected in even numbered years. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments.

The City of Deer Park 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; and recreational and cultural events. There are no legally separate component units for which the City of Deer Park is financially accountable.

The annual budget serves as the foundation for the City of Deer Park's financial planning and control. All departments of the City of Deer Park are required to submit requests for appropriation to the City manager usually in late April or early May of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the council for review at least 45 days prior to the last regular Council meeting in September of each year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Appropriations are approved at the departmental level. Department heads may make appropriation transfers within a department with approval of the City Manager. Appropriations outside of the department require approval of the City Council. Budget to actual comparisons are provided in this report for each individual government fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on page 61 of the combining and individual fund statements and schedules. For governmental funds, other than the General Fund, with appropriated annual budgets, this comparison is presented on page 69.

Factors Affecting Financial Condition

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

Local economy. The City of Deer Park currently enjoys a favorable economic environment and local indicators point to continued stability. The large refinery and chemical plants, located in the industrial district, have experienced some of their highest profits over this past year and continue to perform well. Additionally, several related companies are building within the City limits. The City is experiencing retail and commercial growth with the addition of a various new businesses the last fiscal year and into this year. A large new business park was approved by City Council and construction began during the year.

The region (which includes the City of Deer Park and the surrounding area within Harris County) has an employed labor force of approximately 2,300,000, with a grow rate of 2.2 percent this year and a projected 24.52 percent over the next ten years. Residential growth continues with the development of new subdivisions on the east side of the City.

Long-term financial planning. The City is preparing a Capital Improvement Plan (CIP) for drainage projects and infrastructure needed to service areas throughout the City. The results of this CIP will necessitate the funding through the issuance of debt in 2010 in combination with funds from the City's CIP fund.

Cash management policies and practices. Cash temporarily idle during the year was invested in sweep arrangements with the City's depository bank and with TexPool, the statewide public funds investment pool. The average yield on the investments was 2.4 percent. The weighted average maturity of the statewide pool at September 30, 2008, was 42 days.

Pension and other postemployment benefits. The City of Deer Park participates in the Texas Municipal Retirement System for its full-time employees. A more detailed definition of this plan can be found in Note IV, pages 52 – 54 of the notes to the financial statements.

The City of Deer Park also provides post-retirement health care benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 64 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. GAAP does not yet require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

Additional information on the City of Deer Park's pension arrangements and post-employment benefits can be found in Notes V. pages 49 – 52 of the notes to the financial statements.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Deer Park for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2007. This was the 21st consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and accounting department. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit must also be given to the City Manager, Ron Crabtree, the mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Deer Park's finances.

Respectfully submitted,

H. Keith Nelson

H. Keith Nelson, CMA, CGFO
Director of Finance

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, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



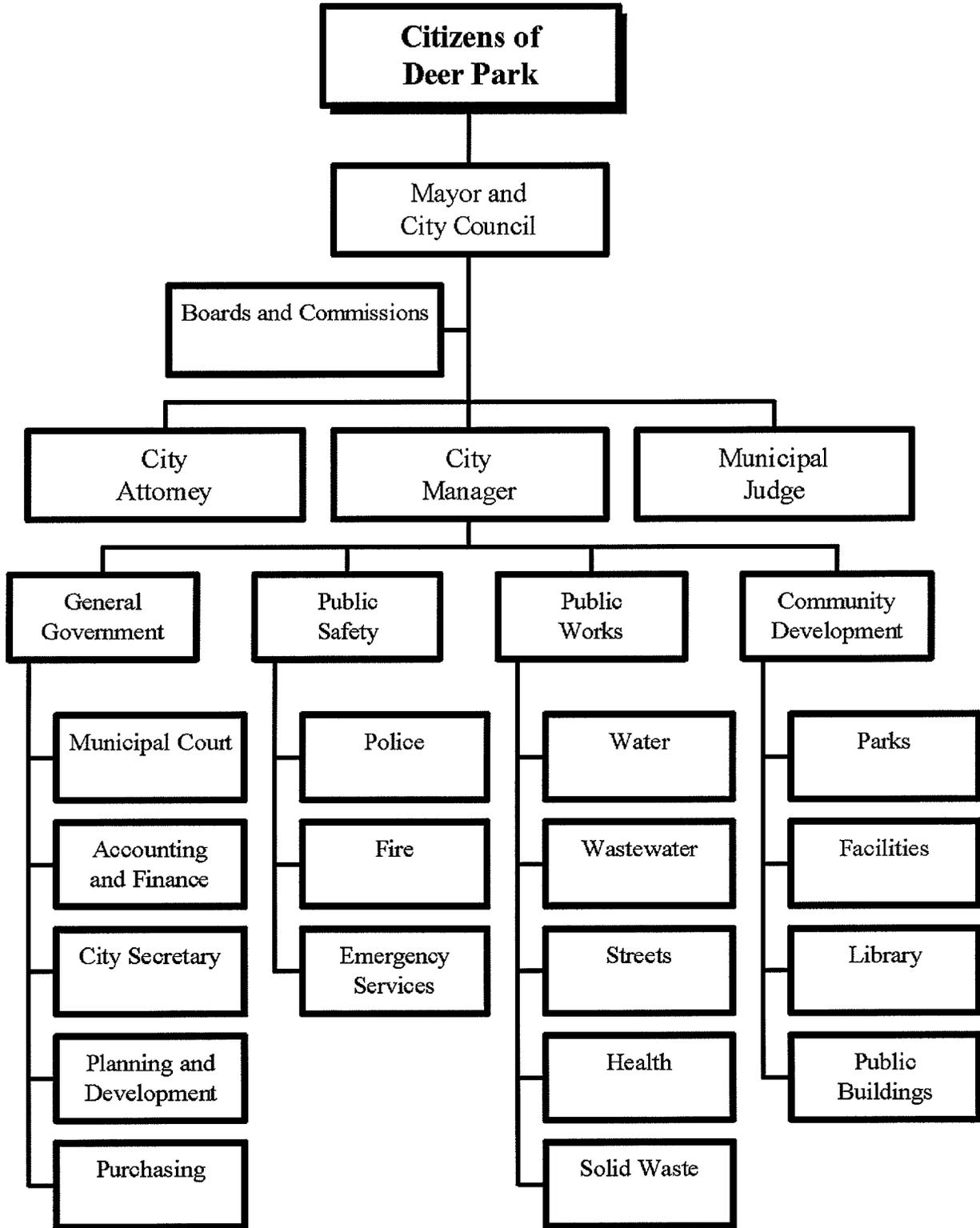
A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Ennis".

Executive Director

CITY OF DEER PARK, TEXAS
ORGANIZATIONAL CHART



CITY OF DEER PARK, TEXAS

PRINCIPAL CITY OFFICIALS

SEPTEMBER 30, 2008

ELECTED OFFICIALS

Mayor	Wayne Riddle
Council Member	Chris Richey
Council Member	Thane Harrison
Council Member	Charles Garrison
Council Member	Bill Patterson
Council Member	Beckie Stockstill-Cobb
Council Member	Jeff Pound

CITY OFFICIALS

City Manager	Ronald V. Crabtree
Assistant City Manager	Gary Jackson
City Secretary	Sandra Watkins
City Attorney	Jim Fox
Director of Finance	Keith Nelson, CMA, CGFO
Director of Public Works	Nader Naderi
Acting Chief of Police	Kenneth Findley
Director of Parks and Recreation	Doug Burgess
Director of Human Resources	Bill Philbert
Emergency Services Director	Sam Pipkin
Director of Library Services	Rebecca Pool
Golf Professional	Louis Gantz

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Deer Park, Texas, as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Deer Park, Texas' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, each major fund, and the aggregate remaining fund information of the City of Deer Park, Texas, as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2009, on our consideration of the City of Deer Park, Texas' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 10 – 18, and budgetary comparison information on pages 55 – 56 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Deer Park, Texas' basic financial statements. The introductory section, combining nonmajor fund statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-13, *Audits of States, Local Governments, and Nonprofit Organizations*, and is also not a required part of the basic financial statements of the City of Deer Park, Texas. The combining nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

Pattillo, Brown + Hill, L.L.P.

February 24, 2009

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

Management's Discussion and Analysis

As management of the City of Deer Park, we offer readers of the City of Deer Park, Texas' financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2008. This analysis should be read in conjunction with the basic financial statements that follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the City of Deer Park exceeded its liabilities as of September 30, 2008, by \$60,139,661 (net assets). Of this amount, \$16,400,728 (unrestricted net assets) is available for use to meet the City's ongoing obligations to citizens and creditors. The City's total net assets increased \$8,144,581. In the business-type activities, the Water and Sewer Fund had a net income before transfers of \$421,465. A transfer of \$73,914 from the Water and Sewer Fund to the General Fund was made as a planned debt reimbursement for earlier years when general obligation debt was issued to fund water-sewer infrastructure projects.
- At the close of the current fiscal year, the City of Deer Park's governmental funds reported combined ending fund balance of \$27,479,464, an increase of \$10,993,044 from fiscal year 2007. The major reason was due to the increases in tax revenues from new development, increased investments earnings, and a marked increase in revenues for the City's industrial district's Payment-in-lieu-of-Taxes (PILOT). The ending fund balance includes an unreserved portion of \$11,715,534. This amount is available for expenditure within the City's fund designation and fiscal policies.
- As of September 30, 2008, unreserved, undesignated fund balance for the General Fund was \$11,715,534 or 38% of General Fund expenditures.
- The City's total outstanding debt increased \$7,384,938 or 18% during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Deer Park's basic financial statements. The City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements – The government-wide financial statements, which begin on page 19 of this report, are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include General Government, Public Safety, Public Works and Community Development. The business-type activities of the City of Deer Park include the Water and Sewer System.

The government-wide financial statements can be found on pages 19 – 21 of this report.

Fund financial statements – A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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 statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government'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 government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Deer Park maintains 15 individual governmental funds for financial reporting purposes. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the General Fund, the Debt Service Fund, and the CIBF 2007 Fund that are considered to be major funds. Data from the other twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements beginning on page 57 of the City's Comprehensive Annual Financial Report.

Proprietary Funds – The City maintains a type of proprietary fund referred to as an Enterprise Fund. These funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Deer Park uses an Enterprise Fund to account for its Water and Sewer System.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer System, which is considered to be a major fund for the City of Deer Park.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 31 – 54 of this report.

Required Supplementary Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Deer Park’s progress in funding its obligation to provide pension benefits to its employees.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the government’s financial position. In the case of the City of Deer Park, assets exceeded liabilities by \$60,139,661 as of September 30, 2008. A schedule of net assets at September 30, 2008 and 2007, (in 000s) follows:

CITY OF DEER PARK’S NET ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 31,078	\$ 18,880	\$ 4,271	\$ 4,321	\$ 35,349	\$ 23,201
Capital assets	51,742	45,356	25,239	25,953	76,981	71,309
Total assets	<u>82,820</u>	<u>64,236</u>	<u>29,510</u>	<u>30,274</u>	<u>112,330</u>	<u>94,510</u>
Long-term liabilities	35,190	26,534	13,706	14,942	48,896	41,476
Other liabilities	2,446	1,525	848	724	3,294	2,249
Total liabilities	<u>37,636</u>	<u>28,059</u>	<u>14,554</u>	<u>15,666</u>	<u>52,190</u>	<u>43,725</u>
Net assets:						
Invested in capital assets, net of related debt	28,350	23,625	11,928	11,448	40,278	35,073
Restricted	3,461	2,850	-	-	3,461	2,850
Unrestricted	<u>13,373</u>	<u>9,702</u>	<u>3,028</u>	<u>3,160</u>	<u>16,401</u>	<u>12,862</u>
Total net assets	<u>\$ 45,184</u>	<u>\$ 36,177</u>	<u>\$ 14,956</u>	<u>\$ 14,608</u>	<u>\$ 60,140</u>	<u>\$ 50,785</u>

By far, the largest portion of the City’s net assets (67%) reflects its investment in capital assets (land, building, machinery, equipment and infrastructure), less any related debt used to acquire those assets still outstanding. 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 capital assets themselves cannot be used to liquidate these liabilities.

The remaining portions of the City’s net assets includes resources that are subject to external restrictions on how they may be used (restricted net assets) and unrestricted net assets of \$16,400,728 that may be used by the City for any lawful purpose.

Changes in net assets for the years ended September 30, 2008 and 2007, (000s) follows:

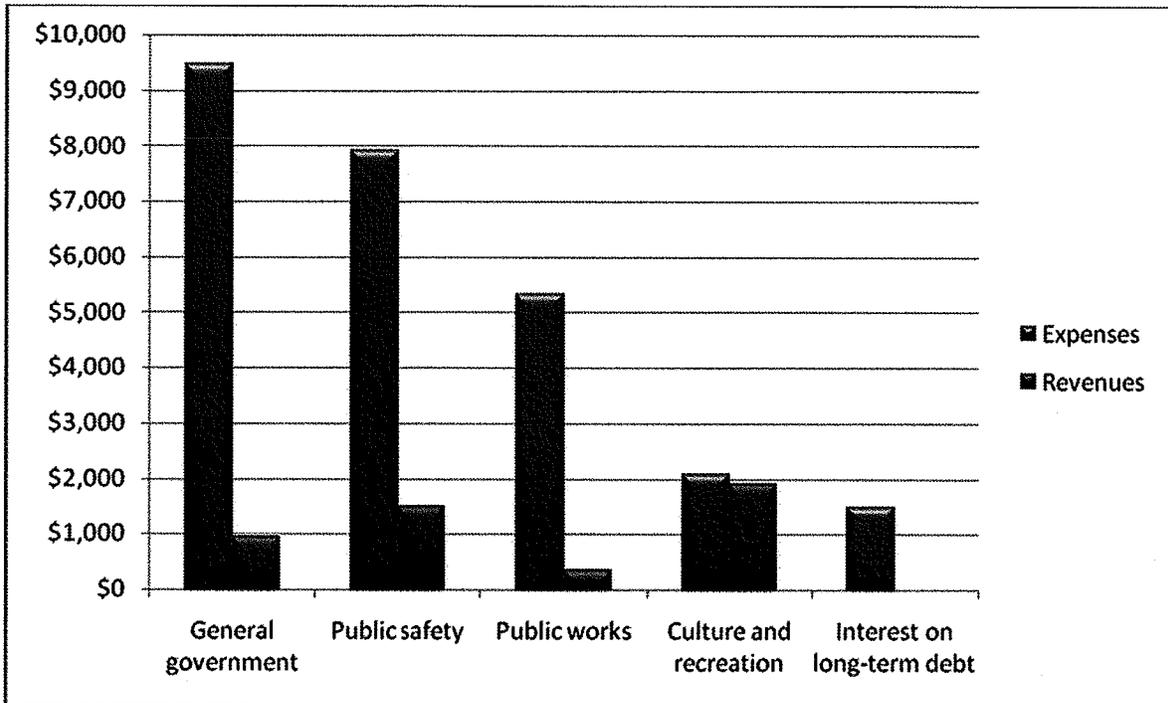
CITY OF DEER PARK'S CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 4,669	\$ 3,933	\$ 7,498	\$ 7,127	\$ 12,167	\$ 11,060
Operating grants and contributions	732	201	-	-	732	201
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	11,293	9,757	-	-	11,293	9,757
Industrial taxes	16,185	14,428	-	-	16,185	14,428
Other taxes	6,283	5,661	-	-	6,283	5,661
Investment earnings	907	1,084	93	184	1,000	1,268
Other	440	616	-	-	440	616
Total revenues	40,509	35,680	7,591	7,311	48,100	42,991
Expenses:						
General government	9,470	8,846	-	-	9,470	8,846
Public safety	7,920	6,885	-	-	7,920	6,885
Public works	5,333	6,298	-	-	5,333	6,298
Parks and recreation	2,093	2,122	-	-	2,093	2,122
Community development	6,487	5,280	-	-	6,487	5,280
Interest on long-term debt	1,482	1,169	-	-	1,482	1,169
Water and sewer	-	-	7,170	6,995	7,170	6,995
Total expenses	32,785	30,600	7,170	6,995	39,955	37,595
Increases in net assets before transfers	7,724	5,080	421	316	8,145	5,396
Transfers	73	414	(73)	(414)	-	-
Change in net assets	7,797	5,494	348	(98)	8,145	5,396
Net assets - beginning	36,177	30,683	14,608	14,706	50,785	45,389
Prior period adjustment	1,210	-	-	-	1,210	-
Net assets - ending	\$ 45,184	\$ 36,177	\$ 14,956	\$ 14,608	\$ 60,140	\$ 50,785

