

June 9, 2020
City Council
Regular Meeting
7:00 p.m.



AGENDA
City of Dickinson
CITY COUNCIL
REGULAR MEETING

June 9, 2020

NOTICE is hereby given of a **REGULAR MEETING** of the City Council for the City of Dickinson, County of Galveston, State of Texas, to be held on **Tuesday, June 9, 2020**, at **7:00 p.m.** at: 4403 Highway 3, Dickinson, Texas 77539 for the purpose of considering the following numbered items. The City Council of the City of Dickinson, Texas, reserves the right to meet in a closed session on any of the below items should the need arise and if applicable pursuant to authorization by Title 5, Chapter 551, of the Texas Government Code.

ITEM 1.) CALL TO ORDER AND CERTIFICATION OF A QUORUM

ITEM 2.) INVOCATION

ITEM 3.) PLEDGE OF ALLEGIANCE

ITEM 4.) PROCLAMATIONS

ITEM 5.) ANNOUNCEMENTS AND PRESENTATIONS:

A. Council Comments.

B. Fiscal Year 2018-2019 Audited Comprehensive Annual Financial Report and Federal Single Audit Report Prepared by Belt Harris Pechacek, LLLP, Certified Public Accountants.

ITEM 6.) REPORTS:

A. Update on Activities of the Dickinson Bayou Watershed Partnership (Council Member Decker).

ITEM 7.) PUBLIC COMMENTS: At this time, any person with city-related business may speak to the Council. In compliance with the Texas Open Meetings Act, The City Council may not deliberate. **Comments from the public should be limited to a maximum of three (3) minutes per individual speaker.**

ITEM 8.) CONSENT AGENDA: CONSIDERATION AND POSSIBLE ACTION:

The following items are considered routine by the City Council and will be enacted by one motion. There will not be a separate discussion on these items unless a Council member requests, in which event, the item will be removed from the consent agenda and discussed after the consent agenda.

A. Approval of the Minutes of the Regular Council Meeting of May 26, 2020.

B. Resolution Number XXX-2020 – **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DICKINSON, TEXAS, APPROVING THE SUBMISSION OF A GRANT APPLICATION FOR THE TSLAC FY2020**

ILL LENDING REIMBURSEMENT PROGRAM TO THE TEXAS STATE LIBRARY AND ARCHIVES COMMISSION; AND PROVIDING FOR INCORPORATION OF PREAMBLE AND AN EFFECTIVE DATE.

- C. Resolution Number XXX-2020 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DICKINSON, TEXAS, APPROVING THE SUBMISSION OF A GRANT APPLICATION FOR TSLAC CARES ACT GRANT; AND PROVIDING FOR INCORPORATION OF PREAMBLE AND AN EFFECTIVE DATE.

ITEM 9.) CONSIDERATION AND POSSIBLE ACTION CONCERNING: Ordinance Number XXX-2020 (Zoning Case SUP-20-0125) – AN ORDINANCE OF THE CITY OF DICKINSON, TEXAS, AMENDING THE COMPREHENSIVE ZONING ORDINANCE OF THE CITY, ORDINANCE NUMBER 420-2001, AS HERETOFORE AMENDED, TO GRANT SPECIFIC USE PERMIT NUMBER SUP-20-0125 ALLOWING THE APPLICANT TO USE THE PROPERTY FOR A BOAT SERVICE ESTABLISHMENT; SUCH PROPERTY BEING LEGALLY DESCRIBED AS ± 3.74 ACRES, ABSTRACT 78 R HALL SURVEY LOTS 7 & 8 ALL OF LOTS 9 & 10 TUDOR ADDN EXCEPT STRIP OFF S END FM 517, MORE COMMONLY KNOWN AS 5205 E. FM 517, IN THE CITY OF DICKINSON, GALVESTON COUNTY, TEXAS, PRESENTLY ZONED GENERAL COMMERCIAL (“GC”); PROVIDING FOR THE INCORPORATION OF PREAMBLE; DIRECTING A CHANGE ACCORDINGLY IN THE OFFICIAL ZONING MAP OF THE CITY; PROVIDING A PENALTY OF AN AMOUNT NOT TO EXCEED \$2,000 FOR EACH DAY OF VIOLATION HEREOF; AND PROVIDING A REPEALER CLAUSE, A SAVINGS CLAUSE, A SEVERABILITY CLAUSE AND AN EFFECTIVE DATE. (Second of Three Readings)

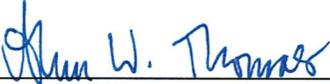
ITEM 10.) CONSIDERATION AND POSSIBLE ACTION CONCERNING: Ordinance Number XXX-2020 (Zoning Case SUP-20-0130) – AN ORDINANCE OF THE CITY OF DICKINSON, TEXAS, AMENDING THE COMPREHENSIVE ZONING ORDINANCE OF THE CITY, ORDINANCE NUMBER 420-2001, AS HERETOFORE AMENDED, TO GRANT SPECIFIC USE PERMIT NUMBER SUP-20-0130 ALLOWING THE APPLICANT TO USE THE PROPERTY FOR A BED AND BREAKFAST ESTABLISHMENT; SUCH PROPERTY BEING LEGALLY DESCRIBED AS ABSTRACT 19 PERRY & AUSTIN SURVEY PT OF LOTS 173 & 196 (1-2) DICKINSON ADDN D, ABST 19 PERRY & AUSTIN SUR PT OF LOTS 173 & 196 (7-3) DICKINSON ADDN D AKA TRACT G, ABST 19 PERRY & AUSTIN SUR PT OF LOT 173 (1-5) DICKINSON ADDN D AKA PT OF TRACT A, MORE COMMONLY KNOWN AS 3822 WATER STREET, IN THE CITY OF DICKINSON, GALVESTON COUNTY, TEXAS, PRESENTLY ZONED CONVENTIONAL RESIDENTIAL (“CR”); PROVIDING FOR THE INCORPORATION OF PREAMBLE; DIRECTING A CHANGE ACCORDINGLY IN THE OFFICIAL ZONING MAP OF THE CITY; PROVIDING A PENALTY OF AN AMOUNT NOT TO EXCEED \$2,000 FOR EACH DAY OF VIOLATION HEREOF; AND PROVIDING A

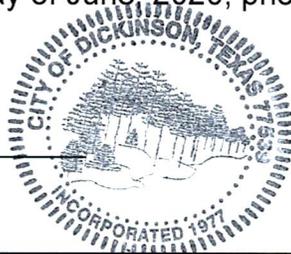
REPEALER CLAUSE, A SAVINGS CLAUSE, A SEVERABILITY CLAUSE AND AN EFFECTIVE DATE. (Second of Three Readings)

- ITEM 11.) CONSIDERATION AND POSSIBLE ACTION CONCERNING:** Ordinance Number XXX-2020 – **AN ORDINANCE OF THE CITY OF DICKINSON, TEXAS, DELETING ARTICLE V, FLOOD HAZARD AREAS, OF CHAPTER 14, PLANNING AND DEVELOPMENT, OF THE CODE OF ORDINANCES AND ADOPTING A NEW ARTICLE V, FLOOD DAMAGE PREVENTION AND PROTECTION, OF CHAPTER 14, PLANNING AND DEVELOPMENT OF THE CODE OF ORDINANCES; PROVIDING FOR THE INCORPORATION OF PREAMBLE; PROVIDING A PENALTY OF AN AMOUNT NOT TO EXCEED \$2,000 FOR EACH DAY OF VIOLATION HEREOF; AND PROVIDING A REPEALER CLAUSE, A SAVINGS CLAUSE, A SEVERABILITY CLAUSE AND AN EFFECTIVE DATE.** (First of Three Readings)
- ITEM 12.) BRIEFING, DISCUSSION AND DIRECTION CONCERNING:** Proposed Calendar and Process for Creating the FY2021 Budget.
- ITEM 13.) EXECUTIVE SESSION:** The City Council will now hold a closed executive meeting pursuant to the provision of Chapter 551, Government Code, Vernon's Texas Codes annotated, in accordance with the authority contained in:
- A. Section 551.071 – Consultation with Attorney regarding pending litigation and matters in which the duty of the City Attorney requires to be discussed in closed meeting.
- ITEM 14.) RECONVENE**
- ITEM 15.) CONSIDERATION AND POSSIBLE ACTION CONCERNING:** Matters Discussed in Executive Session.
- ITEM 16.) ADJOURN**

CERTIFICATION

This is to certify that a copy of the Notice of the Regular City Council meeting for **Tuesday, June 9, 2020**, was posted on the bulletin board at City Hall, 4403 Highway 3, Dickinson, Texas, on this the 4th day of June, 2020, prior to 7:00 p.m.


Alun W. Thomas, City Secretary



In compliance with the Americans with Disabilities Act, the City of Dickinson will provide reasonable accommodations for disabled persons attending City Council Meetings. Requests should be received at least 24 hours prior to the scheduled meeting, by contacting the City Secretary's office at 281-337-6217, or by FAX at 281-337-6190.

ITEM 1

**Call to Order and
Certification of a
Quorum**

**CITY OF DICKINSON, TEXAS
CITY COUNCIL MEETING
ATTENDANCE LIST**

**MEETING DATE: June 9, 2020
Regular Meeting**

<u>MAYOR/COUNCIL</u>	<u>PRESENT</u>	<u>ABSENT</u>
MAYOR JULIE MASTERS	_____	_____
POS. 1: COUNCILMEMBER CHARLES SUDERMAN	_____	_____
POS. 2: COUNCILMEMBER SEAN SKIPWORTH	_____	_____
POS. 3: COUNCILMEMBER WALTER WILSON	_____	_____
POS. 4: COUNCILMEMBER WALLY DEATS	_____	_____
POS. 5: COUNCILMEMBER LOUIS DECKER	_____	_____
POS. 6: COUNCILMEMBER WILLIAM KING	_____	_____
<u>ALSO IN ATTENDANCE:</u>		
City Attorney David W. Olson	_____	_____
City Administrator Chris Heard	_____	_____
Interim Finance Director Rebecca Roseberry	_____	_____
City Secretary Alun W. Thomas	_____	_____
Director of Community Services Kola Olayiwola	_____	_____
Police Chief Ron Morales	_____	_____
EMS Director Derek Hunt	_____	_____
Fire Marshal Burt Heddles	_____	_____
Court Administrator Irma Rivera	_____	_____
Library Director Julianne Lane	_____	_____
Bayou Animal Services Manager Sarah Haywood	_____	_____
Assistant to the City Administrator Kerilyn Bascle	_____	_____

ITEM 2

Invocation

ITEM 3

Pledge of Allegiance

ITEM 4

Proclamations

ITEM 5

Announcements and Presentations

ITEM 5A

Council Comments

ITEM 5B

**Fiscal Year 2018-2019
Audit Presentation**

**Dickinson City Council
Agenda Item Data Sheet**

MEETING DATE: June 09, 2020

TOPIC: Presentation of Fiscal Year 2018-2019 Audited Comprehensive Annual Financial Report and Federal Single Audit Report Prepared by Belt Harris Pechacek, LLLP, Certified Public Accountants.

BACKGROUND: The City is required to have an independent audit of our financial statements each year. The firm of Belt, Harris, Pechacek was selected in 2018 to conduct the audit for fiscal 2016-17, with three additional years optional. The FY2019 annual audit is the second of the three optional years.

Belt Harris Pechacek will provide copies of the final version of the AFR for the City's use and an electronic version for placement on the City's website.

RECOMMENDATION: No action at this time.

ATTACHMENTS:

- Comprehensive Annual Financial Report for FY 2018-2019
- Management Letter
- Required Auditor Disclosure Letter
- Single Audit Report for FY 2018-2019

FUNDING ISSUES:

Not applicable – no dollars are being spent or received.
 Full amount already budgeted in Acct/Project# _____
 Not budgeted.

FINANCE VERIFICATION OF FUNDING:

SUBMITTING STAFF MEMBER: Kerilyn Bascle on behalf of Chris Heard	CITY ADMINISTRATOR APPROVAL:
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ACTIONS TAKEN		
APPROVAL <input type="checkbox"/> YES <input type="checkbox"/> NO	READINGS PASSED <input type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input type="checkbox"/> 3 rd	OTHER

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ANNUAL FINANCIAL REPORT

of the

CITY OF DICKINSON, TEXAS

**For the Year Ended
September 30, 2019**

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CITY OF DICKINSON, TEXAS
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INTRODUCTORY SECTION

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CITY OF DICKINSON, TEXAS

PRINCIPAL OFFICIALS

September 30, 2019

Elected Officials	Position	Term Expires
Julie Masters	Mayor	05/2020
Charles Suderman	Council Member – Position 1/ Mayor Pro Tem	05/2020
Sean Skipworth	Council Member – Position 2	05/2022
Walter Wilson	Council Member – Position 3	05/2020
Wally Deats	Council Member – Position 4	05/2022
Louis Decker	Council Member – Position 5	05/2020
William H. King, III	Council Member – Position 6	05/2022

Appointed Officials	Position
Alun W. Thomas	City Secretary
Olson & Olson, LLP	City Attorney
Richard Cope	Municipal Court Judge
Gregg & Gregg, P.C.	Prosecuting Attorney
Ron Morales	Chief of Police

City Management	Position
Chris Heard	City Administrator
Kristen Woolley	Finance Director
Burt Heddles	Fire Marshal
Ray Burgess	Director of Community Development
Irma Rivera	Court Administrator
Derek Hunt	Emergency Medical Services Director
Julianne Lane	Library Director

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CITY OF DICKINSON, TEXAS

ORGANIZATION CHART

September 30, 2019



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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dickinson, Texas (the "City"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Belt Harris Pechacek, LLLP
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Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
May 29, 2020