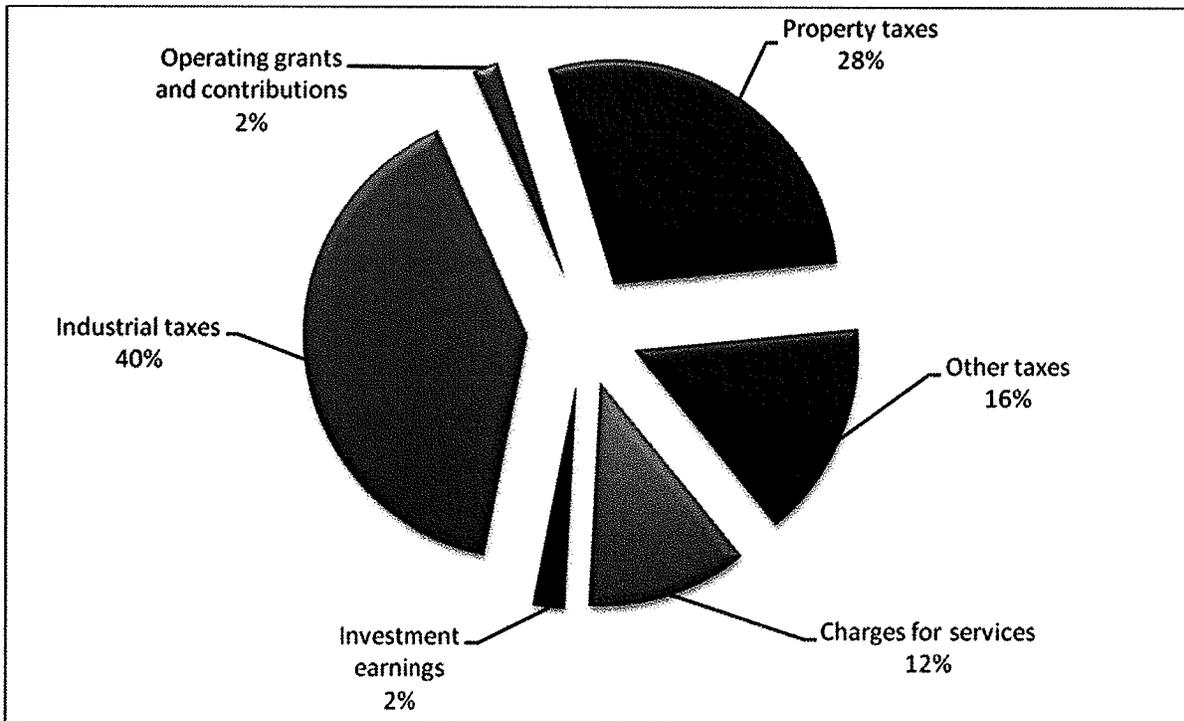
Governmental activities – Governmental activities increased the net assets of the City by \$7,797,030 during the current fiscal year. Key elements of this increase are as follows:

- Revenues exceeded expenses by \$4,029,572 due primarily to continued growth in sales taxes and increased growth in industrial taxes. Net assets will continue to increase due to planned growth by the oil and chemical companies located within the City's industrial district. The "in-lieu of tax" contracts with these companies were due to expire December 31, 2008; however, the existing contracts were extended through December 31, 2009. During this year, negotiations with all the companies in the industrial district resulted in a new seven-year contract. In addition, residential and commercial development continues, resulting in increases to net assets derived from additions to the property tax base.

Expense and Program Revenues – Governmental Activities



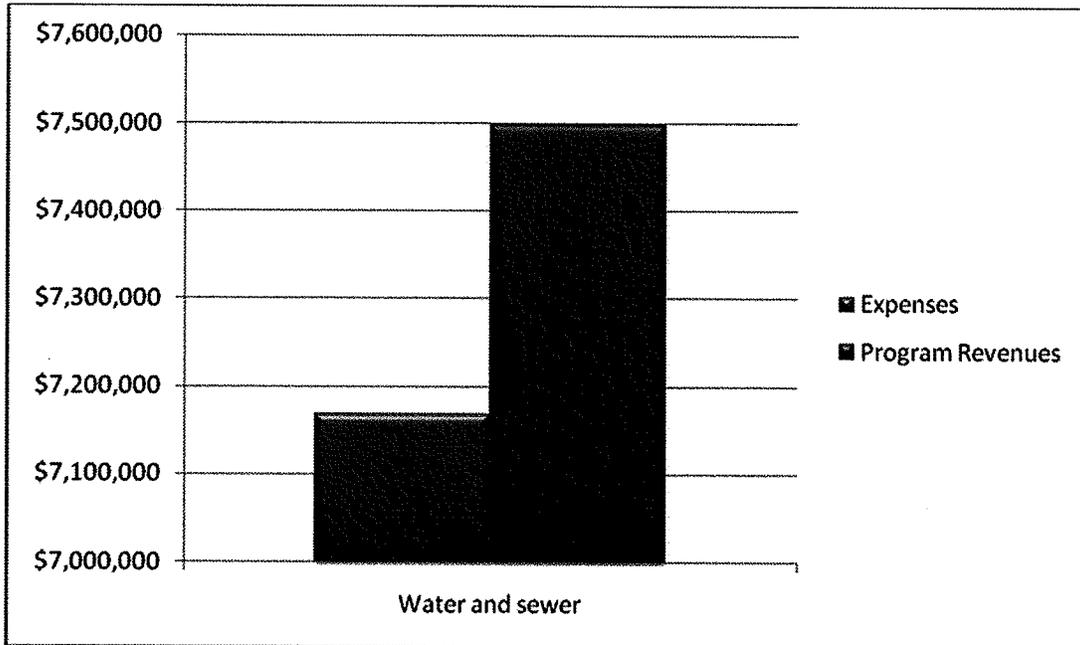
Revenues by Source – Governmental Activities



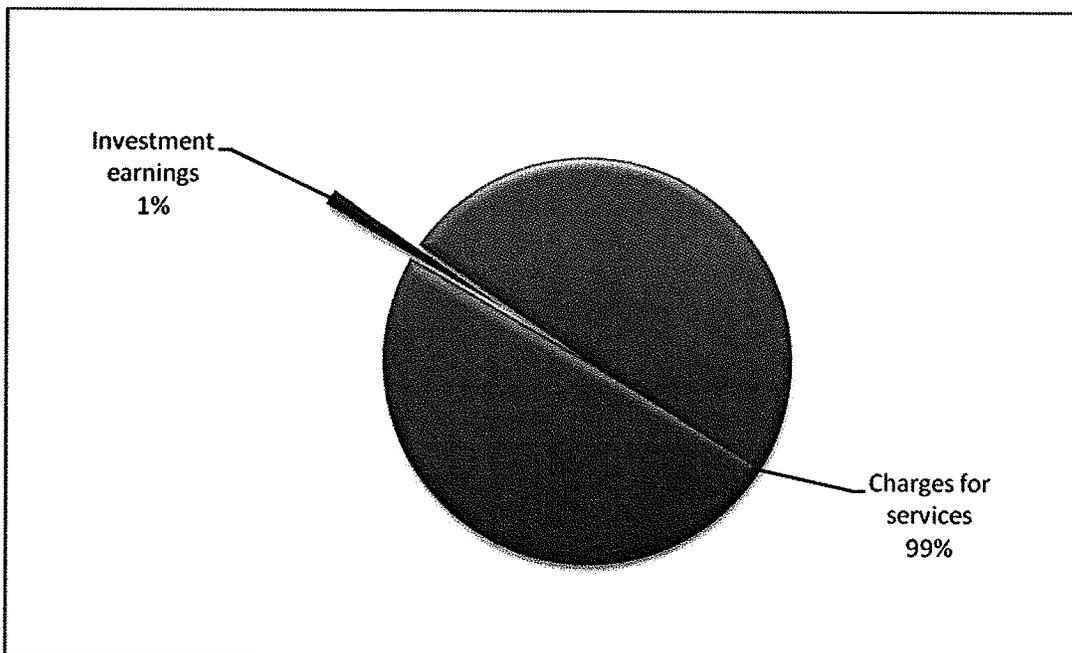
Business-type activities. Business-type activities decreased the City of Deer Park's net assets by \$347,551. Key elements of the decrease are as follows:

- The Water and Sewer operation had a net gain prior to transfers of \$421,465.

Expense and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City of Deer Park uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds – The focus of the City of Deer Park'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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Deer Park's governmental funds reported combined ending fund balances of \$27,479,464, an increase of \$10,993,044 when compared to the prior year. Approximately 99% of the combined \$27,479,464 amount (\$27,208,182) is unreserved. These fund balances are available for spending at the government's discretion. The remainder of the fund balance (\$271,282) is reserved to indicate that it is not available for new spending.

The General Fund is the primary operating fund of the City of Deer Park. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$11,715,534. This represents a 27% increase over the General Fund Balance of \$9,255,848 at September 30, 2007. The major reason for this increase is due to significant increases in the City of Deer Park's Industrial District appraised values and growth in the District. Additionally, there was an 11 percent increase in Sales Tax revenue. Property Taxes increased approximately 15 percent from fiscal year 2007. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 38 percent of the General Fund expenditures.

The Debt Service Fund has a total fund balance of \$2,053,462 all of which is reserved for the payment of future debt service. Principal and interest expenditures increased by \$155,904 and the City experienced a net increase in revenues and transfers in the amount of \$822,830 to arrive at an increase in fund balance of \$710,203 for the year ended September 30, 2008.

Proprietary funds – The City's proprietary fund statements beginning on page 27 of this report provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the year, unrestricted net assets amounted to \$2,728,665 for the Water and Sewer Fund. The total decrease in net assets for the Water and Sewer Fund was \$347,551. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Deer Park's business-type activities.

General Fund Budgetary Highlights – The final budget was \$3,899,070 (11% increase) more than the previous year's final budget.

- \$ 1,260,347 increase for finance and administration
- \$ 1,222,608 increase for community development
- \$ 1,065,577 increase for public works
- \$ 1,190,002 increase for public safety
- \$(869,998) decrease in transfer out -CIBF

This increase was funded through revenues generated by taxes on new construction within the City and from increases in industrial district revenues. Refer to the General Fund Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual on page 55 of this report for a detailed presentation of the actual General Fund operations compared to both the original and final budget for fiscal year 2008. The reasons for any major variances in the General Fund budget include:

Revenues – material increases resulted from increased appraised values (both in the City and the industrial district), new construction and increases in the levels of sales taxes.

Expenditures – a summary of budgetary expenditure variances, in summary by object, appears on pages 61 – 68.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The City of Deer Park’s investment in capital assets for its governmental and business-type activities as of September 30, 2008, amounted to \$76,980,894 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery, equipment, storm drainage, and streets. The total increase in the City of Deer Park’s investment in capital assets for the current fiscal year was 8 percent.

CITY OF DEER PARK’S CAPITAL ASSETS AT YEAR-END

	Balance September 30, 2007	Additions	Retirements	Balance September 30, 2008
Governmental activities				
Land	\$ 16,957	\$ 1,500	\$ -	\$ 18,457
Construction in progress	1,634	(567)	-	1,067
Building	10,008	3,343	-	13,351
Improvements	12,718	1,210	-	13,928
Machinery and equipment	4,039	900	-	4,939
Total	\$ 45,356	\$ 6,386	\$ -	\$ 51,742
Business-type activities				
Land	\$ 591	\$ -	\$ -	\$ 591
Construction in progress	176	(175)	-	1
Building	3,595	(62)	-	3,533
Improvements	21,109	(697)	-	20,412
Machinery and equipment	482	220	-	702
Total	\$ 25,953	\$ (714)	\$ -	\$ 25,239

Major capital asset events (governmental activities) during the current fiscal year included replacement of many police, fire, and sanitation vehicles and the purchase of large equipment. The City also entered into a capital leases for various pieces of equipment. The City made a major purchase of computers and computer equipment at the beginning of the budget year. The City continues to make significant improvements at the City owned Golf Course. The major increase in business-type fixed assets was the completion of construction of several street and drainage projects. A large expansion of the City’s Community Center was completed during the year.

Additional information on the City of Deer Park's capital assets can be found in Note III on pages 43 – 44 of this report.

Long-term Debt – At the end of the current fiscal year, the City of Deer Park had total bonded debt outstanding of \$46,500,000. Of this amount, \$32,890,000 comprises debt backed by the full faith and credit of the government and \$13,610,000 is related to the maintenance and construction of the Water and Sewer Fund infrastructure.

**OUTSTANDING DEBT AT YEAR-END
BONDS, NOTES AND CAPITALIZED LEASE OBLIGATIONS PAYABLE**

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 32,890	\$ 24,905	\$ -	\$ -	\$ 32,890	\$ 24,905
Revenue bonds	-	-	13,610	14,825	13,610	14,825
	<u>\$ 32,890</u>	<u>\$ 24,905</u>	<u>\$ 13,610</u>	<u>\$ 14,825</u>	<u>\$ 46,500</u>	<u>\$ 39,730</u>

The City's total debt increased \$6,770,000 during the current fiscal year.

Standard & Poor's and Moody's underlying ratings of the City's ratings are as follows:

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the City of Deer Park is \$154,960,914.

Additional information on the City of Deer Park's outstanding debt can be found in pages 45 – 49 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Property values, the basis for 75 percent of governmental fund revenues, increased significantly for the 2008 tax year (2009 fiscal year).

For the 2009 fiscal year budget, the total tax rate was lowered to \$0.705 per \$100 of assessed value. Increases in projections of total revenues are approximately \$2,953,200, or an 11% increase.

Water and sewer rates will increase by 6% to finance debt payments and additional infrastructure rehabilitation.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Office of the Director of Finance, 710 E. San Augustine, Deer Park, Texas 77536, 281-478-7225.

**BASIC
FINANCIAL STATEMENTS**

CITY OF DEER PARK, TEXAS

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2008

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 27,745,765	\$ 3,224,494	\$ 30,970,259
Receivables (net of allowances for uncollectibles)			
Accounts	1,218,668	-	1,218,668
Property taxes	720,560	-	720,560
Other	205,209	744,974	950,183
Inventories	270,741	-	270,741
Deferred charges	363,680	298,696	662,376
Prepaid items	541	-	541
Internal balances	(2,122)	2,122	-
Due from other governments	555,842	-	555,842
Capital assets:			
Land	18,457,245	591,397	19,048,642
Construction in progress	1,066,977	750	1,067,727
Buildings	20,179,419	3,861,540	24,040,959
Utility system	-	40,667,398	40,667,398
Improvements	42,940,829	-	42,940,829
Machinery and equipment	12,574,647	1,799,476	14,374,123
Less: accumulated depreciation	(43,477,612)	(21,681,172)	(65,158,784)
Total capital assets	51,741,505	25,239,389	76,980,894
Total assets	82,820,389	29,509,675	112,330,064
LIABILITIES			
Accounts payable	1,779,355	204,257	1,983,612
Accrued liabilities	533,604	90,126	623,730
Customer deposits	1,050	553,695	554,745
Unearned revenue	131,933	-	131,933
Due within one year			
Accrued interest payable	104,602	23,096	127,698
Compensated absences	92,136	36,528	128,664
Bonds and capital leases	2,499,540	1,210,000	3,709,540
Due in more than one year			
Compensated absences	368,546	36,527	405,073
Bonds and capital leases	32,125,408	12,400,000	44,525,408
Total liabilities	37,636,174	14,554,229	52,190,403
NET ASSETS			
Invested in capital assets, net of related debt	28,350,164	11,928,085	40,278,249
Restricted for:			
Debt service	2,121,489	-	2,121,489
Special revenue	1,339,195	-	1,339,195
Unrestricted	13,373,367	3,027,361	16,400,728
Total net assets	\$ 45,184,215	\$ 14,955,446	\$ 60,139,661

The accompanying notes are an integral part of these financial statements.