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

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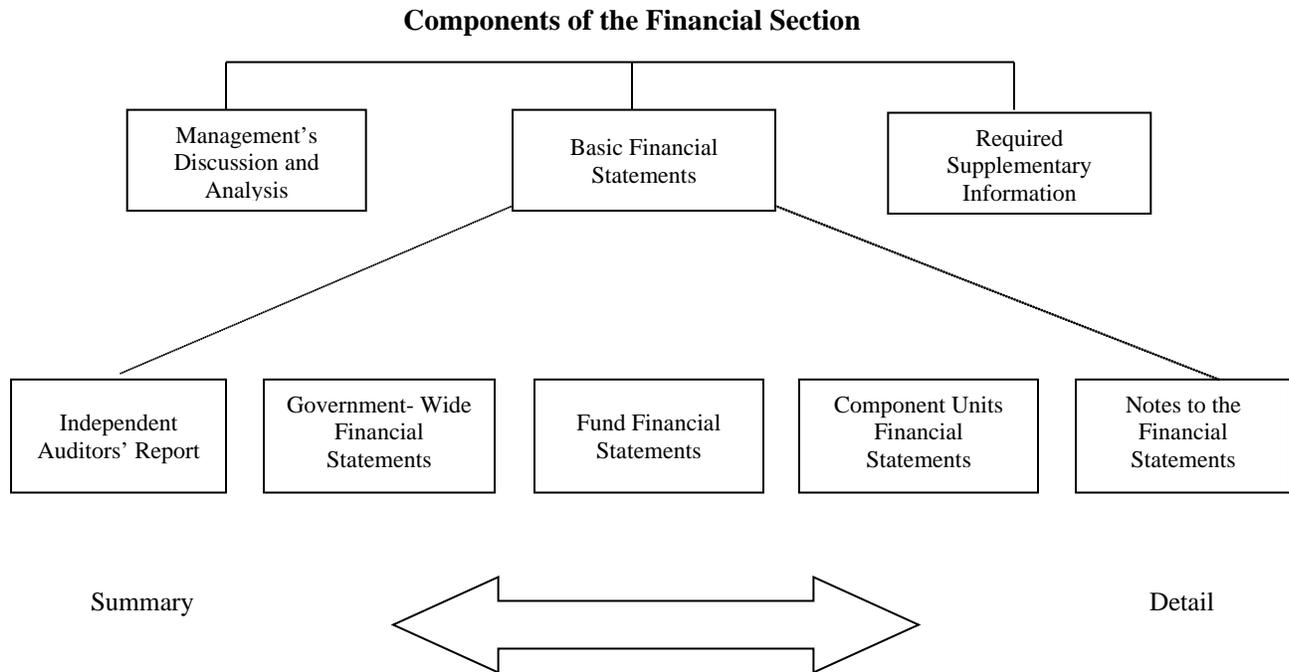
CITY OF DICKINSON, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2019

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Dickinson, Texas (the "City") for the year ended September 30, 2019. The analysis is based on currently known facts, decisions, or economic conditions. It presents short- and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



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

Government-Wide Statements

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

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

CITY OF DICKINSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2019

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

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

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

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate economic development corporation; a legally separate management district, for which the City is financially accountable; and a legally separate education finance corporation. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The public improvement districts and the animal services corporation, although also legally separate, function for all practical purposes as departments of the City and, therefore, have been included as integral parts of the primary government.

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

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CITY OF DICKINSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2019

The City maintains 20 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, street maintenance fund, and Federal Emergency Management Agency (FEMA) Hurricane Harvey fund, which are considered to be major funds for reporting purposes.

The City adopts an annual appropriated budget for its general, street maintenance, debt service, VOCA, Bayou Lakes Public Improvement District No. 1, Bayou Lakes Public Improvement District No. 2, federal seized funds, library impact grant, child safety, court efficiency, court security, court technology, and the hotel/motel funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with these budgets.

Proprietary Funds

The City maintains two types of proprietary funds, enterprise funds and internal service funds. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for its municipal drainage utility fund. The proprietary fund financial statements provide separate information for the municipal drainage utility operations. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

An internal service fund is an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses the internal service funds to account for an employee benefit program and building maintenance costs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Component Units Combining Financial Statements

The City's three discretely presented component units shown in aggregate on the face of the government-wide financial statements have individual information for each of the discretely presented component units presented in the form of combining statements immediately following the fund financial statements of the primary government.

Notes to Financial Statements

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

Other Information

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

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CITY OF DICKINSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$32,730,310 as of year end for the primary government.

The largest portion of the City's net position, 89 percent, reflects its investments in capital assets (e.g., land, construction in progress, buildings and improvements, vehicles and heavy equipment, furniture and fixtures, and infrastructure) less any debt used to acquire those assets that is 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 assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 12,829,002	\$ 20,048,256	\$ 437,777	\$ 401,126	\$ 13,266,779	\$ 20,449,382
Capital assets, net	36,244,880	35,815,051	-	-	36,244,880	35,815,051
Total Assets	49,073,882	55,863,307	437,777	401,126	49,511,659	56,264,433
Deferred charge on refunding	81,909	92,148	-	-	81,909	92,148
Deferred outflows - pensions (TMRS)	1,315,717	167,466	26,882	16,033	1,342,599	183,499
Deferred outflows - pensions (TESRS)	30,646	44,170	-	-	30,646	44,170
Deferred outflows - OPEB (SDBF)	1,093	14,592	-	-	1,093	14,592
Total Deferred Outflows of Resources	1,429,365	318,376	26,882	16,033	1,456,247	334,409
Long-term liabilities	10,140,359	9,377,683	63,100	30,723	10,203,459	9,408,406
Other liabilities	7,859,810	13,380,287	123,205	88,605	7,983,015	13,468,892
Total Liabilities	18,000,169	22,757,970	186,305	119,328	18,186,474	22,877,298
Deferred inflows - pensions (TMRS)	32,646	25,796	1,414	11,454	34,060	37,250
Deferred inflows - pensions (TESRS)	7,856	-	-	-	7,856	-
Deferred inflows - OPEB (SBDF)	9,206	-	-	-	9,206	-
Total Deferred Inflows of Resources	49,708	25,796	1,414	11,454	51,122	37,250
Net Position:						
Net investment in capital assets	29,133,357	27,989,975	-	-	29,133,357	27,989,975
Restricted	5,402,623	4,937,268	-	-	5,402,623	4,937,268
Unrestricted	(2,082,610)	470,674	276,940	286,377	(1,805,670)	757,051
Total Net Position	\$ 32,453,370	\$ 33,397,917	\$ 276,940	\$ 286,377	\$ 32,730,310	\$ 33,684,294

A portion of the primary government's net position, \$5,402,623 or 17%, represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net position is negative \$1,805,670. The overall condition of the City deteriorated this year as total net position decreased by \$945,712.