CITY OF DEER PARK, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2008

Functions/Programs	Expenses	Program Revenue	
		Charges for Services	Operating Grants and Contributions
Primary government			
Governmental activities:			
General government	\$ 9,470,146	\$ 941,187	\$ -
Public safety	7,921,413	1,485,861	641,553
Public works	5,332,621	340,962	-
Parks and recreation	2,092,772	1,901,120	327
Community development	6,486,732	-	90,395
Interest on long-term debt	1,482,204	-	-
Total governmental activities	32,785,888	4,669,130	732,275
Business-type activities:			
Water and sewer	7,168,771	7,497,682	-
Total business-type activities	7,168,771	7,497,682	-
Total primary government	\$ 39,954,659	\$ 12,166,812	\$ 732,275

General revenues:

Taxes:

 Property, levied for general purposes

 Property, levied for debt service

 Industrial district

 Franchise

 Sales and use

 Hotel occupancy

 Unrestricted investment earnings

 Miscellaneous

Transfers

 Total general revenues and transfers

 Change in net assets

Net assets - beginning

Prior period adjustment

Net assets - ending

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$(8,528,959)	\$ -	\$(8,528,959)
(5,793,999)	-	(5,793,999)
(4,991,659)	-	(4,991,659)
(191,325)	-	(191,325)
(6,396,337)	-	(6,396,337)
(1,482,204)	-	(1,482,204)
<u>(27,384,483)</u>	<u>-</u>	<u>(27,384,483)</u>
-	328,911	328,911
-	<u>328,911</u>	<u>328,911</u>
<u>(27,384,483)</u>	<u>328,911</u>	<u>(27,055,572)</u>
8,086,802	-	8,086,802
3,206,131	-	3,206,131
16,185,476	-	16,185,476
1,839,383	-	1,839,383
4,109,314	-	4,109,314
334,112	-	334,112
906,857	92,554	999,411
439,524	-	439,524
73,914	<u>(73,914)</u>	<u>-</u>
<u>35,181,513</u>	<u>18,640</u>	<u>35,200,153</u>
7,797,030	347,551	8,144,581
<u>36,176,821</u>	<u>14,607,895</u>	<u>50,784,716</u>
<u>1,210,364</u>	<u>-</u>	<u>1,210,364</u>
<u>\$ 45,184,215</u>	<u>\$ 14,955,446</u>	<u>\$ 60,139,661</u>

CITY OF DEER PARK, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2008

	<u>General</u>	<u>Debt Service</u>	<u>CIBF 2007</u>
ASSETS			
Cash and cash equivalents	\$ 11,481,625	\$ 2,023,195	\$ 8,645,213
Receivables (net of allowances for uncollectibles)			
Accounts	1,218,668	-	-
Property taxes	538,782	181,778	-
Other	-	-	-
Due from other funds	431,652	23,118	-
Due from other governments	-	-	-
Inventories	270,741	-	-
Prepaid items	<u>541</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 13,942,009</u>	<u>\$ 2,228,091</u>	<u>\$ 8,645,213</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	618,274	2,000	544,686
Accrued liabilities	527,835	-	-
Due to other funds	4,496	-	17,837
Deferred revenue	617,169	172,629	-
Customer deposits	1,050	-	-
Other payables	<u>186,369</u>	<u>-</u>	<u>66,752</u>
Total liabilities	<u>1,955,193</u>	<u>174,629</u>	<u>629,275</u>
Fund balances:			
Reserved for:			
Inventories	270,741	-	-
Prepaid expenses	541	-	-
Unreserved	11,715,534	-	-
Unreserved, reported in:			
Special revenue funds	-	-	-
Capital projects funds	-	-	8,015,938
Debt service funds	<u>-</u>	<u>2,053,462</u>	<u>-</u>
Total fund balances	<u>11,986,816</u>	<u>2,053,462</u>	<u>8,015,938</u>
Total liabilities and fund balances	<u>\$ 13,942,009</u>	<u>\$ 2,228,091</u>	<u>\$ 8,645,213</u>

Amounts reported for governmental activities in the statement of net assets are different because:

- Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.
- Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds.
- Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Net assets of governmental activities

The accompanying notes are an integral part of these financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 5,595,732	\$ 27,745,765
-	1,218,668
-	720,560
205,209	205,209
31	454,801
555,842	555,842
-	270,741
-	541
<u>\$ 6,356,814</u>	<u>\$ 31,172,127</u>

298,578	1,463,538
5,769	533,604
434,590	456,923
131,933	921,731
-	1,050
62,696	315,817
<u>933,566</u>	<u>3,692,663</u>

-	270,741
-	541
-	11,715,534
1,339,195	1,339,195
4,084,053	12,099,991
-	2,053,462
<u>5,423,248</u>	<u>27,479,464</u>
<u>\$ 6,356,814</u>	

51,741,505
789,798
(34,826,552)
\$ 45,184,215

CITY OF DEER PARK, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>General</u>	<u>Debt Service</u>	<u>CIBF 2007</u>
REVENUES			
Property taxes	\$ 8,078,154	\$ 3,202,606	\$ -
Industrial district taxes	15,870,476	315,000	-
Sales taxes	4,109,314	-	-
Franchise taxes	1,839,383	-	-
Hotel/motel taxes	-	-	-
Fees and fines	874,554	-	-
Licenses and permits	470,155	-	-
Intergovernmental	200,641	-	-
Charges for services	2,938,640	-	-
Investment earnings	486,918	64,498	214,495
Miscellaneous	162,973	-	-
Total revenues	<u>35,031,208</u>	<u>3,582,104</u>	<u>214,495</u>
EXPENDITURES			
Current:			
General government	9,318,538	-	-
Community development	5,057,428	-	16,071
Public works	4,064,345	-	-
Parks and recreation	1,954,878	-	-
Public safety	6,559,058	-	-
Debt service:			
Principal	575,319	1,850,000	-
Interest and other charges	58,553	1,341,912	238,405
Capital outlay	3,413,517	-	1,756,141
Total expenditures	<u>31,001,636</u>	<u>3,191,912</u>	<u>2,010,617</u>
EXCESS (DEFICIENCY) OF REVENUES			
OVER (UNDER) EXPENDITURES	<u>4,029,572</u>	<u>390,192</u>	<u>(1,796,122)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term debt, net	-	4,540,000	9,765,000
Proceeds from capital leases	947,434	-	-
Premium on issuance of bonds	-	-	261,555
Payments to escrow agent	-	(4,557,262)	-
Transfers in	73,914	337,273	-
Transfers out	(2,510,436)	-	(214,495)
Total other financing sources and uses	<u>(1,489,088)</u>	<u>320,011</u>	<u>9,812,060</u>
NET CHANGE IN FUND BALANCES	2,540,484	710,203	8,015,938
FUND BALANCES, BEGINNING	<u>9,446,332</u>	<u>1,343,259</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 11,986,816</u>	<u>\$ 2,053,462</u>	<u>\$ 8,015,938</u>

The accompanying notes are an integral part of these financial statements.

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 11,280,760
-	16,185,476
-	4,109,314
-	1,839,383
334,112	334,112
123,115	997,669
-	470,155
661,990	862,631
109,663	3,048,303
140,946	906,857
<u>276,551</u>	<u>439,524</u>
<u>1,646,377</u>	<u>40,474,184</u>
-	9,318,538
810,563	5,884,062
-	4,064,345
-	1,954,878
854,757	7,413,815
16,079	2,441,398
1,536	1,640,406
<u>2,624,681</u>	<u>7,794,339</u>
<u>4,307,616</u>	<u>40,511,781</u>
(<u>2,661,239</u>)	(<u>37,597</u>)
-	14,305,000
-	947,434
-	261,555
-	(4,557,262)
2,510,436	2,921,623
(<u>122,778</u>)	(<u>2,847,709</u>)
<u>2,387,658</u>	<u>11,030,641</u>
(<u>273,581</u>)	10,993,044
<u>5,696,829</u>	<u>16,486,420</u>
\$ <u>5,423,248</u>	\$ <u>27,479,464</u>

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, 2008

Amounts reported for governmental activities in the Statement of Activities (pages 20 - 21) are different because:

Net change in fund balances - total governmental funds:	\$ 10,993,044
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.	5,175,469
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	34,820
The issuance of long-term debt (e.g., bonds, leases) 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.	(8,298,201)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(108,102)
Change in net assets of governmental activities	<u>\$ 7,797,030</u>

The accompanying notes are an integral part of these financial statements.

CITY OF DEER PARK, TEXAS

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

SEPTEMBER 30, 2008

	<u>Enterprise Funds</u>
	<u>Water/Sewer</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,224,494
Due from other funds	4,465
Other receivables	<u>744,974</u>
Total current assets	<u>3,973,933</u>
Non-current assets:	
Deferred charges	298,696
Capital assets:	
Land	591,397
Buildings	3,861,540
Utility system	40,667,398
Machinery and equipment	1,799,476
Construction in progress	750
Less accumulated depreciation	<u>(21,681,172)</u>
Total non-current assets	<u>25,538,085</u>
Total assets	<u>29,512,018</u>
LIABILITIES	
Current liabilities:	
Accounts payable	204,257
Accrued liabilities	90,126
Accrued interest payable	23,096
Customer deposits	553,695
Due to other funds	2,343
Compensated absences	36,528
Revenue bonds payable	<u>1,210,000</u>
Total current liabilities	<u>2,120,045</u>
Non-current liabilities:	
Compensated absences	36,527
Revenue bonds payable	<u>12,400,000</u>
Total non-current liabilities	<u>12,436,527</u>
Total liabilities	<u>14,556,572</u>
NET ASSETS	
Invested in capital assets, net of related debt	12,226,781
Unrestricted	<u>2,728,665</u>
Total net assets	<u>\$ 14,955,446</u>

The accompanying notes are an integral part of these financial statements.

CITY OF DEER PARK, TEXAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Enterprise Funds</u>
	<u>Water/Sewer</u>
OPERATING REVENUES	
Charges for service	\$ 7,497,682
Total operating revenues	<u>7,497,682</u>
OPERATING EXPENSES	
Personnel services	2,630,438
Contractual services	1,254,093
Repairs and maintenance	263,456
Other supplies and expenses	1,179,134
Depreciation	<u>1,263,648</u>
Total operating expenses	<u>6,590,769</u>
OPERATING INCOME	<u>906,913</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest and investment revenues	92,554
Interest expense and fiscal charges	<u>(578,002)</u>
Total non-operating revenues (expenses)	<u>(485,448)</u>
INCOME BEFORE TRANSFERS	421,465
TRANSFERS OUT	<u>(73,914)</u>
CHANGE IN NET ASSETS	347,551
TOTAL NET ASSETS, BEGINNING	<u>14,607,895</u>
TOTAL NET ASSETS, ENDING	<u>\$ 14,955,446</u>

The accompanying notes are an integral part of these financial statements.

CITY OF DEER PARK, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Enterprise Funds</u>
	<u>Water/Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 7,352,888
Cash paid to suppliers for goods and services	(2,575,514)
Cash paid to employees for services	(2,607,401)
Net cash provided by operating activities	<u>2,169,973</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers out	(73,914)
Net cash used for noncapital financing activities	<u>(73,914)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on debt	(1,215,000)
Interest paid on debt	(600,855)
Net cash used for capital and related financing activities	<u>(2,365,929)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on investments	<u>92,554</u>
Net cash provided by investing activities	<u>92,554</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(177,316)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>3,401,810</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 3,224,494</u>

(continued)

CITY OF DEER PARK, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Enterprise Funds</u>
	<u>Water/Sewer</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 906,913
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	1,263,648
Changes in assets and liabilities:	
Decrease (increase) in assets:	
Accounts receivable	(144,794)
Due from other funds	27,294
Other assets	21,335
Increase (decrease) in liabilities:	
Accounts payable	88,997
Accrued liabilities	17,220
Due to other funds	(30,906)
Compensated absences payable	2,353
Customer deposits	32,029
Retainage payable	(14,116)
Net cash provided by operations	<u>\$ 2,169,973</u>

The notes to the financial statements are an integral part of this statement.

CITY OF DEER PARK, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

ORGANIZATION

The City of Deer Park, Texas was incorporated in 1948 and adopted a home-rule charter in December 1960. The charter provides for a "Mayor-Council" form of City government with a City Manager. A mayor and six council members are elected by voters of the City at-large for two-year terms.

The City provides the following services: general administrative, police and fire protection, community development (planning, parks and recreation, and library), public works (building and street maintenance and sanitation), principal and interest on general obligation debt, water and sewer, and operates a municipal golf course.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Deer Park (the "City") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

Reporting Entity

The City is an independent political subdivision of the State of Texas governed by an elected six-member council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations or functions as part of the City's financial reporting entity. Based on these considerations, no other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

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. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria 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. Additional prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other 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.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as *general revenue*.

Separate financial statements are provided for governmental funds, and proprietary funds. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. 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 revenue 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.

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 government considers revenue to be available if 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.

Property taxes, franchise taxes, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (except those accounted for in the proprietary fund type) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. The General Fund accounts for the resources used to finance the basic operations of the City and covers all activities for which a separate fund has not been established.

The **Debt Service Fund** is used to account for the accumulation of resources and for the payment of principal and interest on general long-term debt of the City.

The **CIBF 2007 Fund** is used to account for the receipt of bond funds and the expenditures of such funds to construct/improve various public buildings, purchase of land for parks and recreation facilities, street improvement projects and sidewalk construction.

The City reports the following major proprietary fund:

The **Water and Sewer Fund** accounts for operations of the water and sewer service provided to the City.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and Enterprise Funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer activities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenue. Likewise, general revenue includes all taxes.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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 City's Enterprise Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Investments

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

For the purpose of presenting the proprietary fund cash flow statement, cash and cash equivalents include cash demand and time deposits and investments with a maturity date within three months of the date acquired by the City.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

All taxes due the City on real or personal property are payable at the Office of the City 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 as the Council may provide by ordinance. All property located within the City limits on the first day of January of each year are charged with a special lien in favor of the City from such date for taxes due thereon.

Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of one year. All purchased capital assets are valued at cost where historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements, including public domain, and equipment are capitalized and proprietary fund capital assets are depreciated over the remaining useful lives of the related capital assets using the straight-line method, as applicable.

<u>Assets</u>	<u>Estimated Useful Lives</u>
Water and sewer system	3 - 5
Heavy equipment	20 - 50
Buildings and improvements	35
Furniture and fixtures	5 - 50
Automobiles, trucks and equipment	5 - 20
Public domain infrastructure	40

Compensated Absences

Employees earn vacation based on years of service with the City within certain limits. Only accumulated vacation, earned compensatory time and 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 assets. 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.

Long-term Obligations

The government-wide financial statement and proprietary fund type financial statements report long-term debt and other long-term obligations as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Obligations (Continued)

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.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Estimates

The preparation of 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 disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains, “Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(34,826,552) difference are as follows:

General obligations	\$(32,890,000)
Premium on bond issuance	(380,862)
Loss on refunding bonds	341,103
Deferred charges - bond costs	363,680
Accrued interest payable	(104,602)
Compensated absences	(460,682)
Capital lease obligations	<u>(1,695,189)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$(34,826,552)</u>

Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “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.” The details of this \$5,175,469 difference are as follows:

Capital outlay	\$ 7,831,701
Depreciation expense	<u>(2,656,232)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 5,175,469</u>

(continued)

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(Continued)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation states, "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." The details of this \$34,820 difference are as follows:

Property taxes	\$ 12,173
Court fines receivable	<u>22,647</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u>34,820</u>

Another element of that reconciliation states, "The issuance of long-term debt (e.g., bonds, leases) 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 assets." The details of this \$(8,298,201) difference are as follows:

Principal repayments	\$ 2,396,971
Issuance of capital-related leases	(947,434)
Proceeds of bond issuance	(14,305,000)
Bond issuance costs	261,555
Premium on bond issuance	(261,555)
Payment to escrow agent	<u>4,557,262</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$(<u>8,298,201</u>)

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$(108,102) difference are as follows:

Compensated absences	\$(49,176)
Accrued interest	<u>(58,926)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$(<u>108,102</u>)

III. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Deposits and Investments

As of September 30, 2008, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	\$ 27,467,533	45

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U. S. Treasury, certain U. S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) Mutual Funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

The City's investment pool is a 2a7-like pool. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

Regulatory oversight for the operations of this external investment pool is found in the Public Funds Investment Act of the State of Texas. Required oversight for pools includes compliance with investment guidelines, annual independent audits and the establishment of oversight boards.

(continued)

III. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (Continued)

Deposits and Investments (Continued)

Custodial Credit Risk. 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. State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government Obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2008, \$4,553,027 of the City's \$4,672,891 deposit balance was collateralized with securities held by the pledging financial institution. The remaining balance, \$119,864 was covered by FDIC insurance.

Credit Risk. It is the City's policy to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization. The City's investment pool is rated AAAM by Standard and Poor's Investors Service.

Property Taxes

Property taxes are levied by October 1 in conformity with Subtitle E. Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed. The Harris County Central Appraisal District ("CAD") establishes appraised values. Taxes are levied by the City Council based on the appraised values received from the CAD.

Property tax rates, established in accordance with state law, are levied on real and personal property within the City for use in financing and general and debt service expenditures for the 2008 fiscal year (2007 tax year), resulting in an adjusted tax levy of approximately \$11.03 million based on an assessed property valuation of approximately \$1.31 billion were as follows:

	<u>Tax Rate per \$100 of Assessed Value</u>
General Fund	\$ 0.5110
Debt Service Fund	<u>0.2090</u>
Total Tax Rate	<u>\$ 0.7200</u>

(continued)

III. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (Continued)

Property Taxes (Continued)

Net property taxes receivable, at September 30, 2008, consisted of the following:

	<u>Delinquent Taxes Receivable</u>
Current year	\$ 168,883
Prior years	<u>952,267</u>
	1,121,150
Penalties and interest	242,289
Less: allowance for doubtful accounts	<u>(643,563)</u>
Net property taxes	<u>\$ 719,876</u>

Industrial District Contracts

A significant portion of the City's revenue is derived from contractual agreements with 21 separate industrial companies that lie within the City's extraterritorial jurisdiction. In 2000, the City and the industries located in the Industrial Zone agreed to new contracts extending to 2006. These new contracts call for each industry to annually render to the City a written description of its land, improvements, and tangible personal property as of the immediately preceding January 1. It was the opinion of the legal council for 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 on the City's tax roll. In the negotiations for renewal of the Industrial District contracts, the City agreed to continue the annexation of just the 50-foot wide strip around the perimeter of each plant. As a result, only a very small amount of the value of these industries will be included in the City's tax roll in the future. The companies agreed to pay an amount "in-lieu" of taxes in the unannexed area of an amount equal to the sum of 63% of the amount of ad valorem taxes which would be payable to the City if all of the companies' land and improvements which existed on January 1, 2001, 2002, 2003, 2004, 2005 and 2006 had been within the corporate limits of the City. New construction payments will be made on percentages of new value as described in the contract at 25% the first year, 35% the second year, 45% the third year, 55% the fourth year, and 63% for the fifth year of operations.

Industrial district contract revenues receivable at year-end consisted of the following:

	<u>Industrial District Payments</u>
Current year	\$ 10,525
Less: allowance for doubtful accounts	<u>(9,841)</u>
Net receivables	<u>\$ 684</u>

(continued)

III. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (Continued)

Receivables

Amounts recorded as receivable as of September 30, 2008, 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>Water and Sewer</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 940,735	\$ 319,014	\$ -	\$ 93,601	\$ 1,353,350
Intergovernmental	20,588	-	-	-	20,588
Accounts	1,626,922	-	-	111,608	1,738,530
Other	-	-	987,394	-	987,394
Gross receivables	2,588,245	319,014	987,394	205,209	4,099,862
Less: allowance for uncollectibles	(830,795)	(137,236)	(242,420)	-	(1,210,451)
Net total receivables	<u>\$ 1,757,450</u>	<u>\$ 181,778</u>	<u>\$ 744,974</u>	<u>\$ 205,209</u>	<u>\$ 2,889,411</u>

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (general)	\$ 515,654	\$ -
Delinquent property taxes receivable (debt service)	172,629	-
Court fines	101,515	-
Grants	-	131,933
Total governmental funds	<u>\$ 789,798</u>	<u>\$ 131,933</u>

(continued)

III. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (Continued)

Capital Assets

A summary of capital asset activity for the year ended September 30, 2008, follows:

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Government activities:					
Capital assets, not being depreciated:					
Land	\$ 16,957,245	\$ 1,500,000	\$ -	\$ -	\$ 18,457,245
Construction work in progress	1,634,419	1,066,977	(1,634,419)	-	1,066,977
Total capital assets not being depreciated	<u>18,591,664</u>	<u>2,566,977</u>	<u>(1,634,419)</u>	<u>-</u>	<u>19,524,222</u>
Capital assets, being depreciated:					
Buildings	16,334,404	2,634,651	-	1,210,364	20,179,419
Improvements	40,481,037	2,459,792	-	-	42,940,829
Machinery and equipment	10,941,650	1,818,814	(185,817)	-	12,574,647
Total capital assets being depreciated	<u>67,757,091</u>	<u>6,913,257</u>	<u>(185,817)</u>	<u>1,210,364</u>	<u>75,694,895</u>
Less accumulated depreciation:					
Buildings	(6,326,400)	(502,186)	-	-	(6,828,586)
Improvements	(27,763,888)	(1,249,351)	-	-	(29,013,239)
Machinery and equipment	(6,902,795)	(904,695)	171,703	-	(7,635,787)
Total accumulated depreciation	<u>(40,993,083)</u>	<u>(2,656,232)</u>	<u>171,703</u>	<u>-</u>	<u>(43,477,612)</u>
Total capital assets, being depreciated, net	<u>26,764,008</u>	<u>4,257,025</u>	<u>(14,114)</u>	<u>1,210,364</u>	<u>32,217,283</u>
Governmental activities capital assets, net	<u>\$ 45,355,672</u>	<u>\$ 6,824,002</u>	<u>\$(1,648,533)</u>	<u>\$ 1,210,364</u>	<u>\$ 51,741,505</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 591,397	\$ -	\$ -	\$ -	\$ 591,397
Construction work in progress	176,463	750	(176,463)	-	750
Total capital assets not being depreciated	<u>767,860</u>	<u>750</u>	<u>(176,463)</u>	<u>-</u>	<u>592,147</u>
Capital assets, being depreciated:					
Buildings	3,826,123	35,417	-	-	3,861,540
Improvements	40,344,341	323,057	-	-	40,667,398
Machinery and equipment	1,464,734	367,313	(32,571)	-	1,799,476
Total capital assets being depreciated	<u>45,635,198</u>	<u>725,787</u>	<u>(32,571)</u>	<u>-</u>	<u>46,328,414</u>
Less accumulated depreciation:					
Buildings	(232,006)	(96,088)	-	-	(328,094)
Improvements	(19,235,165)	(1,020,082)	-	-	(20,255,247)
Machinery and equipment	(982,924)	(147,478)	32,571	-	(1,097,831)
Total accumulated depreciation	<u>(20,450,095)</u>	<u>(1,263,648)</u>	<u>32,571</u>	<u>-</u>	<u>(21,681,172)</u>
Total capital assets, being depreciated, net	<u>25,185,103</u>	<u>(537,861)</u>	<u>-</u>	<u>-</u>	<u>24,647,242</u>
Business-type activities capital assets, net	<u>\$ 25,952,963</u>	<u>\$(537,111)</u>	<u>\$(176,463)</u>	<u>\$ -</u>	<u>\$ 25,239,389</u>

(continued)

III. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (Continued)

Capital Assets (Continued)

Depreciation was charged to functions of the City as follows:

Governmental activities:		
General		\$ 139,794
Public safety		507,598
Community development		602,670
Parks and recreation		137,894
Public works		<u>1,268,276</u>
	Total depreciation expense - governmental activities	<u>\$ 2,656,232</u>
Business-type activities:		
Water and sewer		<u>\$ 1,263,648</u>
	Total depreciation expense - business-type activities	<u>\$ 1,263,648</u>

Long-term Debt

During the year ended September 30, 2008, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 22,205,000	\$ 12,005,000	\$ 3,620,000	\$ 30,590,000	\$ 1,865,000
Premium on bond issuance	136,351	261,555	17,044	380,862	30,810
Loss on refunding	(290,105)	(87,261)	36,263	(341,103)	-
Certificates of obligation	2,700,000	2,300,000	2,700,000	2,300,000	70,000
Capital leases	1,325,293	947,434	577,538	1,695,189	564,540
Compensated absences	<u>411,506</u>	<u>924,632</u>	<u>875,456</u>	<u>460,682</u>	<u>92,136</u>
	<u>\$ 26,488,045</u>	<u>\$ 16,351,360</u>	<u>\$ 7,753,775</u>	<u>\$ 35,085,630</u>	<u>\$ 2,622,486</u>
Governmental activity long-term liabilities					
Business-type activities					
Revenue bonds	\$ 14,825,000	\$ -	\$ 1,215,000	\$ 13,610,000	\$ 1,210,000
Compensated absences	<u>70,702</u>	<u>129,422</u>	<u>127,069</u>	<u>73,055</u>	<u>36,528</u>
	<u>\$ 14,895,702</u>	<u>\$ 129,422</u>	<u>\$ 1,342,069</u>	<u>\$ 13,683,055</u>	<u>\$ 1,246,528</u>
Business-type activity long-term liabilities					

For the governmental activities, compensated absences are generally liquidated by the General Fund.

(continued)

III. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (Continued)

Certificates of Obligation, General Obligation Bonds and Revenue Bonds

The following is a summary of certificates of obligation, general obligation bonds and revenue bonds outstanding as of September 30, 2008:

Series	Original Issue	Interest Rate	Debt Outstanding
Governmental activities			
General Obligation Bonds			
2001 General Obligation Bonds	8,435,000	4.793%	\$ 5,525,000
2004 General Obligation and Refunding Bonds	4,670,000	3.00% to 5.00%	4,140,000
2005 General Obligation Bonds	9,000,000	3.5% to 5.5%	8,920,000
2007 General Obligation Bonds	7,465,000	3.85% to 5.00%	7,465,000
2007 General Obligation and Refunding Bonds	4,540,000	3.49%	<u>4,540,000</u>
			30,590,000
Certificates of Obligation			
2007 Certificates Obligation	2,300,000	4.25% to 6.00%	<u>2,300,000</u>
Total governmental activities			<u>\$ 32,890,000</u>
Business-type activities			
Revenue Bonds			
1997 Waterworks and Sewer System	\$ 4,120,000	5.00% to 6.75%	\$ 1,350,000
2000 Waterworks and Sewer System	4,180,000	4.30% to 5.10%	1,800,000
2002 Waterworks and Sewer System	5,000,000	.70% to 3.80%	3,750,000
2002A Waterworks and Sewer System	6,250,000	4.25% to 5.125%	4,700,000
2003 Waterworks and Sewer System Revenue and Refunding Bonds	3,835,000	2.50% to 3.72%	<u>2,010,000</u>
Total business-type activities			<u>\$ 13,610,000</u>

Annual debt service requirements to retire outstanding certificates of obligation are as follows:

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2009	\$ 70,000	\$ 108,862	\$ 178,862
2010	70,000	104,662	174,662
2011	75,000	100,312	175,312
2012	80,000	95,662	175,662
2013-2017	460,000	399,410	859,410
2018-2022	590,000	268,389	858,389
2023-2027	<u>955,000</u>	<u>113,370</u>	<u>1,068,370</u>
Total	<u>\$ 2,300,000</u>	<u>\$ 1,190,667</u>	<u>\$ 3,490,667</u>

(continued)

III. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (Continued)

Certificates of Obligation, General Obligation Bonds and Revenue Bonds (Continued)

Annual debt service requirements to retire outstanding general obligation bonds are as follows:

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2009	\$ 1,865,000	\$ 1,245,191	\$ 3,110,191
2010	1,995,000	1,146,972	3,141,972
2011	2,075,000	1,063,685	3,138,685
2012	2,090,000	973,378	3,063,378
2013-2017	10,765,000	3,431,732	14,196,732
2018-2022	6,925,000	1,662,402	8,587,402
2023-2027	4,875,000	536,871	5,411,871
Total	\$ 30,590,000	\$ 10,060,231	\$ 40,650,231

Annual debt service requirements to retire outstanding revenue bonds are as follows:

Fiscal Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2009	\$ 1,210,000	\$ 532,804	\$ 1,742,804
2010	1,205,000	488,598	1,693,598
2011	1,200,000	443,756	1,643,756
2012	1,190,000	398,436	1,588,436
2013-2017	4,945,000	1,342,729	6,287,729
2018-2022	3,290,000	475,775	3,765,775
2023-2027	570,000	12,750	582,750
Total	\$ 13,610,000	\$ 3,694,848	\$ 17,304,848

The principal and interest on governmental activities general obligation bonds and certificates of obligation are payable solely from property taxes levied on taxable property within the City of Deer Park, Texas. A number of limitations and restrictions are contained in the various bond ordinances. The City has complied with all significant limitations and restrictions.

Current Refundings

The City issued \$4,540,000 of general obligation bonds for a current refunding of \$2,095,000 general obligation bonds and \$2,375,000 certificates of obligation. The refunding was undertaken to reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by \$87,261. This amount is being netted against the new debt and amortized over the new debt's life, which is equal to the life of the old debt. The transaction also resulted in an economic gain of \$231,156 and a reduction of \$268,462 in future debt service payments.

(continued)

III. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (Continued)

Certificates of Obligation, General Obligation Bonds and Revenue Bonds (Continued)

Defeasance of Bonds

In prior years, the City defeased certain certificates of obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. On September 30, 2008, bonds considered defeased and still outstanding were in the amount of \$8,375,000.

A schedule of general obligation bonds authorized by Deer Park voters and unissued at year-end follows:

<u>Purpose</u>	<u>Date Authorized</u>	<u>Amount Authorized</u>	<u>Amount Unissued</u>
Road and Bridge improvements	12/10/55	\$ 1,650,000	\$ 365,000
Water improvements	12/07/76	1,000,000	580,000
Drainage improvements	03/04/80	10,000,000	1,155,000
Water improvements	03/04/80	2,200,000	2,000,000
Sewer system improvements	12/09/86	2,700,000	2,175,000
Waterworks system improvements	12/09/86	2,750,000	2,750,000
Park/recreational facility improvements	09/23/00	6,580,000	2,965,000
Drainage improvements	09/23/00	2,250,000	1,500,000
Streets, sidewalks and related drainage improvements	09/23/00	3,700,000	1,490,000
Renovation, construction, furnishing and equipment of City Hall	09/23/00	1,510,000	800,000
Renovation, construction, furnishing and equipment of Library	09/23/00	<u>1,750,000</u>	<u>1,750,000</u>
		<u>\$ 36,090,000</u>	<u>\$ 17,530,000</u>

Contingent Arbitrage Liabilities

The City has invested a portion of bond proceeds. Any excess of interest revenue earned on invested proceeds over interest paid on the bonds must be rebated to the federal government every five years.

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. Approximately \$3.1 million of equipment has been leased under these agreements as of September 30, 2008. Capital leases bear interest ranging from 3.07% to 4.46% and have maturity dates ranging from 2007 to 2018. The total interest paid in 2008 for capital leases was \$60,089. Annual requirements to satisfy these obligations are as follows:

(continued)

III. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (Continued)

Capital Leases (Continued)

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2009	\$ 564,540	\$ 54,289	\$ 618,829
2010	279,462	36,829	316,291
2011	155,274	28,941	184,215
2012	131,648	22,971	154,619
2013	94,239	18,945	113,184
2014-2018	470,026	40,211	510,237
Total	<u>\$ 1,695,189</u>	<u>\$ 202,186</u>	<u>\$ 1,897,375</u>

Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2008, is as follows:

Receivable Fund	Payable Fund	Amount
General	Water and sewer	\$ 2,343
General	Nonmajor governmental	429,309
Debt service	Nonmajor governmental	5,281
Debt service	CIBF 2007	17,837
Water and sewer	General	4,465
Nonmajor governmental	General	31
Total		<u>\$ 459,266</u>

Amounts booked as interfund receivables are considered temporary loans and will be repaid during the following fiscal year.

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The following is a summary of interfund transfers for the year ended September 30, 2008:

	Transfers In			Total
	General	Debt Service	Nonmajor Governmental Funds	
Transfers Out:				
Water and sewer	\$ 73,914	\$ -	\$ -	\$ 73,914
CIBF Series 2007	-	214,495	-	214,495
General	-	-	2,510,436	2,510,436
Nonmajor governmental funds	-	122,778	-	122,778
Total Transfers Out	<u>\$ 73,914</u>	<u>\$ 337,273</u>	<u>\$ 2,510,436</u>	<u>\$ 2,921,623</u>

(continued)

III. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (Continued)

Interfund Receivables, Payables and Transfers (Continued)

Amounts transferred between funds relate to the following activities:

- Water and Sewer Fund transfer to the General Fund was to reimburse the General Fund for administrative and logistical support during the year.
- Transfers in the Debt Service Fund were made to pay debt service and debt service related expenditures in accordance with applicable ordinances and federal regulations.

IV. OTHER INFORMATION

Post-employment Health Care Benefits

In addition to the pension benefits and pursuant to a City ordinance dated September 16, 2003, the City provides post-retirement health benefits to all fulltime employees who retire under the three following conditions:

1. The employee is age 55 or older and has completed a minimum of 20 years of credited service with the Texas Municipal Retirement System (TMRS) while employed with the City of Deer Park and whose age, when added to years of credited service, equals or exceeds the sum of 80;
2. The employee is age 56 or older on or before December 31, 2003, and has completed a minimum of 10 years of credited service with the Texas Municipal Retirement System (TMRS) while employed with the City of Deer Park and whose age when added to years of credited service equals or exceeds the sum of 75; or
3. The employee was a fulltime employee before October 1, 2001, and has completed a minimum of 25 years of credited service with the Texas Municipal Retirement System (TMRS) while working for the City of Deer Park.

Additionally, the City provides the following post-retirement benefits for those employees who have retired prior to September 16, 2003:

1. The retirees who are less than age 65 are offered the same medical insurance coverage as that of fulltime employees.
2. The retirees who are age 65 or older are offered a Medicare supplement with the provision that this benefit may be discontinued or modified at such time that a prescription drug benefit is made available through the federal government.
3. Retirees described in 1 and 2 of this provision will participate in the cost of medical coverage in an amount determined by City Council.