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CITY OF DICKINSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2019

Statement of Activities

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
Program revenues:						
Charges for services	\$ 2,038,829	\$ 2,386,014	\$ 2,052	\$ 207,310	\$ 2,040,881	\$ 2,593,324
Operating grants and contributions	2,812,599	1,652,670	-	-	2,812,599	1,652,670
Capital grants and contributions	417,608	843,611	-	-	417,608	843,611
General revenues:						
Property taxes	4,316,104	4,250,437	-	-	4,316,104	4,250,437
Sales taxes	8,881,172	8,820,859	-	-	8,881,172	8,820,859
Other fees and taxes	1,167,674	939,304	-	-	1,167,674	939,304
Investment earnings	163,247	104,922	-	-	163,247	104,922
Other revenues	1,541,813	1,757,808	-	-	1,541,813	1,757,808
Total Revenues	<u>21,339,046</u>	<u>20,755,625</u>	<u>2,052</u>	<u>207,310</u>	<u>21,341,098</u>	<u>20,962,935</u>
Expenses						
General government	2,614,323	3,436,576	-	-	2,614,323	3,436,576
Public safety	11,263,131	6,700,704	-	-	11,263,131	6,700,704
Public works	1,655,453	7,866,499	-	-	1,655,453	7,866,499
Culture and recreation	432,958	341,814	-	-	432,958	341,814
Community development	538,139	506,295	-	-	538,139	506,295
Economic development	5,528,026	4,444,184	-	-	5,528,026	4,444,184
Interest on long-term debt	243,291	261,670	-	-	243,291	261,670
Municipal drainage utility	-	-	11,489	315,990	11,489	315,990
Total Expenses	<u>22,275,321</u>	<u>23,557,742</u>	<u>11,489</u>	<u>315,990</u>	<u>22,286,810</u>	<u>23,873,732</u>
Change in Net Position	(936,275)	(2,802,117)	(9,437)	(108,680)	(945,712)	(2,910,797)
Beginning net position	<u>33,389,645</u>	<u>36,200,034</u>	<u>286,377</u>	<u>395,057</u>	<u>33,676,022</u>	<u>36,595,091</u>
Ending Net Position	<u>\$ 32,453,370</u>	<u>\$ 33,397,917</u>	<u>\$ 276,940</u>	<u>\$ 286,377</u>	<u>\$ 32,730,310</u>	<u>\$ 33,684,294</u>

For the year ended September 30, 2019, revenues from governmental activities totaled \$21,339,046. Revenues increased by \$583,421 compared to the prior year mainly due to increases for operating grants and contributions, property taxes, and sales taxes. Property tax revenue increased due to an increase in the City's tax levy. Sales tax revenue increased as a result of an increase in consumer spending. These increases in revenues were partially offset by decreases in revenues from capital grants and contributions as a result of a decrease in revenues related to the Community Development Block Grant program.

For the year ended September 30, 2019, expenses for governmental activities totaled \$22,275,321. The total expenses decreased by 5% from the prior year. This decrease can be attributed mostly due to public works repairs expenses that were occurred in the prior year, but not in the current year.

Business-type activities net position decreased by \$9,437. Revenues decreased by \$205,258 expenses decreased \$304,501 compared to the prior year primarily due to the City discontinuing utility service, therefore decreasing the overall financial activity in the current year.

CITY OF DICKINSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2019

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

The City's governmental funds reflect a combined fund balance of \$5,021,326. Of this, \$14,217 is nonspendable in the form of prepaid items, \$91,235 is restricted for debt service, \$1,332,008 is restricted for enabling legislation, \$3,950,862 is restricted for capital projects, \$28,518 is restricted for special projects, \$338,219 is assigned, and negative \$733,733 is unassigned.

The general fund had a decrease in fund balance of \$727,348 for the year. Revenues increased \$1,352,432 compared to the prior year. This increase was largely attributable to an increase in other revenues primarily due to a one time payment related to a tax abatement agreement refund. The increase in revenues was partially offset by a decrease in license and permits revenues. Expenditures increased \$3,092,166 compared to the prior year due largely to an increase in personnel and equipment costs. Ending fund balance as a percentage of total expenditures was 27.12% as of fiscal year end. Unassigned fund balance as a percentage of total expenditures was 24.98% as of fiscal year end.

The debt service fund had a decrease in fund balance of \$2,491. The decrease in fund balance is primarily because principal and interest payments on long-term debt exceeded revenues.

The street maintenance fund had an increase in fund balance of \$710,057. The increase is primarily a result of sales tax revenue exceeding expenditures related to street projects.

The FEMA Hurricane Harvey fund ended the year with a deficit fund balance of \$4,826,393. As of September 30, 2019, the project worksheets related to Hurricane Harvey-related expenditures were not approved by FEMA and, as a result, revenue was not recognized as earned. If these funds are not approved by FEMA, the general fund would have to transfer money to cover the loss. This would lead to a decrease of \$4,826,393 in the general fund fund balance, leaving the fund with an ending deficit unassigned balance of \$717,283

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

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgeted revenues exceeded actual revenues by \$1,773,871 during the year mainly due to less than expected other revenues, primarily as a result of grants not received by the City. General fund actual expenditures were less than the final budgeted expenditures by \$2,888,634 mainly due to various departments having less expenditures than originally anticipated.

CITY OF DICKINSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2019

CAPITAL ASSETS

At the end of the year, the City's governmental activities funds had invested \$36,244,880 in a variety of capital assets. This represents a net increase of \$429,829.

Major capital asset events during the current year include the following:

- New camera system project totaling \$122,571
- Purchase of seven vehicles and related equipment totaling \$252,144

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

LONG-TERM DEBT

At the end of the current year, the City had total certificates of obligation and general obligation bonds of \$7,090,000. Of this amount, \$1,055,000 represents certificates of obligation and \$6,035,000 represents general obligation bonds.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

City Council approved a \$15,182,530 general fund budget for the 2019-2020 fiscal year. This is a 8% increase from the prior year adopted budget. The total tax rate adopted for the fiscal year 2019-2020 budget will be \$0.44383.

Hurricane Harvey caused widespread damage in Texas in August 2017. It is the costliest natural disaster ever in the United States, primarily from widespread flooding in the Houston metropolitan area and southeast Texas area. In a four day period, many areas received more than 40 inches of rain as the system slowly meandered over eastern Texas and adjacent waters, causing catastrophic flooding. With peak accumulations of 64.58 inches, Hurricane Harvey was the wettest tropical cyclone on record in the United States. The resulting floods inundated hundreds of thousands of homes, displaced more than 30,000 people, and prompted more than 17,000 rescues. Approximately one quarter of the State was impacted by the storm directly or indirectly, including the City, which was significantly impact.

Federal Emergency Management Agency (FEMA) during and immediately after the disaster pledged to assist the City and initially advanced \$10,125,000, but after media attention on the disaster subsided, requested \$5,337,660 be returned, to the agency. FEMA continues to use stringent standards as a means to reduce its initial promises of federal assistant, shifting an increasing burden on citizens that were personally devastated by the disaster, and may now need to help make the City whole, for funds that were pledged by federal officials. The City has \$4,872,156 in funds that were advanced by FEMA, which the City is increasingly concerned will be at risk as the Federal Governments collective memory of the local devastation of the event subsides.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances. Questions concerning this report or requests for additional financial information should be directed to the City Administrator at City of Dickinson, 4403 Highway 3, Dickinson, Texas 77539.

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BASIC FINANCIAL STATEMENTS

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CITY OF DICKINSON, TEXAS

STATEMENT OF NET POSITION

September 30, 2019

Primary Government

	Governmental Activities	Business-Type Activities	Total	Component Units
Assets				
Cash and cash equivalents	\$ 8,438,434	\$ 219,673	\$ 8,658,107	\$ 3,845,679
Receivables, net	4,372,591	218,232	4,590,823	920,288
Internal balances	128	(128)	-	-
Due from component unit	3,632	-	3,632	-
Due from primary government	-	-	-	7,397
Prepaid items	14,217	-	14,217	1,458
	<u>12,829,002</u>	<u>437,777</u>	<u>13,266,779</u>	<u>4,774,822</u>
Capital assets:				
Nondepreciable	3,447,774	-	3,447,774	5,557,463
Net depreciable	32,797,106	-	32,797,106	256,163
	<u>36,244,880</u>	<u>-</u>	<u>36,244,880</u>	<u>5,813,626</u>
Total Assets	<u>49,073,882</u>	<u>437,777</u>	<u>49,511,659</u>	<u>10,588,448</u>
Deferred Outflows of Resources				
Deferred charge on refunding	81,909	-	81,909	-
Deferred outflows - pensions (TMRS)	1,315,717	26,882	1,342,599	-
Deferred outflows - pensions (TESRS)	30,646	-	30,646	-
Deferred outflows - OPEB (SDBF)	1,093	-	1,093	-
Total Deferred Outflows of Resources	<u>1,429,365</u>	<u>26,882</u>	<u>1,456,247</u>	<u>-</u>
Liabilities				
Accounts payable and accrued liabilities	2,611,828	59,831	2,671,659	301,928
Accrued interest payable	18,548	-	18,548	-
Unearned revenues	5,222,037	63,374	5,285,411	-
Due to component unit	7,397	-	7,397	-
Due to other governments	-	-	-	26,027
Due to primary government	-	-	-	3,632
	<u>7,859,810</u>	<u>123,205</u>	<u>7,983,015</u>	<u>331,587</u>
Noncurrent liabilities:				
Due to other governments	-	-	-	130,138
Long-term liabilities due within one year	867,580	5,464	873,044	211,140
Long-term liabilities due in more than a year	9,272,779	57,636	9,330,415	686,397
	<u>10,140,359</u>	<u>63,100</u>	<u>10,203,459</u>	<u>1,027,675</u>
Total Liabilities	<u>18,000,169</u>	<u>186,305</u>	<u>18,186,474</u>	<u>1,359,262</u>
Deferred Inflows of Resources				
Deferred inflows - pensions (TMRS)	32,646	1,414	34,060	-
Deferred inflows - pensions (TESRS)	7,856	-	7,856	-
Deferred inflows - OPEB (SBDF)	9,206	-	9,206	-
Total Deferred Inflows of Resources	<u>49,708</u>	<u>1,414</u>	<u>51,122</u>	<u>-</u>
Net Position				
Net investment in capital assets	29,133,357	-	29,133,357	6,692,843
Restricted for:				
Debt service	91,235	-	91,235	-
Enabling legislation	1,332,008	-	1,332,008	-
Capital projects	3,950,862	-	3,950,862	-
Special projects	28,518	-	28,518	-
Economic development	-	-	-	2,536,343
Unrestricted	(2,082,610)	276,940	(1,805,670)	-
Total Net Position	<u>\$ 32,453,370</u>	<u>\$ 276,940</u>	<u>\$ 32,730,310</u>	<u>\$ 9,229,186</u>

See Notes to Financial Statements.

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CITY OF DICKINSON, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 2,614,323	\$ 440,813	\$ 156,345	\$ -
Public safety	11,263,131	619,636	2,619,970	-
Public works	1,655,453	978,380	-	417,608
Culture and recreation	432,958	-	3,951	-
Community development	538,139	-	-	-
Economic development	5,528,026	-	32,333	-
Interest and fiscal agent fees on long-term debt	243,291	-	-	-
Total Governmental Activities	<u>22,275,321</u>	<u>2,038,829</u>	<u>2,812,599</u>	<u>417,608</u>
Business-Type Activities				
Municipal drainage utility	11,489	2,052	-	-
Total Business-Type Activities	<u>11,489</u>	<u>2,052</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 22,286,810</u>	<u>\$ 2,040,881</u>	<u>\$ 2,812,599</u>	<u>\$ 417,608</u>
Component Units				
Dickinson Economic Development Corp.	\$ 1,154,553	\$ 3,000	\$ -	\$ -
Dickinson Management District No. 1	3,656,397	-	-	-
Total Component Units	<u>\$ 4,810,950</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

- Taxes
 - Property taxes
 - Sales taxes
 - Other fees and taxes
- Investment earnings
- Other revenues

Total General Revenues

Change in Net Position

Beginning net position

Ending Net Position

See Notes to Financial Statements.

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Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (2,017,165)	\$ -	\$ (2,017,165)	\$ -
(8,023,525)	-	(8,023,525)	-
(259,465)	-	(259,465)	-
(429,007)	-	(429,007)	-
(538,139)	-	(538,139)	-
(5,495,693)	-	(5,495,693)	-
(243,291)	-	(243,291)	-
<u>(17,006,285)</u>	<u>-</u>	<u>(17,006,285)</u>	<u>-</u>
-	(9,437)	(9,437)	-
-	(9,437)	(9,437)	-
<u>(17,006,285)</u>	<u>(9,437)</u>	<u>(17,015,722)</u>	<u>-</u>
-	-	-	(1,151,553)
-	-	-	<u>(3,656,397)</u>
-	-	-	<u>(4,807,950)</u>
4,316,104	-	4,316,104	-
8,881,172	-	8,881,172	5,238,187
1,167,674	-	1,167,674	-
163,247	-	163,247	41,157
1,541,813	-	1,541,813	723,871
<u>16,070,010</u>	<u>-</u>	<u>16,070,010</u>	<u>6,003,215</u>
(936,275)	(9,437)	(945,712)	1,195,265
33,389,645	286,377	33,676,022	8,033,921
<u>\$ 32,453,370</u>	<u>\$ 276,940</u>	<u>\$ 32,730,310</u>	<u>\$ 9,229,186</u>

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CITY OF DICKINSON, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2019