(continued)

IV. OTHER INFORMATION (Continued)

Post-employment Health Care Benefits (Continued)

4. Retirees who qualify for medical insurance coverage under this section may elect to include their dependents in the coverage, but will be required to pay the full cost of the related premium.
5. Life insurance coverage for retirees is canceled as of September 16, 2003; however, the retiree may elect to extend the existing coverage provided the retiree accepts the liability for 100% of future premiums.

Fulltime employees hired prior to October 1, 2001, are eligible for participation in the City's health insurance coverage based upon the employee's age at retirement added to 25 years of service as follows:

<u>Age Plus 25 Years of Fulltime Service With the City</u>	<u>% Participation by City in Cost of Premium</u>
80	100%
79	90
78	80
77	70
76	60
75	50
74	40
73	30

Retirees who qualify for medical insurance benefits under this section may elect to include their dependents in this coverage, however, the full cost of the additional premium will be paid by the dependent.

Retirees must enroll for coverage within 30 days of their termination date.

During the year ended September 30, 2008, the total cost to the City for providing post-retirement benefits was \$209,038 for 63 participants.

Deferred Compensation Plan

The City offers its employees a deferred compensation 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. Amounts of compensation deferred by employees under the 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.

(continued)

IV. OTHER INFORMATION (Continued)

Deferred Compensation Plan (Continued)

The market value of plan assets held and administered by the plan's third party administrator was approximately \$3,779,746 at September 30, 2008.

Employee Retirement System

Plan Description

The City provides pension benefits for all of its fulltime employees through a nontraditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS). The City is one of 827 municipalities having the plan administered by TMRS, an agent multiple-employer public retirement system. Each of the 827 municipalities has an annual, individual actuarial valuation performed. All assumptions for the December 31, 2006, valuations are contained in the 2006 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing P. O. Box 149153, Austin, Texas 78714-9153.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for services rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant as often as annually another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits of service since the plan began, would be the total monetary credits and employee contributions, accumulated with interest, if the current employee contribution rate and City matching percent had always been in existence; and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions, with interest, and the employer-financed monetary credits, with interest, were used to purchase an annuity.

Members can retire at age 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

(continued)

IV. OTHER INFORMATION (Continued)

Employee Retirement System (Continued)

Contributions

The contribution rate for the employees is 7%, and the City matching ratio is currently 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (over funded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. When the City periodically adopts updated service credits and increases its annuities in effect, the increased unfunded actuarial liability is to be amortized over a new 25-year period. The unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect (i.e. December 31, 2007, valuation is effective for rates beginning in January 2009).

<u>Accounting Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
09/30/06	\$ 1,958,222	100%	\$ -
09/30/07	1,907,472	100%	-
09/30/08	1,914,322	100%	-

Actuarial Assumptions

Actuarial Cost Method	-	Projected Unit Credit
Amortization Method	-	Level percent of Payroll
Remaining Amortization Period	-	30 Years - Closed Period
Asset Valuation Method	-	Amortized Cost (to accurately reflect the requirements of GASB Statement No. 25, paragraphs 36e and 138)
Investment Rate of Return	-	7%
Projected Salary Increases	-	Varies by age and service
Includes Inflation At	-	3.0%
Cost-of-Living Adjustments	-	1.5% (3% CPI)
Payroll Growth Assumption	-	3.0%
Withdrawal rates for Male/Female (low, mid/low, mid, mid high or high)	-	Mid Low/Mid-Low

(continued)

IV. OTHER INFORMATION (Continued)

Employee Retirement System (Continued)

Contributions (Continued)

Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (1) (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2005	\$ 38,713,919	\$ 48,344,597	\$ 9,630,678	80.1%	\$ 12,040,199	80.0%
2006	41,100,840	51,492,636	10,391,796	79.8%	12,245,034	84.9%
2007	40,862,738	56,801,494	15,938,756	71.9%	12,961,828	123.0%

At its December 8, 2007 meeting, the TMRS Board of Trustees adopted actuarial assumptions to be used in the actuarial valuation for the year ended December 31, 2007. A summary of actuarial assumptions and definitions can be found in the December 31, 2007 TMRS Comprehensive Annual Financial Report (CAFR).

Since its inception, TMRS has used the Unit Credit actuarial funding method. This method accounts for liability accrued as of the valuation date, but does not project the potential future liability of provisions adopted by a city. Two-thirds of the cities participating in TMRS have adopted the Updated Service Credit and Annuity increases provisions on an annually repeating basis. For the December 31, 2007 valuation, the TMRS Board determined that the Projected Unit Credit (PUC) funding method should be used, which facilitates advance funding for future updated service credits and annuity increases that are adopted on an annually repeating basis. In addition, the Board also adopted a change in the amortization period from a 25-year "open" to a 25-year "closed" period. TMRS Board of Trustee rules provide that, whenever a change in actuarial assumptions or methods results in a contribution rate increase in an amount greater than 0.5%, the amortization period will be increased to 30 years, unless a city requests that the period remain at 25 years. For cities with repeating features, these changes would likely result initially in higher required contributions and lower funded ratios; however, the funded ratio should show steady improvement over time. To assist in this transition to higher rates, the Board also approved an eight-year phase-in period, which will allow cities the opportunity to increase their contributions gradually (approx. 12.5% each year) to their full rate (or their required contribution rate).

If the changes in actuarial funding method and assumptions had not been adopted for the 2007 valuation, the City's unfunded actuarial accrued liability would have been \$11,333,087 and the funded ratio would have been 78.3%.

(continued)

IV. OTHER INFORMATION (Continued)

Employee Retirement System (Continued)

Contributions (Continued)

In addition, TMRS is currently working on its legislative package for 2009. There is a possibility that the investment rate of return (IRR) assumption of 7% would need to be lowered if desired legislation for the 2009 session is unsuccessful. Maintaining a 7% IRR assumption is contingent in part on the continued diversification of the TMRS portfolio, from an almost exclusive bond portfolio to a portfolio that includes equities as well. If state legislation needed to facilitate the continued diversification is not enacted, TMRS may have to revisit the continued diversification of the portfolio and consider reducing the assumed IRR. A reduction in the IRR would result in increased actuarial accrued liabilities, thus causing further increases in City contribution rates, following the December 31, 2009 actuarial valuation.

Litigation

On various occasions, the City can be either a defendant or co-defendant in lawsuits. While the City and legal counsel cannot predict the results of any litigation, it believes it has meritorious defenses to those actions, proceedings and claims. It is the opinion of City Management and legal counsel that any ultimate uninsured liability to the City from these lawsuits will not be material.

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; injuries to employees; and natural disasters. The City's risk management program encompasses obtaining property and liability insurance through Texas Municipal League (TML), an Intergovernmental Risk-Pool. The City has not had any significant reduction in insurance coverage and the amounts of insurance settlements have not exceeded insurance coverage for any of the last three years. The participation of the City in TML is limited to payment of premiums. During the year ended September 30, 2008, the City paid premiums to TML for provisions of various liability, property and casualty insurance. The City has various deductible amounts ranging from \$500 to \$5,000 on various policies. At year-end, the City did not have any significant claims. TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified dollar amounts for each insured event.

The City also provides workers' compensation insurance on its employees through TML. Workers' compensation is subject to change when audited by TML. At year-end, September 30, 2008, the City believed the amounts paid on workers' compensation would not change significantly from the amounts recorded.

Prior Period Adjustment

While performing work on capital assets, the City noticed a project that had not been capitalized in the government-wide statements. This addition of the Community Center expansion increased beginning net assets by \$1,210,364.

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF DEER PARK, TEXAS

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 26,964,000	\$ 26,964,000	\$ 29,897,327	\$ 2,933,327
License and permits	254,500	254,500	470,155	215,655
Fines and forfeitures	578,000	578,000	874,554	296,554
Charges for services	2,923,700	2,923,700	2,938,640	14,940
Investment earnings	450,000	450,000	486,918	36,918
Intergovernmental	70,000	70,000	200,641	130,641
Other	67,600	67,600	162,973	95,373
Total revenues	<u>31,307,800</u>	<u>31,307,800</u>	<u>35,031,208</u>	<u>3,723,408</u>
EXPENDITURES				
Current:				
General government	9,855,571	9,855,571	9,318,538	537,033
Community development	4,897,445	4,897,445	5,057,428	(159,983)
Public works	4,047,495	4,047,495	4,064,345	(16,850)
Parks and recreation	1,716,665	1,716,665	1,954,878	(238,213)
Public safety	6,508,428	6,508,428	6,559,058	(50,630)
Debt service:				
Principal retirement	748,368	748,368	575,319	173,049
Interest and other charges	58,553	58,553	58,553	-
Capital outlay	1,005,087	1,005,087	3,413,517	(2,408,430)
Total expenditures	<u>28,837,612</u>	<u>28,837,612</u>	<u>31,001,636</u>	<u>(2,164,024)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,470,188</u>	<u>2,470,188</u>	<u>4,029,572</u>	<u>1,559,384</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease	-	-	947,434	947,434
Transfers in	-	-	73,914	73,914
Transfers out	2,510,436	2,510,436	(2,510,436)	(5,020,872)
Total other financing sources and uses	<u>2,510,436</u>	<u>2,510,436</u>	<u>(1,489,088)</u>	<u>(3,999,524)</u>
NET CHANGE IN FUND BALANCE	4,980,624	4,980,624	2,540,484	(2,440,140)
FUND BALANCE, BEGINNING	<u>9,446,332</u>	<u>9,446,332</u>	<u>9,446,332</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 14,426,956</u>	<u>\$ 14,426,956</u>	<u>\$ 11,986,816</u>	<u>\$ (2,440,140)</u>

CITY OF DEER PARK, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2008

Budget

The City charter requires that an annual appropriations style budget be prepared for the General Fund. The City also prepares annual budgets for the Hotel/Occupancy Tax Fund, Debt Service Fund and the Enterprise Fund. The City employs the following budgetary procedures:

- The City Manager submits to the City Council a proposed operating budget that includes proposed expenditures and resources for financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to the commencement of the fiscal year, the budget is legally enacted through the passage of an ordinance.
- Department heads are authorized to transfer minor budgeted amounts within a department; however, any revisions that alter total expenditures for any department must be approved by the City Manager, and any revisions to the fund level budget (the legal level of compliance) must be approved by City Council.
- All budgets are prepared on the modified accrual basis of accounting.
- Unused appropriations lapse at year-end.

Expenditures Over Appropriations

The City was over appropriations in the following functions:

Community development	\$ 159,983
Public works	16,850
Parks and recreation	238,213
Public safety	50,630
Capital outlay	2,408,430

These excess expenditures were covered by greater than expected revenues. The City will carefully review future budgets and make appropriate budget amendments.

COMBINING STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Hotel/Occupancy Tax Fund – This fund is used to account for proceeds from hotel 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 primarily to account for proceeds generated by special events special event activities of the City's Parks Department and related expenditures. Activities are not budgeted and are controlled on an event-by-event basis.

LEPC Fund – This fund is used to account for proceeds received for community awareness and emergency response programs. Expenditures of this fund are typically for community awareness, infrastructure and continuing education for those involved in emergency response.

Police Forfeiture Fund – This fund is used to account for the receipt and expenditure of revenues derived from crime seizures that are for police purposes.

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

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 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 are used to account for financial resources to be used for the acquisition and construction of major capital facilities and are financed principally through special assessments.

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.

Capital Improvements Fund – This fund is used to account for local funding at various capital projects throughout the City.

General Obligations Series 2005 Fund – This fund is used to account for the receipt of bond funds and the expenditures of such funds to construct/improve various public buildings, purchase of land for parks and recreation facilities, street improvement projects and sidewalk construction.

CITY OF DEER PARK, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

	Hotel Occupancy Tax	Grants	LEPC	Police Forfeiture	Senior Citizen
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS					
Cash and cash equivalents	\$ 491,111	264,856	\$ 97,788	\$ 102,948	\$ 145,007
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
Other receivables	<u>93,601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total assets	 <u>\$ 584,712</u>	 <u>\$ 264,856</u>	 <u>\$ 97,788</u>	 <u>\$ 102,948</u>	 <u>\$ 145,007</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 2,408	\$ 9,158	\$ 1,478	\$ 3,402	\$ -
Accrued liabilities	-	-	-	-	-
Deferred revenue	-	131,933	-	-	-
Due to other funds	-	-	-	-	-
Other payables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2,408</u>	<u>141,091</u>	<u>1,478</u>	<u>3,402</u>	<u>-</u>
Fund balances:					
Reserved for:					
Debt service	-	-	-	-	-
Special revenue funds	582,304	123,765	96,310	99,546	145,007
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>582,304</u>	<u>123,765</u>	<u>96,310</u>	<u>99,546</u>	<u>145,007</u>
 Total liabilities and fund balances	 <u>\$ 584,712</u>	 <u>\$ 264,856</u>	 <u>\$ 97,788</u>	 <u>\$ 102,948</u>	 <u>\$ 145,007</u>

<u>Municipal Court</u>	<u>FEMA Hurricane Ike</u>	<u>Capital Projects</u>	<u>1997 Streets</u>	<u>Streets</u>	<u>Capital Improvements Fund</u>	<u>General Obligation Series 2005</u>	<u>Total Governmental Funds</u>
\$ 186,507	\$ -	\$ 107,962	\$ 27,029	\$ 93,781	\$ 1,219,735	\$ 2,859,008	\$ 5,595,732
31	-	-	-	-	-	-	31
-	555,842	-	-	-	-	-	555,842
<u>111,608</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>205,209</u>
<u>\$ 298,146</u>	<u>\$ 555,842</u>	<u>\$ 107,962</u>	<u>\$ 27,029</u>	<u>\$ 93,781</u>	<u>\$ 1,219,735</u>	<u>\$ 2,859,008</u>	<u>\$ 6,356,814</u>
\$ 114	\$ 126,533	\$ -	\$ -	\$ -	\$ 155,485	\$ -	\$ 298,578
5,769	-	-	-	-	-	-	5,769
-	-	-	-	-	-	-	131,933
-	429,309	210	52	-	-	5,019	434,590
-	-	-	-	-	62,696	-	62,696
<u>5,883</u>	<u>555,842</u>	<u>210</u>	<u>52</u>	<u>-</u>	<u>218,181</u>	<u>5,019</u>	<u>933,566</u>
-	-	-	-	-	-	-	-
292,263	-	-	-	-	-	-	1,339,195
-	-	107,752	26,977	93,781	1,001,554	2,853,989	4,084,053
<u>292,263</u>	<u>-</u>	<u>107,752</u>	<u>26,977</u>	<u>93,781</u>	<u>1,001,554</u>	<u>2,853,989</u>	<u>5,423,248</u>
<u>\$ 298,146</u>	<u>\$ 555,842</u>	<u>\$ 107,962</u>	<u>\$ 27,029</u>	<u>\$ 93,781</u>	<u>\$ 1,219,735</u>	<u>\$ 2,859,008</u>	<u>\$ 6,356,814</u>

CITY OF DEER PARK, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Hotel Occupancy Tax	Grants	LEPC	Police Forfeiture	Senior Citizen
REVENUES					
Hotel/motel taxes	\$ 334,112	\$ -	\$ -	\$ -	\$ -
Fees and fines	-	-	-	-	-
Intergovernmental	-	15,753	90,395	-	-
Charges for services	-	327	-	-	-
Investment earnings	-	-	-	3,231	4,713
Miscellaneous	-	260,952	(3,000)	18,599	-
Total revenues	<u>334,112</u>	<u>277,032</u>	<u>87,395</u>	<u>21,830</u>	<u>4,713</u>
EXPENDITURES					
Current:					
Community development	164,697	252,463	60,903	20,964	6,069
Public safety	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital outlay	-	-	-	21,662	-
Total expenditures	<u>164,697</u>	<u>252,463</u>	<u>60,903</u>	<u>42,626</u>	<u>6,069</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>169,415</u>	<u>24,569</u>	<u>26,492</u>	<u>(20,796)</u>	<u>(1,356)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	169,415	24,569	26,492	(20,796)	(1,356)
FUND BALANCES, BEGINNING	<u>412,889</u>	<u>99,196</u>	<u>69,818</u>	<u>120,342</u>	<u>146,363</u>
FUND BALANCES, ENDING	<u>\$ 582,304</u>	<u>\$ 123,765</u>	<u>\$ 96,310</u>	<u>\$ 99,546</u>	<u>\$ 145,007</u>