	<u>General</u>	<u>Debt Service</u>	<u>Street Maintenance</u>	<u>FEMA Hurricane Harvey</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 3,375,695	\$ 99,067	\$ 3,022,308	\$ 509,210
Receivables, net	1,954,598	57,486	316,522	111,253
Due from other funds	1,838,434	-	206,820	-
Due from component unit	3,632	-	-	-
Prepaid items	14,217	-	-	-
Total Assets	<u>\$ 7,186,576</u>	<u>\$ 156,553</u>	<u>\$ 3,545,650</u>	<u>\$ 620,463</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 1,001,703	\$ -	\$ 84,841	\$ 574,700
Due to other funds	1,454,774	10,548	-	-
Due to component unit	7,397	-	-	-
Unearned revenues	-	-	-	4,872,156
Total Liabilities	<u>2,463,874</u>	<u>10,548</u>	<u>84,841</u>	<u>5,446,856</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	236,262	54,770	-	-
Unavailable revenue - emergency medical services	24,894	-	-	-
Total Deferred Inflows of Resources	<u>261,156</u>	<u>54,770</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>				
Nonspendable:				
Prepaid items	14,217	-	-	-
Restricted for:				
Debt service	-	91,235	-	-
Enabling legislation	-	-	-	-
Capital projects	-	-	3,460,809	-
Special projects	-	-	-	-
Assigned:				
Library reserve	104,637	-	-	-
Disaster	227,382	-	-	-
Tree replacements	6,200	-	-	-
Unassigned	4,109,110	-	-	(4,826,393)
Total Fund Balances	<u>4,461,546</u>	<u>91,235</u>	<u>3,460,809</u>	<u>(4,826,393)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,186,576</u>	<u>\$ 156,553</u>	<u>\$ 3,545,650</u>	<u>\$ 620,463</u>

See Notes to Financial Statements.

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<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$ 1,432,154	\$ 8,438,434
1,933,292	4,373,151
1,774,404	3,819,658
-	3,632
-	14,217
<u>\$ 5,139,850</u>	<u>\$ 16,649,092</u>
\$ 873,449	\$ 2,534,693
2,082,391	3,547,713
-	7,397
349,881	5,222,037
<u>3,305,721</u>	<u>11,311,840</u>
-	291,032
-	24,894
<u>-</u>	<u>315,926</u>
-	14,217
-	91,235
1,332,008	1,332,008
490,053	3,950,862
28,518	28,518
-	104,637
-	227,382
-	6,200
(16,450)	(733,733)
<u>1,834,129</u>	<u>\$ 5,021,326</u>
<u>\$ 5,139,850</u>	<u>\$ 16,649,092</u>

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CITY OF DICKINSON, TEXAS

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

September 30, 2019

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances - total governmental funds	\$	5,021,326
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in governmental funds.		
Capital assets, nondepreciable		3,447,774
Capital assets, net depreciable		32,797,106
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		
		315,926
Internal service funds are used by management to charge costs of insurance and facility maintenance to individual funds. The assets of the internal service fund are included in the governmental activities in the Statement of Net Position.		
		(348,953)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Accrued interest payable		(18,548)
Deferred charge on refunding		81,909
Deferred outflows - pensions (TMRS)		1,315,717
Deferred outflows - pensions (TESRS)		30,646
Deferred outflows - OPEB (SDBF)		1,093
Deferred inflows - pensions (TMRS)		(33,205)
Deferred inflows - pensions (TESRS)		(7,856)
Deferred inflows - OPEB (SBDF)		(9,206)
Noncurrent liabilities due in one year		(867,580)
Noncurrent liabilities due in more than one year		(9,272,779)
Net Position of Governmental Activities	\$	<u>32,453,370</u>

See Notes to Financial Statements.

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CITY OF DICKINSON, TEXAS

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

For the Year Ended September 30, 2019

	General	Debt Service	Street Maintenance	FEMA Hurricane Harvey
Revenues				
Property taxes	\$ 3,584,802	\$ 700,503	\$ -	\$ -
Sales taxes	7,104,938	-	1,776,234	-
Special assessments	-	-	-	-
Franchise fees	1,078,616	-	-	-
Other taxes	61,545	-	-	-
Licenses and permits	596,850	-	-	-
Fines and forfeitures	597,685	-	-	-
Charges for services	439,612	-	-	-
Intergovernmental	672,352	156,345	-	107,529
Investment earnings	97,263	8,126	29,081	26,658
Other revenues	1,487,320	-	-	-
Total Revenues	15,720,983	864,974	1,805,315	134,187
Expenditures				
Current:				
General government	1,945,744	-	-	-
Public safety	7,623,086	-	-	594,692
Public works	490,117	-	1,095,258	95
Culture and recreation	345,438	-	-	-
Community development	515,785	-	-	-
Economic development	5,528,026	-	-	-
Debt service:				
Principal	-	625,000	-	-
Interest and fiscal charges	-	242,465	-	-
Total Expenditures	16,448,196	867,465	1,095,258	594,787
Excess (Deficiency) of Revenues Over (Under) Expenditures	(727,213)	(2,491)	710,057	(460,600)
Other Financing Sources (Uses)				
Transfers in	15,025	-	-	-
Transfers (out)	(15,160)	-	-	-
Capital lease proceeds	-	-	-	-
Sale of capital assets	-	-	-	-
Total Other Financing Sources (Uses)	(135)	-	-	-
Net Change in Fund Balances	(727,348)	(2,491)	710,057	(460,600)
Beginning fund balances	5,188,894	93,726	2,750,752	(4,365,793)
Ending Fund Balances	\$ 4,461,546	\$ 91,235	\$ 3,460,809	\$ (4,826,393)

See Notes to Financial Statements.

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<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ 4,285,305
-	8,881,172
381,530	381,530
-	1,078,616
27,513	89,058
-	596,850
21,951	619,636
1,201	440,813
2,282,085	3,218,311
2,119	163,247
54,493	1,541,813
<u>2,770,892</u>	<u>21,296,351</u>
413,620	2,359,364
2,444,998	10,662,776
68,827	1,654,297
-	345,438
-	515,785
-	5,528,026
86,146	711,146
4,522	246,987
<u>3,018,113</u>	<u>22,023,819</u>
<u>(247,221)</u>	<u>(727,468)</u>
15,160	30,185
(15,025)	(30,185)
-	0
-	-
<u>135</u>	<u>-</u>
(247,086)	(727,468)
2,081,215	5,748,794
<u>\$ 1,834,129</u>	<u>\$ 5,021,326</u>

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CITY OF DICKINSON, 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, 2019

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds	\$	(727,468)
--	----	-----------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay		2,147,876
Depreciation expense		(1,718,047)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		30,799
--	--	--------

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Principal expenditures		711,146
Amortization of deferred amounts		2,408
Accrued interest		1,288

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 the governmental funds.

Compensated absences		72,415
Deferred outflows - pensions (TMRS)		1,222,381
Deferred outflows - pensions (TESRS)		245
Deferred outflows - OPEB (SDBF)		(13,499)
Deferred inflows - pensions (TMRS)		(81,539)
Deferred inflows - pensions (TESRS)		(21,625)
Deferred inflows - OPEB (SDBF)		(9,206)
Net pension liability		(1,568,743)
Total OPEB liability - SDBF		9,860

Internal service funds are used by management to charge the costs of insurance and facility maintenance to individual funds. The net revenue is reported with governmental activities.		(994,566)
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	\$	(936,275)
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See Notes to Financial Statements.

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CITY OF DICKINSON, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2019

	Business-Type Activities Municipal Drainage Utility	Governmental Activities Internal Service
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 219,673	\$ -
Receivables, net	218,232	-
Total Assets	437,905	-
<u>Deferred Outflows of Resources</u>		
Deferred outflows - pensions (TMRS)	26,882	-
Total Deferred Outflows of Resources	26,882	-
<u>Liabilities</u>		
Current liabilities:		
Accounts payable and accrued liabilities	59,831	77,135
Due to other funds	128	271,818
Unearned revenues	63,374	-
Compensated absences due in one year	5,464	-
Total Current Liabilities	128,797	348,953
Noncurrent liabilities:		
Compensated absences	607	-
Net pension liability	57,029	-
Total Noncurrent Liabilities	57,636	-
Total Liabilities	186,433	348,953
<u>Deferred Inflows of Resources</u>		
Deferred inflows - pensions (TMRS)	1,414	-
Total Deferred Inflows of Resources	1,414	-
<u>Net Position</u>		
Unrestricted	276,940	(348,953)
Total Net Position	\$ 276,940	\$ (348,953)

See Notes to Financial Statements.

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CITY OF DICKINSON, TEXAS

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

For the Year Ended September 30, 2019

	Business-Type Activities	Governmental Activities
	Municipal Drainage Utility	Internal Service
<u>Operating Revenues</u>		
Charges for services	\$ 2,052	\$ 889,543
Total Operating Revenues	2,052	889,543
<u>Operating Expenses</u>		
General and administrative	11,489	1,884,109
Total Operating Expenses	11,489	1,884,109
Change in Net Position	(9,437)	(994,566)
Beginning net position	286,377	645,613
Ending Net Position	\$ 276,940	\$ (348,953)

See Notes to Financial Statements.

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CITY OF DICKINSON, TEXAS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the Year Ended September 30, 2019

	Business-Type Activities	Governmental Activities
	Municipal Drainage Utility	Internal Service
<u>Cash Flows from Operating Activities</u>		
Receipts from customers and users	\$ 2,136	\$ 889,543
Payments to suppliers	34,256	(1,535,156)
Net Cash Provided (Used) by Operating Activities	36,391	(645,613)
Net Increase (Decrease) in Cash and Cash Equivalents	36,391	(645,613)
Beginning cash and cash equivalents	183,282	645,613
Ending Cash and Cash Equivalents	\$ 219,673	\$ -
<u>Reconciliation of Operating Income (Loss) to Net Cash (Used) by Operating Activities</u>		
Operating (loss)	\$ (9,437)	\$ (994,566)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:		
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in:		
Accounts receivable	(260)	-
Increase (Decrease) in:		
Accounts payable and accrued liabilities	34,256	348,953
Unearned revenues	344	-
Compensated absences	-	-
Net Cash Provided (Used) by Operating Activities	\$ 36,391	\$ (645,613)

See Notes to Financial Statements.

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CITY OF DICKINSON, TEXAS
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS

September 30, 2019

	Dickinson Economic Development Corporation	Dickinson Management District No. 1	Total
Assets			
Cash and cash equivalents	\$ 2,863,654	\$ 982,025	\$ 3,845,679
Due from primary government	4,989	2,408	7,397
Receivables, net	315,256	605,032	920,288
Prepaid items	-	1,458	1,458
	<u>3,183,899</u>	<u>1,590,923</u>	<u>4,774,822</u>
Capital assets:			
Nondepreciable	5,557,463	-	5,557,463
Net depreciable	256,163	-	256,163
	<u>5,813,626</u>	<u>-</u>	<u>5,813,626</u>
Total Assets	<u>8,997,525</u>	<u>1,590,923</u>	<u>10,588,448</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	11,195	290,733	301,928
Due to primary government	3,632	-	3,632
Due to other governments - current portion	26,027	-	26,027
Compensated absences - current portion	16,488	-	16,488
Note payable - current portion	194,652	-	194,652
Total Current Liabilities	<u>251,994</u>	<u>290,733</u>	<u>542,727</u>
Noncurrent liabilities:			
Due to other governments	130,138	-	130,138
Compensated absences	1,832	-	1,832
Note payable	684,565	-	684,565
Total Noncurrent Liabilities	<u>816,535</u>	<u>-</u>	<u>816,535</u>
Total Liabilities	<u>1,068,529</u>	<u>290,733</u>	<u>1,359,262</u>
Net Position			
Net investment in capital assets	6,692,843	-	6,692,843
Restricted	1,236,153	1,300,190	2,536,343
Total Net Position	<u>\$ 7,928,996</u>	<u>\$ 1,300,190</u>	<u>\$ 9,229,186</u>

See Notes to Financial Statements.

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CITY OF DICKINSON, TEXAS

STATEMENT OF ACTIVITIES

DISCRETELY PRESENTED COMPONENT UNITS

For the Year Ended September 30, 2019

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Dickinson Economic Development Corporation	Dickinson Management District No. 1
Component Units				
Dickinson Economic Development Corporation	\$ 1,154,553	\$ 3,000	\$ (1,151,553)	\$ -
Dickinson Management District No. 1	3,656,397	-	-	(3,656,397)
Total Component Units	<u>\$ 4,810,950</u>	<u>\$ 3,000</u>	<u>(1,151,553)</u>	<u>(3,656,397)</u>
General Revenues:				
Taxes				
Sales taxes			1,776,234	3,461,953
Investment earnings			26,349	14,808
Other revenues			-	723,871
Total General Revenues			<u>1,802,583</u>	<u>4,200,632</u>
Change in Net Position			651,030	544,235
Beginning net position			7,277,966	755,955
Ending Net Position			<u>\$ 7,928,996</u>	<u>\$ 1,300,190</u>

See Notes to Financial Statements.

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Total

\$ (1,151,553)
(3,656,397)
(4,807,950)

5,238,187
41,157
723,871
6,003,215
1,195,265
8,033,921
\$ 9,229,186

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CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Village of Dickinson, Texas was incorporated by virtue of an election in August 1977. The Village of Dickinson, Texas became the City of Dickinson, Texas (the “City”) in December 1982. The City operates under a Council-Mayor form of government. The Mayor and six Council Members are elected from the City at large serving three-year terms. The City Council is the principal legislative body of the City. The City Administrator, City Prosecutor, Municipal Court Judge, Police Chief, and City Secretary are appointed by City Council. The City Administrator is responsible for appointment and removal of department directors and employees, supervision and control of all City departments, and preparation of the annual budget. The Mayor presides at meetings of the City Council and can vote only in the case of a tie vote.

The City provides the following services: public safety, public works, culture and recreation, economic development, community development, drainage, and general government administration. Fire protection is provided through a volunteer department.