<u>Municipal Court</u>	<u>FEMA Hurricane Ike</u>	<u>Capital Projects</u>	<u>1997 Streets</u>	<u>Streets</u>	<u>Capital Improvements Fund</u>	<u>General Obligation Series 2005</u>	<u>Total Other Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 334,112
123,115	-	-	-	-	-	-	123,115
-	555,842	-	-	-	-	-	661,990
109,336	-	-	-	-	-	-	109,663
-	-	3,530	885	1,087	9,137	118,363	140,946
-	-	-	-	-	-	-	276,551
<u>232,451</u>	<u>555,842</u>	<u>3,530</u>	<u>885</u>	<u>1,087</u>	<u>9,137</u>	<u>118,363</u>	<u>1,646,377</u>
-	-	-	-	1,626	303,841	-	810,563
298,915	555,842	-	-	-	-	-	854,757
16,079	-	-	-	-	-	-	16,079
1,536	-	-	-	-	-	-	1,536
5,000	-	-	-	-	1,214,178	1,383,841	2,624,681
<u>321,530</u>	<u>555,842</u>	<u>-</u>	<u>-</u>	<u>1,626</u>	<u>1,518,019</u>	<u>1,383,841</u>	<u>4,307,616</u>
(89,079)	-	3,530	885	(539)	(1,508,882)	(1,265,478)	(2,661,239)
-	-	-	-	-	2,510,436	-	2,510,436
-	-	(3,531)	(884)	-	-	(118,363)	(122,778)
-	-	(3,531)	(884)	-	2,510,436	(118,363)	2,387,658
(89,079)	-	(1)	1	(539)	1,001,554	(1,383,841)	(273,581)
<u>381,342</u>	<u>-</u>	<u>107,753</u>	<u>26,976</u>	<u>94,320</u>	<u>-</u>	<u>4,237,830</u>	<u>5,696,829</u>
<u>\$ 292,263</u>	<u>\$ -</u>	<u>\$ 107,752</u>	<u>\$ 26,977</u>	<u>\$ 93,781</u>	<u>\$ 1,001,554</u>	<u>\$ 2,853,989</u>	<u>\$ 5,423,248</u>

**BUDGET TO ACTUAL
COMPARISONS**

CITY OF DEER PARK, TEXAS

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
GENERAL GOVERNMENT			
Mayor and council:			
Services	\$ 63,225	\$ 57,980	\$ 5,245
Supplies	<u>5,200</u>	<u>2,973</u>	<u>2,227</u>
Total mayor and council	<u>68,425</u>	<u>60,953</u>	<u>7,472</u>
City manager:			
Personnel services	358,460	356,679	1,781
Services	20,495	13,821	6,674
Supplies	12,950	11,453	1,497
Repairs and maintenance	<u>1,350</u>	<u>133</u>	<u>1,217</u>
Total City manager	<u>393,255</u>	<u>382,086</u>	<u>11,169</u>
Boards and commissions:			
Services	15,500	10,207	5,293
Supplies	<u>1,750</u>	<u>1,563</u>	<u>187</u>
Total boards and commissions	<u>17,250</u>	<u>11,770</u>	<u>5,480</u>
Municipal court:			
Personnel services	129,680	136,772	(7,092)
Services	49,725	56,428	(6,703)
Supplies	10,750	10,189	561
Repairs and maintenance	<u>5,000</u>	<u>5,017</u>	<u>(17)</u>
Total municipal court	<u>195,155</u>	<u>208,406</u>	<u>(13,251)</u>
General government:			
Services	2,416,688	2,348,708	67,980
Supplies	146,000	125,445	20,555
Repairs and maintenance	100,000	382,488	(282,488)
Other operating expenditures	250,000	10,667	239,333
Capital outlay	<u>-</u>	<u>1,556,314</u>	<u>(1,556,314)</u>
Total general government	<u>2,912,688</u>	<u>4,423,622</u>	<u>(1,510,934)</u>

(continued)

CITY OF DEER PARK, TEXAS

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
GENERAL GOVERNMENT (Continued)			
Legal services:			
Services	\$ 133,000	\$ 105,732	\$ 27,268
Supplies	750	-	750
Total legal services	<u>133,750</u>	<u>105,732</u>	<u>28,018</u>
 Personnel:			
Personnel services	213,500	201,206	12,294
Services	3,475	4,189	(714)
Supplies	3,145	3,552	(407)
Repairs and maintenance	75	-	75
Total personnel	<u>220,195</u>	<u>208,947</u>	<u>11,248</u>
 Information technology services			
Personnel services	136,020	130,860	5,160
Services	175,017	157,140	17,877
Supplies	15,410	14,537	873
Repairs and maintenance	68,700	76,935	(8,235)
Capital outlay	19,100	17,650	1,450
Total information technology services	<u>414,247</u>	<u>397,122</u>	<u>17,125</u>
 Accounting and finance:			
Personnel services	313,960	311,601	2,359
Services	35,158	46,381	(11,223)
Supplies	21,275	17,888	3,387
Repairs and maintenance	-	1,956	(1,956)
Total accounting and finance	<u>370,393</u>	<u>377,826</u>	<u>(7,433)</u>
 City secretary:			
Personnel services	193,180	193,791	(611)
Services	46,208	41,934	4,274
Supplies	17,690	13,299	4,391
Repairs and maintenance	11,350	8,756	2,594
Total City secretary	<u>268,428</u>	<u>257,780</u>	<u>10,648</u>

(continued)

CITY OF DEER PARK, TEXAS

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
GENERAL GOVERNMENT (Continued)			
Warehouse:			
Personnel services	\$ 57,360	\$ 57,124	\$ 236
Services	25	612	(587)
Supplies	500	981	(481)
Repairs and maintenance	500	146	354
Total warehouse	<u>58,385</u>	<u>58,863</u>	<u>(478)</u>
Employee benefits			
Personnel services	4,822,500	4,399,395	423,105
Total employee benefits	<u>4,822,500</u>	<u>4,399,395</u>	<u>423,105</u>
 Total general government	 <u>9,874,671</u>	 <u>10,892,502</u>	 <u>(1,017,831)</u>
COMMUNITY DEVELOPMENT			
Planning and development:			
Personnel services	830,150	892,552	(62,402)
Services	37,715	222,639	(184,924)
Supplies	42,475	65,186	(22,711)
Repairs and maintenance	47,550	30,031	17,519
Capital outlay	57,500	48,583	8,917
Total planning and development	<u>1,015,390</u>	<u>1,258,991</u>	<u>(243,601)</u>
Beautification:			
Services	3,500	-	3,500
Supplies	67,000	39,243	27,757
Repairs and maintenance	7,000	-	7,000
Capital outlay	23,166	-	23,166
Total beautification	<u>100,666</u>	<u>39,243</u>	<u>61,423</u>
Park operations:			
Personnel services	872,380	851,579	20,801
Services	43,500	44,795	(1,295)
Supplies	68,900	98,179	(29,279)
Repairs and maintenance	166,300	164,411	1,889
Capital outlay	143,000	87,705	55,295
Total park operations	<u>1,294,080</u>	<u>1,246,669</u>	<u>47,411</u>

(continued)

CITY OF DEER PARK, TEXAS

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
COMMUNITY DEVELOPMENT (Continued)			
Recreation:			
Personnel services	\$ 798,160	\$ 787,332	\$ 10,828
Services	169,600	176,442	(6,842)
Supplies	171,050	163,835	7,215
Repairs and maintenance	64,500	58,987	5,513
Capital outlay	<u>48,000</u>	<u>49,736</u>	<u>(1,736)</u>
Total recreation	<u>1,251,310</u>	<u>1,236,332</u>	<u>14,978</u>
Athletics and aquatics:			
Personnel services	189,105	182,484	6,621
Services	110,700	104,961	5,739
Supplies	55,100	68,473	(13,373)
Repairs and maintenance	25,700	12,131	13,569
Capital outlay	<u>28,000</u>	<u>8,085</u>	<u>19,915</u>
Total athletics and aquatics	<u>408,605</u>	<u>376,134</u>	<u>32,471</u>
Senior services:			
Personnel services	136,665	125,759	10,906
Services	15,300	20,071	(4,771)
Supplies	132,100	147,240	(15,140)
Repairs and maintenance	<u>12,700</u>	<u>8,564</u>	<u>4,136</u>
Total senior services	<u>296,765</u>	<u>301,634</u>	<u>(4,869)</u>
After-school program:			
Services	132,900	137,341	(4,441)
Supplies	<u>30,500</u>	<u>31,336</u>	<u>(836)</u>
Total after-school program	<u>163,400</u>	<u>168,677</u>	<u>(5,277)</u>

(continued)

CITY OF DEER PARK, TEXAS

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
COMMUNITY DEVELOPMENT (Continued)			
Library:			
Personnel services	\$ 492,285	\$ 461,000	\$ 31,285
Services	41,500	37,357	4,143
Supplies	130,410	120,521	9,889
Repairs and maintenance	13,200	4,979	8,221
Capital outlay	<u>19,905</u>	<u>17,069</u>	<u>2,836</u>
Total library	<u>697,300</u>	<u>640,926</u>	<u>56,374</u>
Total community development	<u>5,227,516</u>	<u>5,268,606</u>	<u>(41,090)</u>
PUBLIC WORKS			
Building maintenance:			
Personnel services	482,890	443,424	39,466
Services	2,000	2,009	(9)
Supplies	52,750	53,012	(262)
Repairs and maintenance	7,600	7,887	(287)
Capital outlay	<u>19,000</u>	<u>17,160</u>	<u>1,840</u>
Total building maintenance	<u>564,240</u>	<u>523,492</u>	<u>40,748</u>
Sanitation:			
Personnel services	1,042,895	1,028,897	13,998
Services	741,515	710,078	31,437
Supplies	307,150	395,267	(88,117)
Repairs and maintenance	123,650	131,945	(8,295)
Capital outlay	<u>209,000</u>	<u>175,562</u>	<u>33,438</u>
Total sanitation	<u>2,424,210</u>	<u>2,441,749</u>	<u>(17,539)</u>
Street maintenance:			
Personnel services	512,885	498,591	14,294
Services	3,915	3,484	431
Supplies	57,050	84,038	(26,988)
Repairs and maintenance	64,580	96,849	(32,269)
Capital outlay	<u>66,500</u>	<u>60,882</u>	<u>5,618</u>
Total street maintenance	<u>704,930</u>	<u>743,844</u>	<u>(38,914)</u>

(continued)

CITY OF DEER PARK, TEXAS

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
PUBLIC WORKS (Continued)			
Fleet maintenance:			
Personnel services	\$ 374,975	\$ 372,245	\$ 2,730
Services	6,290	3,619	2,671
Supplies	57,050	41,914	15,136
Repairs and maintenance	33,300	7,208	26,092
Capital outlay	<u>31,500</u>	<u>103,330</u>	<u>(71,830)</u>
Total fleet maintenance	<u>503,115</u>	<u>528,316</u>	<u>(25,201)</u>
Humane division:			
Personnel services	155,155	159,038	(3,883)
Services	1,495	1,128	367
Supplies	35,250	22,815	12,435
Repairs and maintenance	1,650	897	753
Capital outlay	<u>26,000</u>	<u>43,180</u>	<u>(17,180)</u>
Total humane division	<u>219,550</u>	<u>227,058</u>	<u>(7,508)</u>
Total public works	<u>4,416,045</u>	<u>4,464,459</u>	<u>(48,414)</u>
PUBLIC SAFETY			
Police:			
Personnel services	4,683,050	4,739,619	(56,569)
Services	134,823	116,819	18,004
Supplies	252,760	287,036	(34,276)
Repairs and maintenance	140,389	136,371	4,018
Capital outlay	<u>100,352</u>	<u>93,874</u>	<u>6,478</u>
Total police	<u>5,311,374</u>	<u>5,373,719</u>	<u>(62,345)</u>
Emergency management:			
Services	20,800	16,010	4,790
Supplies	7,205	6,408	797
Repairs and maintenance	10,600	10,719	(119)
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total emergency management	<u>38,605</u>	<u>33,137</u>	<u>5,468</u>

(continued)

CITY OF DEER PARK, TEXAS

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
PUBLIC SAFETY (Continued)			
Fire department:			
Personnel services	\$ 420,125	\$ 391,591	\$ 28,534
Services	135,920	132,904	3,016
Supplies	255,791	288,949	(33,158)
Repairs and maintenance	102,000	183,502	(81,502)
Capital outlay	<u>136,500</u>	<u>1,031,178</u>	<u>(894,678)</u>
Total fire department	<u>1,050,336</u>	<u>2,028,124</u>	<u>(977,788)</u>
Ambulance:			
Services	154,380	47,761	106,619
Supplies	111,450	118,110	(6,660)
Repairs and maintenance	20,555	26,637	(6,082)
Capital outlay	<u>100,730</u>	<u>90,710</u>	<u>10,020</u>
Total ambulance	<u>387,115</u>	<u>283,218</u>	<u>103,897</u>
Fire marshal:			
Services	46,000	47,022	(1,022)
Supplies	10,630	7,262	3,368
Repairs and maintenance	<u>1,950</u>	<u>2,338</u>	<u>(388)</u>
Total fire marshal	<u>58,580</u>	<u>56,622</u>	<u>1,958</u>
Total public safety	<u>6,846,010</u>	<u>7,774,820</u>	<u>(928,810)</u>
PARKS AND RECREATION			
Golf course maintenance:			
Services	419,400	411,394	8,006
Supplies	41,000	50,753	(9,753)
Repairs and maintenance	<u>171,000</u>	<u>167,974</u>	<u>3,026</u>
Total golf course maintenance	<u>631,400</u>	<u>630,121</u>	<u>1,279</u>

(continued)

CITY OF DEER PARK, TEXAS

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
PARKS AND RECREATION (Continued)			
Clubhouse:			
Personnel services	\$ 352,990	\$ 398,411	\$(45,421)
Services	90,500	112,430	(21,930)
Supplies	21,600	29,968	(8,368)
Repairs and maintenance	38,350	54,698	(16,348)
Other	130,000	126,131	3,869
Capital outlay	-	12,499	(12,499)
Total clubhouse	<u>633,440</u>	<u>734,137</u>	<u>(100,697)</u>
Restaurant:			
Personnel services	208,575	205,897	2,678
Services	29,650	59,298	(29,648)
Supplies	211,100	336,728	(125,628)
Repairs and maintenance	2,500	1,196	1,304
Total restaurant	<u>451,825</u>	<u>603,119</u>	<u>(151,294)</u>
Total parks and recreation	<u>1,716,665</u>	<u>1,967,377</u>	<u>(250,712)</u>
DEBT SERVICE			
Principal	748,368	575,319	173,049
Interest	58,553	58,553	-
Total debt service	<u>806,921</u>	<u>633,872</u>	<u>173,049</u>
Total expenditures	<u>28,887,828</u>	<u>31,001,636</u>	<u>(2,113,808)</u>
SUMMARY BY OBJECT			
Personnel services	17,776,945	17,325,847	451,098
Services	5,299,919	5,250,694	49,225
Supplies	2,353,741	2,658,153	(304,412)
Repairs and maintenance	1,242,049	1,582,755	(340,706)
Other operating expenditures	380,000	136,798	243,202
Debt service	806,921	633,872	173,049
Capital outlay	1,008,348	3,413,517	(2,405,169)
Total	<u>\$ 28,867,923</u>	<u>\$ 31,001,636</u>	<u>\$(2,133,713)</u>

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, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Taxes:			
Property	\$ 2,565,000	\$ 3,202,606	\$ 637,606
Industrial district	315,000	315,000	-
Investment earnings	<u>70,000</u>	<u>64,498</u>	<u>(5,502)</u>
Total revenues	<u>2,950,000</u>	<u>3,582,104</u>	<u>632,104</u>
EXPENDITURES			
Debt service:			
Principal	1,850,000	1,850,000	-
Interest and other charges	<u>1,500,000</u>	<u>1,341,912</u>	<u>158,088</u>
Total expenditures	<u>3,350,000</u>	<u>3,191,912</u>	<u>158,088</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(400,000)</u>	<u>390,192</u>	<u>790,192</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term debt, net	4,540,000	4,540,000	-
Payments to escrow agents	<u>(4,557,262)</u>	<u>(4,557,262)</u>	-
Transfers in	<u>400,000</u>	<u>337,273</u>	<u>(62,727)</u>
Total other financing sources	<u>382,738</u>	<u>320,011</u>	<u>(62,727)</u>
NET CHANGE IN FUND BALANCE	<u>(17,262)</u>	710,203	727,465
FUND BALANCE, BEGINNING	<u>1,343,259</u>	<u>1,343,259</u>	-
FUND BALANCE, ENDING	<u>\$ 1,325,997</u>	<u>\$ 2,053,462</u>	<u>\$ 727,465</u>

CITY OF DEER PARK, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

HOTEL OCCUPANCY TAX FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Hotel/motel taxes	\$ 300,000	\$ 334,112	\$ 34,112
Total revenues	<u>300,000</u>	<u>334,112</u>	<u>34,112</u>
EXPENDITURES			
Current:			
Community development	<u>300,000</u>	<u>164,697</u>	<u>135,303</u>
Total expenditures	<u>300,000</u>	<u>164,697</u>	<u>135,303</u>
NET CHANGE IN FUND BALANCE	-	169,415	169,415
FUND BALANCE, BEGINNING	<u>412,889</u>	<u>412,889</u>	-
FUND BALANCE, ENDING	<u>\$ 412,889</u>	<u>\$ 582,304</u>	<u>\$ 169,415</u>

STATISTICAL SECTION

This part of the City of Deer Park, Texas' 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 These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	71
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	77
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	81
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	87
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	89

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Note: The City's largest own source revenue is tax revenue from the industrial district. However, the prior year information required is presently unavailable. The City is working diligently to gather the required information. The City is showing the relevant statistical data for their second largest own source revenue, which is property taxes.

CITY OF DEER PARK, TEXAS

NET ASSETS BY COMPONENT

LAST SIX FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Governmental activities:						
Invested in capital assets, net of related debt	\$ 12,629,534	\$ 17,136,716	\$ 18,087,330	\$ 23,422,416	\$ 23,625,083	\$ 28,350,164
Restricted	5,104,167	1,912,492	1,888,554	2,448,995	2,850,158	3,460,684
Unrestricted	<u>2,182,807</u>	<u>1,952,988</u>	<u>3,271,660</u>	<u>4,811,771</u>	<u>9,701,580</u>	<u>13,373,367</u>
Total governmental activities net assets	<u>\$ 19,916,508</u>	<u>\$ 21,002,196</u>	<u>\$ 23,247,544</u>	<u>\$ 30,683,182</u>	<u>\$ 36,176,821</u>	<u>\$ 45,184,215</u>
Business-type activities:						
Invested in capital assets, net of related debt	\$ 8,319,157	\$ 13,692,529	\$ 15,061,049	\$ 10,654,013	\$ 11,447,994	\$ 11,928,085
Unrestricted	<u>11,333,992</u>	<u>5,682,234</u>	<u>4,597,501</u>	<u>4,052,406</u>	<u>3,159,901</u>	<u>3,027,361</u>
Total business-type activities net assets	<u>\$ 19,653,149</u>	<u>\$ 19,374,763</u>	<u>\$ 19,658,550</u>	<u>\$ 14,706,419</u>	<u>\$ 14,607,895</u>	<u>\$ 14,955,446</u>
Primary government:						
Invested in capital assets, net of related debt	\$ 20,948,691	\$ 30,829,245	\$ 33,148,379	\$ 34,076,429	\$ 35,073,077	\$ 40,278,249
Restricted	5,104,167	1,912,492	1,888,554	2,448,995	2,850,158	3,460,684
Unrestricted	<u>13,516,799</u>	<u>7,635,222</u>	<u>7,869,161</u>	<u>8,864,177</u>	<u>12,861,481</u>	<u>16,400,728</u>
Total primary government net assets	<u>\$ 39,569,657</u>	<u>\$ 40,376,959</u>	<u>\$ 42,906,094</u>	<u>\$ 45,389,601</u>	<u>\$ 50,784,716</u>	<u>\$ 60,139,661</u>

Note:

The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

CITY OF DEER PARK, TEXAS

CHANGES IN NET ASSETS

LAST SIX FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year					
	2003	2004	2005	2006*	2007	2008
EXPENSES						
Governmental activities:						
General government	\$ 6,923,904	\$ 7,284,490	\$ 7,529,534	\$ 8,373,235	\$ 8,846,111	\$ 9,470,146
Public safety	5,261,918	5,404,921	5,877,232	6,252,445	6,885,057	7,921,413
Public works	4,163,713	4,357,156	4,507,203	5,259,922	6,297,724	5,332,621
Parks and recreation	-	-	-	2,148,365	2,121,981	2,092,772
Community development	4,582,281	4,710,933	4,602,280	4,933,184	5,280,164	6,486,732
Interest on long-term debt	1,291,022	1,236,950	1,287,617	1,355,043	1,168,616	1,482,204
Total governmental activities expenses	22,222,838	22,994,450	23,803,866	28,322,194	30,599,653	32,785,888
Business-type activities:						
Water and sewer	6,181,061	6,073,686	6,274,817	7,099,200	6,996,091	7,168,771
Golf course	2,392,797	2,171,892	2,162,330	-	-	-
Total business-type activities expenses	8,573,858	8,245,578	8,437,147	7,099,200	6,996,091	7,168,771
Total primary government program expenses	\$ 30,796,696	\$ 31,240,028	\$ 32,241,013	\$ 35,421,394	\$ 37,595,744	\$ 39,954,659
PROGRAM REVENUES						
Governmental activities:						
Charges for services:						
General government	\$ 74,059	\$ 913,865	\$ 993,383	\$ 730,882	\$ 726,640	\$ 941,187
Public safety	887,620	831,667	856,307	944,397	1,260,784	1,485,861
Public works	489,025	257,997	238,526	273,095	299,569	340,962
Parks and recreation	-	-	-	1,649,563	1,645,628	1,901,120
Community development	761,762	195,720	334,666	-	-	-
Operating grants and contributions	607,761	426,219	719,134	168,513	201,151	732,275
Capital grants and contributions	-	15,034	7,478	-	-	-
Total governmental activities program revenues	2,820,227	2,640,502	3,149,494	3,766,450	4,133,772	5,401,405
Business-type activities:						
Charges for services:						
Water and sewer	6,500,856	6,524,697	7,204,119	7,396,257	7,126,559	7,497,682
Golf course	1,519,757	1,358,566	1,100,002	-	-	-
Total business-type activities program revenues	8,020,613	7,883,263	8,304,121	7,396,257	7,126,559	7,497,682
Total primary government program revenues	\$ 10,840,840	\$ 10,523,765	\$ 11,453,615	\$ 11,162,707	\$ 11,260,331	\$ 12,899,087

(continued)

TABLE 2

CITY OF DEER PARK, TEXAS
CHANGES IN NET ASSETS
(Continued)
LAST SIX FISCAL YEARS

	Fiscal Year					
	2003	2004	2005	2006*	2007	2008
NET (EXPENSE) REVENUES						
Governmental activities	\$(19,402,611)	\$(20,353,948)	\$(20,654,372)	\$(24,555,744)	\$(26,465,881)	\$(27,384,483)
Business-type activities	(553,245)	(362,315)	(133,026)	297,057	130,468	328,911
Total primary government net expense	(19,955,856)	(20,716,263)	(20,787,398)	(24,258,687)	(26,335,413)	(27,055,572)
GENERAL REVENUES AND OTHER						
CHANGES IN NET ASSETS						
Governmental activities:						
Taxes						
Property	8,268,017	7,664,017	8,320,136	9,062,891	9,757,032	11,292,933
Industrial district	8,245,153	8,877,754	9,450,425	10,975,837	14,428,111	16,185,476
Franchise	1,664,306	1,595,409	1,687,079	1,718,725	1,668,001	1,839,383
Sales and use	2,165,812	2,565,923	2,862,023	3,272,524	3,715,143	4,109,314
Hotel occupancy	63,713	148,389	203,217	240,612	277,471	334,112
Investment earnings	152,260	460,207	399,782	798,037	1,084,019	906,857
Miscellaneous	59,213	128,104	266,466	476,569	616,253	439,524
Transfers	(3,499,131)	(167)	(289,408)	437,816	413,490	73,914
Total governmental activities	17,119,343	21,439,636	22,899,720	26,983,011	31,959,520	35,181,513
Business-type activities:						
Investment earnings	156,778	83,762	127,405	196,999	184,498	92,554
Transfers	3,499,131	167	289,408	(437,816)	(413,490)	(73,914)
Total business-type activities	3,655,909	83,929	416,813	(240,817)	(228,992)	18,640
Total primary government	20,775,252	21,523,565	23,316,533	26,742,194	31,730,528	35,200,153
CHANGE IN NET ASSETS						
Governmental activities	(2,283,268)	1,085,688	2,245,348	2,427,267	5,493,639	7,797,030
Business-type activities	3,102,664	(278,386)	283,787	56,240	(98,524)	347,551
Total primary government	\$ 819,396	\$ 807,302	\$ 2,529,135	\$ 2,483,507	\$ 5,395,115	\$ 8,144,581

Notes:

The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

* The City moved the golf course into the General Fund beginning in fiscal year 2006. It was an Enterprise Fund in past reporting years.

CITY OF DEER PARK, TEXAS

FUND BALANCES
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General fund										
Reserved	\$ 1,514,655	\$ 2,499,185	\$ 2,967,945	\$ 3,445,575	\$ 225,114	\$ 111,410	\$ 121,679	\$ 197,462	\$ 190,484	\$ 271,282
Unreserved	1,861,635	1,222,759	1,854,641	1,926,763	1,663,978	1,935,060	2,927,924	4,280,006	9,255,848	11,715,534
Total general fund	\$ 3,376,290	\$ 3,721,944	\$ 4,822,586	\$ 5,372,338	\$ 1,889,092	\$ 2,046,470	\$ 3,049,603	\$ 4,477,468	\$ 9,446,332	\$ 11,986,816
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service funds	928,659	1,043,433	1,267,159	1,345,395	1,049,345	1,014,631	1,026,306	1,282,720	1,343,259	2,053,462
Unreserved, reported in:										
Special revenue funds	-	50,054	240,328	433,992	1,427,165	496,432	688,671	960,021	1,337,703	1,339,195
Capital projects funds	471,964	409,677	7,884,056	6,855,104	2,647,392	559,154	8,859,792	6,979,305	4,359,127	12,099,991
Debt service funds	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 1,400,623	\$ 1,503,164	\$ 9,391,543	\$ 8,634,491	\$ 5,123,902	\$ 2,070,217	\$ 10,574,769	\$ 9,222,046	\$ 7,040,089	\$ 15,492,648

Note: The substantial increase in reserved fund balance in 2002, 2003, and 2005 is explained in Management's Discussion and Analysis.

CITY OF DEER PARK, TEXAS

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDSLAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	1999	2000 *	2001	2002	2003**	2004***	2005	2006****	2007	2008
REVENUES										
Taxes	\$ 15,804,428	\$ 16,296,367	\$ 18,382,646	20,648,402	\$ 20,496,612	\$ 20,953,802	\$ 22,517,235	\$ 25,230,868	\$ 29,935,611	\$ 33,749,045
Licenses and permits	-	-	-	-	-	388,412	402,108	452,092	384,435	470,155
Fines and penalties	440,540	454,331	491,005	365,844	438,810	565,297	589,176	482,656	786,887	997,669
Charges for services	1,028,169	1,409,553	1,156,136	1,270,640	1,266,925	1,254,900	1,310,706	2,657,807	2,746,918	3,048,303
Special assessments	555,905	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	601,414	447,270	402,215	160,548	207,765	862,631
Investment earnings	215,943	304,332	400,695	257,206	152,261	92,969	393,802	798,037	1,084,019	906,857
Other revenues	83,362	284,667	575,887	1,445,543	536,093	440,966	670,749	476,569	616,253	439,524
Total revenues	18,128,347	18,749,250	21,006,369	23,987,635	23,492,115	24,143,616	26,285,991	30,258,577	35,761,888	40,474,184
EXPENDITURES										
General government	5,534,096	5,455,974	5,712,762	6,458,463	6,859,807	7,202,073	7,355,326	8,203,956	8,679,456	9,318,538
Community development	3,041,031	3,273,346	3,562,908	3,764,389	4,510,591	4,560,205	4,423,327	4,830,599	5,173,478	5,884,062
Public works	2,687,756	2,703,056	3,866,372	3,033,972	3,238,749	3,397,297	3,458,603	4,150,623	5,046,305	4,064,345
Parks and recreation	-	-	-	-	-	-	-	1,701,193	1,625,298	1,954,878
Public safety	4,043,469	4,514,135	4,265,740	4,502,061	5,161,513	5,080,277	5,479,772	5,914,796	6,459,075	7,413,815
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	1,268,393	1,199,051	2,702,957	1,878,196	1,352,514	2,353,827	1,427,443	1,360,156	2,427,894	2,441,398
Interest	1,415,000	1,674,681	349,373	1,812,421	2,306,169	1,236,950	2,502,449	2,388,435	1,185,640	1,640,406
Capital outlay	1,021,509	818,197	888,673	3,280,554	3,557,476	4,173,239	1,313,948	2,780,356	3,542,429	7,794,339
Total expenditures	19,011,254	19,638,440	21,348,785	24,730,056	26,986,819	28,003,868	25,960,868	31,330,114	34,139,575	40,511,781

(continued)

CITY OF DEER PARK, TEXAS
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
(Continued)
LAST TEN FISCAL YEARS

	Fiscal Year									
	1999	2000 *	2001	2002	2003**	2004***	2005	2006****	2007	2008
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (882,907)	\$ (889,190)	\$ (342,416)	\$ (742,421)	\$ (3,494,704)	\$ (3,860,252)	\$ 325,123	\$ (1,071,537)	\$ 1,622,313	\$ (37,597)
OTHER FINANCING SOURCES (USES)										14,305,000
Proceeds from long-term										
Proceeds from the issuance of debt	-	751,571	8,435,844	-	-	964,111	9,349,162	568,307	-	-
Proceeds from capital leases	-	-	-	-	-	-	-	-	751,104	947,434
Refunding bonds issued	-	-	-	-	-	-	4,670,000	-	-	-
Premium on issuance of bonds	-	-	-	-	-	-	170,439	-	-	261,555
Payments to escrow account	-	-	-	-	-	-	-	-	-	(4,557,262)
Payment to bond refunding escrow agent	-	-	-	-	-	-	(4,717,631)	-	-	-
Transfers in	989,353	830,414	803,570	678,979	824,009	936,351	635,920	1,000,141	835,855	2,921,623
Transfers out	(318,458)	(246,284)	(243,998)	(143,858)	(4,323,140)	(936,517)	(925,328)	(562,325)	(422,365)	(2,847,709)
Total other financing sources (uses)	670,895	1,335,701	8,995,416	535,121	(3,499,131)	963,945	9,182,562	1,006,123	1,164,594	11,030,641
NET CHANGE IN FUND BALANCES	\$ (212,012)	\$ 446,511	\$ 8,653,000	\$ (207,300)	\$ (6,993,835)	\$ (2,896,307)	\$ 9,507,685	\$ (65,414)	\$ 2,786,907	\$ 10,993,044
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	14.9%	15.3%	14.9%	17.2%	15.6%	15.1%	15.9%	13.1%	11.8%	12.5%

Notes:

* Special assessments were discontinued after fiscal year 1999.

** Intergovernmental revenue became a separate revenue line in fiscal year 2003.

*** Licenses and permits became a separate line item in FY 2004.

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

CITY OF DEER PARK, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Less: Tax-exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
1999	\$ 661,248,170	\$ 349,301,330	\$ 820,995,840	\$ 216,229,160	\$ 1,615,316,180	\$ 0.70	\$ 11,307,213
2000	699,979,220	354,580,800	798,569,480	227,111,280	1,626,018,220	0.70	11,382,128
2001	766,459,630	399,279,750	837,070,270	239,226,520	1,763,583,130	0.70	12,345,082
2002	842,528,540	328,631,100	18,760,660	221,287,360	968,632,940	0.70	6,780,431
2003	887,070,640	351,783,020	30,213,570	249,038,320	1,020,028,910	0.699	7,130,002
2004	946,883,030	369,251,280	33,952,320	267,884,940	1,082,201,690	0.70	7,575,412
2005	990,263,860	395,216,480	31,934,010	270,600,710	1,146,813,640	0.72	8,257,058
2006	1,058,375,190	576,558,105	26,918,080	432,200,585	1,229,650,790	0.72	8,853,486
2007	1,137,850,873	562,065,036	110,248,289	453,353,254	1,356,810,944	0.72	9,769,039
2008	1,244,699,984	705,981,148	88,869,368	491,174,863	1,548,375,637	0.72	10,916,048

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

Notes: Harris County Appraisal District reappraises property every odd year. Tax rates are per \$100 of value. Assessed values are multiplied by the tax rate, divided by 100 which equals the tax levy.

During fiscal year 2002, the City entered into contractual agreements with 21 separate companies that lie within the City's extraterritorial jurisdiction. These companies now remit payments in lieu of taxes or industrial district revenues.

CITY OF DEER PARK, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

Fiscal Year	City Direct Rates			Overlapping Rates		
	Basic Rate	General Obligation Debt Service	Total Direct Rate	Deer Park Independent School District	La Porte Independent School District	San Jacinto Community College District
1999	0.5480	0.1520	0.7000	1.5800	1.6100	0.11000
2000	0.5540	0.1460	0.7000	1.6250	1.6100	0.12600
2001	0.5540	0.1460	0.7000	1.6900	1.6300	0.13070
2002	0.5540	0.1460	0.7000	1.6898	1.6300	0.13070
2003	0.5540	0.1450	0.6990	1.8035	1.6800	0.13070
2004	0.5540	0.1460	0.7000	1.8071	1.6800	0.13913
2005	0.5540	0.1660	0.7200	1.8055	1.7340	0.13913
2006	0.5400	0.1800	0.7200	1.81	1.7335	0.14536
2007	0.5400	0.1800	0.7200	1.66	1.6350	0.14537
2008	0.5110	0.2090	0.7200	1.34	1.3250	0.16341

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

Notes: The City's basic property tax rate may be increased only by a majority vote of the City's residents. Rates for debt service are set based on each year's requirements.

Overlapping rates are those of local and county governments that apply to property owners within the City of Deer Park, Texas. All overlapping rates apply to all City of Deer Park property owners.

During fiscal year 2002, the City entered into contractual agreements with 21 separate industrial companies that lie within the City's extraterritorial jurisdiction. These companies now remit payments in lieu of taxes or industrial district revenues.

TABLE 7

CITY OF DEER PARK, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2008		1999	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Hydrochem Industrial	\$ 17,235,195	1.1%	\$ -	- %
Centerpoint Energy	16,564,012	1.1%	-	- %
Wal-Mart	15,644,558	1.0%	-	- %
The Musgrave-Groham	14,824,085	1.0%	-	- %
ITCR Deer Park LTD Partnership	12,806,376	0.8%	-	- %
GSL Construction LTD	11,594,223	0.7%	-	- %
Clay Dev. & Construction	11,366,429	0.7%	-	- %
Dow Chemical	10,928,760	0.7%	-	- %
Schwant's Global Supply	10,774,990	0.7%	-	- %
Hertz Equipment Rental	8,979,083	6.0%	-	- %
Shell Oil and Chemical	-	- %	428,628,790	26.5%
Rohm and Haas	-	- %	234,991,300	14.5%
Occidental Chemical	-	- %	71,895,150	4.5%
Lubrizol	-	- %	51,520,880	3.2%
Laidlaw Environmental	-	- %	26,761,590	1.7%
Southwestern Bell	-	- %	13,713,580	0.8%
Global Octane	-	- %	12,964,470	0.8%
Disposal Systems	-	- %	12,350,640	0.8%
Rohm & Hass Lone Star	-	- %	11,860,280	0.7%
Hampshire Chemical	-	- %	11,337,000	0.7%
Total	\$ 130,717,711	13.8%	\$ 876,023,680	54.2%

Note: During fiscal year 2002, the City entered into contractual agreements with 21 separate industrial companies that lie within the City's extraterritorial jurisdiction. These companies now remit payments in lieu of taxes or industrial district revenues.

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

CITY OF DEER PARK, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended	Taxes Levied for the Fiscal Year	Collected With the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	\$ 11,310,994	\$ 11,215,908	99.16%	\$ 66,610	\$ 11,282,518	99.75%
2000	12,930,865	12,786,300	98.88%	106,333	12,892,633	99.70%
2001	14,705,403	14,229,879	96.77%	174,651	14,404,530	97.95%
2002	6,775,917	6,686,068	98.67%	98,481	6,784,549	100.13%
2003	7,146,816	6,966,991	97.48%	216,387	7,183,378	100.51%
2004	7,578,875	7,492,634	98.86%	195,489	7,688,123	101.44%
2005	8,247,625	8,116,766	98.41%	118,603	8,235,369	99.85%
2006	8,860,495	8,720,758	98.42%	-	8,720,758	98.42%
2007	9,769,039	9,563,436	97.90%	-	9,563,436	97.90%
2008	11,172,300	10,973,053	98.22%	-	10,973,053	98.22%

Note: During fiscal year 2002, the City entered into contractual agreements with 21 separate industrial companies that lie within the City's extraterritorial jurisdiction. These companies now remit payments in lieu of taxes or industrial district revenues.

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

CITY OF DEER PARK, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Obligation	Water Revenue Bonds	Capital Leases			
1999	\$ 16,545,000	\$ 4,500,000	\$ 7,725,000	\$ -	\$ 28,770,000	- %	\$ 895
2000	15,390,000	4,275,000	10,240,000	-	30,939,895	- %	924
2001	22,660,000	4,050,000	9,605,000	187,246	37,261,791	- %	1,112
2002	21,080,000	3,825,000	8,970,000	140,389	35,279,744	- %	1,053
2003	19,485,000	3,600,000	22,430,000	51,312	46,506,377	- %	1,625
2004	17,865,000	3,375,000	18,500,000	40,043	40,250,955	- %	1,372
2005	25,535,000	3,150,000	17,270,000	10,645	47,039,777	- %	1,571
2006	23,875,000	2,925,000	16,045,000	-	43,994,649	- %	1,469
2007	22,205,000	2,700,000	14,825,000	-	41,055,293	- %	1,371
2008	30,590,000	2,300,000	13,610,000	-	48,195,189	- %	1,578

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

See Table 14 for and personal income and population data.

CITY OF DEER PARK, TEXAS

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total		
1999	\$ 16,545,000	\$ 928,559	\$ 15,616,441	0.97%	\$ 486
2000	15,390,000	1,043,433	14,346,567	0.88%	428
2001	22,660,000	1,267,159	21,392,841	1.21%	639
2002	21,080,000	1,345,395	19,734,605	2.04%	589
2003	19,485,000	1,049,345	18,435,655	1.81%	644
2004	17,865,000	1,014,631	16,850,369	1.56%	574
2005	25,535,000	1,026,306	24,508,694	2.14%	818
2006	23,875,000	1,282,720	22,592,280	1.84%	754
2007	24,905,000	1,343,259	23,561,741	1.92%	787
2008	30,590,000	2,053,462	28,536,538	1.84%	934

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

See Table 5 for property value data.

Population data can be found in Table 14.

During fiscal year 2002, the City entered into contractual agreements with 21 separate industrial companies that lie within the City's extraterritorial jurisdiction. These companies now remit payments in lieu of taxes or industrial district revenues.

CITY OF DEER PARK, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2008

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes:			
Deer Park Independent School District	\$ 179,255,000	21.82%	\$ 39,113,441
Harris County	2,290,251,222	0.62%	14,199,558
Harris County Department of Education	20,715,000	0.62%	128,433
Harris County Flood Control District	108,980,834	0.62%	675,681
Harris County Hospital District	317,911,000	0.62%	1,971,048
LaPorte Independent School District	186,870,000	5.23%	9,773,301
Port of Houston	563,015,000	0.62%	3,490,693
San Jacinto Community College District	145,950,000	4.20%	6,129,900
Subtotal overlapping debt			75,482,055
City direct debt	30,590,000		<u>30,590,000</u>
Total direct and overlapping debt			<u>\$ 106,072,055</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Harris County Appraisal District and Assessment Debt outstanding data provided by each governmental unit.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Deer Park. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses 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 OF DEER PARK, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year				
	1999	2000	2001	2002	2003
Debt limit	\$ 161,585,631	\$ 161,638,897	\$ 176,418,728	\$ 96,792,709	\$ 102,278,973
Total net debt applicable to limit	<u>20,116,341</u>	<u>18,621,567</u>	<u>25,442,841</u>	<u>23,559,605</u>	<u>22,035,655</u>
Legal debt margin	<u>\$ 141,469,290</u>	<u>\$ 143,017,330</u>	<u>\$ 150,975,887</u>	<u>\$ 73,233,104</u>	<u>\$ 80,243,318</u>
Total net debt applicable to the limit as a percentage of debt limit.	12.45%	11.52%	14.42%	24.34%	21.54%

Note:
Under state finance law, the City's outstanding general obligation debt should not exceed 10 percent of total assessed property value.

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed value	\$ 1,548,375,637
Debt limit (10% of assessed value)	154,837,564
Debt applicable to limit:	
General obligation bonds	30,590,000
Less: Amount set aside for repayment of general obligation debt	<u>2,053,462</u>
Total net debt applicable to limit	<u>28,536,538</u>
 Legal debt margin	 <u>\$ 126,301,026</u>

Fiscal Year				
<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 108,201,316	\$ 114,491,670	\$ 107,097,120	\$ 112,119,353	\$ 126,301,026
<u>20,225,369</u>	<u>27,670,882</u>	<u>25,517,280</u>	<u>23,561,741</u>	<u>28,536,538</u>
<u>\$ 87,975,947</u>	<u>\$ 86,820,788</u>	<u>\$ 81,579,840</u>	<u>\$ 88,557,612</u>	<u>\$ 97,764,488</u>
18.69%	24.17%	23.83%	21.01%	22.59%

CITY OF DEER PARK, TEXAS

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

Fiscal Year	Water Revenue Bonds					Coverage
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
1999	\$ 5,911,120	\$ 4,675,902	\$ 1,235,218	\$ 485,000	\$ 356,399	1.468
2000	6,940,976	4,865,727	2,075,249	635,000	525,843	1.788
2001	6,213,147	5,665,961	547,186	635,000	472,882	0.494
2002	6,213,147	4,795,303	1,417,844	681,857	428,431	1.277
2003	6,657,634	5,486,421	1,171,213	684,034	694,640	0.850
2004	6,608,459	5,282,749	1,325,710	686,312	790,937	0.897
2005	7,331,524	5,546,425	1,785,099	675,043	728,392	1.272
2006	7,396,257	5,146,645	2,249,612	635,000	734,023	1.643
2007	7,126,559	5,122,467	2,004,092	721,516	643,892	1.468
2008	7,497,682	5,327,121	2,170,561	1,215,000	645,008	1.167

Notes: Details regarding the City's outstanding debt can be found in the note to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

CITY OF DEER PARK, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
1999	32,150	N/A	N/A	4.5%
2000	33,500	N/A	N/A	3.5%
2001	33,500	N/A	N/A	5.3%
2002	33,500	N/A	N/A	6.1%
2003	28,612	N/A	N/A	6.2%
2004	29,341	N/A	N/A	5.9%
2005	29,946	N/A	N/A	5.4%
2006	29,946	N/A	N/A	4.1%
2007	29,946	N/A	\$29,129	4.4%
2008	30,544	\$61,082	\$29,129	5.6%

Note: The information for personal income and per capita personal income is not available for years 1999 through 2006.

CITY OF DEER PARK, TEXAS

PRINCIPAL EMPLOYERS

CURRENT AND NINE YEARS AGO

Employer	2008		1999	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Shell	1,750	10.57%	N/A	- %
Rohm and Hass	748	4.52%	N/A	- %
Lubrizol	445	2.69%	N/A	- %
Clean Harbors	258	1.56%	N/A	- %
Minh Foods Inc.	235	1.42%	N/A	- %
Oxy Vinyl	226	1.36%	N/A	- %
Intercontinental Terminals (ITR)	211	1.27%	N/A	- %
Vopak	183	1.11%	N/A	- %
Hexion	159	0.96%	N/A	- %
Delta Chemicals	150	0.91%	N/A	- %
Total	<u>4,365</u>	<u>26.36%</u>		

Note: The top ten principal employers' information from nine years ago is not available.

Source: Texas Workforce Commission

CITY OF DEER PARK, TEXAS
FULLTIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fulltime Equivalent Employees as of June 30,									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government										
Management services	2	2	2	2	2	2	2	2	4	2
Finance	5	5	6	6	6	6	6	7	7	11
Planning	9	9	10	10	10	11	10	11	11	10
Other	12	19	15	14	14	14	15	15	13	10
Police										
Officers	48	54	53	53	54	52	52	56	57	51
Civilians	17	15	16	16	16	21	24	22	22	25
Fire										
Firefighters and officers*	-	-	-	-	-	-	-	-	-	-
Civilians	4	5	5	5	5	5	5	5	5	6
Refuse collection	20	20	22	22	21	21	23	21	24	20
Other public works										
Engineering	3	3	3	4	4	4	4	5	6	5
Other	20	20	20	20	21	21	30	27	34	23
Golf operations	17	16	16	17	17	17	17	17	8	7
Parks and recreation	39	40	41	42	41	41	42	46	51	48
Library	9	9	9	9	9	9	9	9	9	10
Water	22	23	23	22	24	23	23	25	26	17
Wastewater	14	14	14	14	13	13	13	15	13	11
Total	<u>241</u>	<u>254</u>	<u>255</u>	<u>256</u>	<u>257</u>	<u>260</u>	<u>275</u>	<u>283</u>	<u>290</u>	<u>256</u>

Source: City Budget

Notes: A fulltime employee is scheduled to work 2080 hours per year (including vacation and sick leave). Fulltime equivalent employment is calculated by dividing total labor hours by 52.

* The City has an all volunteer fire department.

CITY OF DEER PARK, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government ^a										
Building permits issued	N/A	N/A	N/A	N/A	483	614	704	685	584	598
Building inspections conducted	N/A	N/A	N/A	N/A	6,762	8,596	9,856	9,590	8,176	8,372
Police ^b										
Physical arrests	1,370	1,364	1,653	1,743	2,077	1,919	1,773	2,682	2,559	2,637
Parking violations	N/A	N/A	N/A	N/A	N/A	43	34	31	19	18
Traffic violations	5,610	6,319	5,080	4,678	5,832	7,522	7,117	5,497	11,647	10,167
Fire ^c										
Emergency responses	951	1,126	1,309	1,251	1,368	1,443	1,613	1,734	1,871	1,992
Fires extinguished	197	191	250	208	188	186	228	206	326	418
Inspections	N/A	N/A	N/A	N/A	650	803	669	702	-	-
Refuse collection ^c										
Refuse collected (tons per day)	N/A	N/A	N/A	91	94	112	99	100	97	111
Recyclables collected (tons per day)	N/A	N/A	1	1	1	1	1	2	2	1
Street resurfacing (miles) ^d	0	0	0	0	0	0	0	0	0	0
Potholes repaired	N/A	27	49	29	32	34	18	14	35	45
Parks and recreation										
Community center admissions	191	202	183	194	208	215	230	250	429	500
Library										
Volumes in collection	103,348	67,551	68,551	70,541	71,053	74,223	77,454	80,353	81,072	82,386
Total volumes borrowed	181,080	161,950	185,591	181,486	180,968	191,332	179,834	168,196	158,973	169,395
Water										
New connections	70	242	35	192	455	251	481	337	240	114
Water main breaks	138	202	118	69	81	54	108	79	31	41
Average daily consumption (thousands of gallons)	3,586,833	3,545,250	3,482,000	3,400,937	3,518,703	3,532,290	3,739,577	3,676,567	3,661,000	3,900,000
Peak daily consumption (thousands of gallons)	5,808,000	5,808,000	5,370,000	5,391,000	6,175,000	5,606,000	6,638,000	5,517,000	5,279,000	6,086,000
Wastewater										
Average daily sewage treatment (thousands of gallons)	2,404	2,931	3,863	3,585	3,263	3,654	2,861	2,828	3,700	3,500

Source: Various City departments

Notes:

N/A - This information is currently not available.

a - Data not available until 2003.

b - N/A until new software in 2003.

c - Ton per day/residential and commercial - Hurricane Katrina

d - Majority of streets are concrete.

CITY OF DEER PARK, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	30	29	35	40	38	40	36	34	37	39
Fire										
Stations	2	2	2	2	2	2	2	2	2	3
Refuse collection										
Collection trucks	5	5	5	5	5	5	5	5	6	6
Other public works										
Streets (miles)	N/A	N/A	N/A	N/A	91	93	97	99	105	105
Streetlights	N/A	N/A	N/A	2,195	2195	2195	2,400	2,421	2,541	2,557
Traffic signals	N/A	N/A	N/A	40	40	40	40	42	43	43
Parks and recreation										
Acres	270	270	270	270	270	270	270	270	270	270
Playgrounds	17	17	17	17	17	17	17	17	17	17
Baseball/softball diamonds	18	18	18	18	18	18	18	18	16	16
Soccer/football fields	9	9	9	9	9	9	9	9	9	9
Community centers	6	6	6	6	7	7	7	7	7	7
Water										
Water lines (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	101	103	103
Fire hydrants	768	770	770	773	798	823	848	873	889	889
Storage capacity										
(three ground wells - 1 M gallons per)	3	3	3	3	3	3	3	3	3	3
(three elevated tanks - 5 M gallons per)	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
(two tanks - 1 M gallons per)	2	2	2	2	2	2	2	2	2	2
Wastewater										
Sanitary sewers (miles)	N/A	N/A	N/A	N/A	99	103	107	111	114	114
Storm sewers (miles)	N/A	N/A	N/A	N/A	54	55	59	60	61	62
Treatment capacity (millionx of gallons)	6	6	6	6	6	6	6	6	6	6

Source: Various City departments
 Line items with "N/A" - data not available due to record retention