The City is an independent political subdivision of the State 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. The component units, as listed below, although legally separate, are considered part of the reporting entity. 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 a legally separate entity, and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Discretely Presented Component Units

Dickinson Economic Development Corporation

Dickinson Economic Development Corporation (the “Corporation”) is a not-for-profit corporation established for the specific purpose of economic development with the City through the use of dedicated sales tax revenues. The Board members of the Corporation are approved by City Council, as is the annual budget.

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Dickinson Management District No. 1

Dickinson Management District No. 1 (the “District”) was created for the purposes of managing and financing improvement projects and/or services benefiting the District. These activities include maintenance and beautification of the area; development and/or expansion of transportation and commerce; promotion of health, safety, and welfare of the City; and general and administrative costs. The Board members of the District are appointed by City Council.

Dickinson Education Finance Corporation

The Dickinson Education Finance Corporation (DEFC) was organized exclusively for the purpose of financing or refinancing educational facilities. The members of the Board are appointed by the City Council.

Blended Component Units

Bayou Lakes Public Improvement District No. 1

Bayou Lakes Public Improvement District No. 1 (the “PID No. 1”) has been included in the reporting entity as a blended component unit. The PID No. 1 was created to promote the interests of the City in an improvement project that confers a special benefit on a definable part of the City. This improvement project includes landscaping; lighting and signs; and construction and improvement of water, wastewater, and drainage.

The City reimburses a developer for the costs of creating and operating the PID No. 1 from assessments collected from homeowners. The City charges the PID No. 1 a fee for administration and operating expenses and audit.

Bayou Lakes Public Improvement District No. 2

Bayou Lakes Public Improvement District No. 2 (the “PID No. 2”) has been included in the reporting entity as a blended component unit. The PID No. 2 was created to promote the interests of the City in an improvement project that confers a special benefit on a definable part of the City.

The City reimburses a developer for the costs of creating and operating the PID No. 2 from assessments collected from homeowners. The City charges the PID No. 2 a fee for administration and operating expenses and audit.

Bayou Animal Services Corporation

Bayou Animal Services Corporation (the “Corporation”) has been included in the reporting entity as a blended component unit. The Corporation was created to provide animal control, sheltering services, and any and all related functions associated therewith. The Corporation entered into interlocal agreements with the cities of Dickinson, Clear Lake Shores, and Santa Fe for the purposes of providing full-time animal control and sheltering services, administrative functions, and other related governmental functions on behalf of these cities. These cities will provide an annual fee based upon the pro-rata share of their respective populations as determined by the latest U.S. Census Bureau estimates as of June 1 of each year.

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CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

The component units identified above are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. The City appoints a majority of these organizations' boards and is either able to impose its will on them or a financial benefit/burden exists.

Complete financial statements of the individual component units can be obtained directly from administrative offices of the City.

B. Government-Wide Financial Statements

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

C. Basis of Presentation – Government-Wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

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

The City reports the following governmental funds:

The *general fund* is the City's primary operating fund. It is used to account for and report all financial resources not accounted for and reported in other funds. The principal sources of revenues include local property taxes, sales taxes, franchise fees, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, culture and recreation, community development, and economic development. The general fund is always considered a major fund for reporting purposes.

The *debt service fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on all long-term debt of the City.

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CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

The primary source of revenue for debt service is local property taxes. The debt service fund is not considered a major fund for reporting purposes but the City has elected to present as a major fund due to its significance.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition of capital facilities and other capital assets. The vehicle acquisition fund is considered a nonmajor fund for reporting purposes.

The *special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The street maintenance fund and the FEMA Hurricane Harvey fund are included as major funds. Nonmajor special revenue funds include special revenue and grants, VOCA, CDBG disaster recovery, Bayou Lakes PID No. 1, Bayou Lakes PID No. 2, federal seized funds, library impact grant, child safety, court efficiency, court security, court technology, state seized funds, hotel/motel, Bayou Animal Services Corporation, and hurricane relief funds.

The City reports the following enterprise fund:

The *enterprise fund* is used to account for and report the operations that provide municipal drainage services. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The municipal drainage utility fund is considered a major fund for reporting purposes.

Additionally, the City reports the following fund type:

Internal service funds account for services provided to other departments of the City, or to other governments, on a cost reimbursement basis. The employee benefit fund is used to account for insurance provided to City employees. The building maintenance fund is used to account for facility maintenance costs.

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

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

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CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

eliminated so that only the net amount is included as internal balances in the business-type activities column.

E. Measurement Focus and Basis of Accounting

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

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

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

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

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

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

The City maintains a pooled cash and investments account for all funds of the City. Each fund's positive equity in the pooled cash account is presented as cash and cash equivalents or investments.

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CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Interest income is allocated to each respective individual fund monthly based on their representative fund balances.

2. Investments

Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificates of deposit, are reported at cost.

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

- Obligations of the U.S. Treasury
- Fully collateralized certificates of deposit and money market accounts with local depository banks
- Local government investment pools
- Repurchase agreements

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

4. Capital Assets

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

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

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

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CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful years.

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings and improvements	40 years
Furniture and fixtures	3 to 20 years
Machinery and equipment	5 to 20 years
Vehicles	5 years
Streets and sidewalks	30 years

5. Deferred Outflows/Inflows of Resources

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

Deferred outflows/inflows of resources are amortized as follows:

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

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

6. Compensated Employee Absences

It is the City’s policy to permit employees to accumulate earned but unused vacation and compensatory time. Vacation benefits are earned based on the employees’ years of service with the City. Vacation and compensatory time amounts accumulated may be paid to employees upon termination of employment or at retirement up to a certain amount. The estimated amount of compensation for services provided that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it when it becomes due. Amounts of vested or accumulated vacation leave that are not

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CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

7. Long-Term Obligations

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

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

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

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

8. Net Position Flow Assumption

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

9. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance

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For the Year Ended September 30, 2019

to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

10. Fund Balance Policies

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

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

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

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

11. 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, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

12. Pensions

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

13. Other Postemployment Benefits

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

Property taxes are levied on October 1 of each year, are due upon receipt of the City's tax bill, and become delinquent on February 1 of the following year. The City's tax lien exists from January 1 (the assessment date) each year until the taxes are paid.

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a budget basis. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control, as defined by the charter, in the approved budget is the department level. The City Administrator may transfer appropriations within a department without seeking the approval of City Council. Appropriations lapse at the end of the year. Encumbrance accounting is not utilized.

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For the Year Ended September 30, 2019

B. Deficit Fund Balance

As of September 30, 2019, the following funds had deficit fund balances:

FEMA Hurricane Harvey	\$ 4,826,393
VOCA	\$ 10,233
Special Revenue and Grants	\$ 587,842
CDGB Disaster Recovery	\$ 1,100
Bayou Lakes Public Improvement District No. 2	\$ 16,575
Building Maintenance	\$ 348,953

The FEMA Hurricane Harvey fund incurred costs in the aftermath of Hurricane Harvey. Prior to year end, FEMA approved a public assistance request in the amount of \$10,125,000. The approval associated with project worksheets was pending as of year end. Hurricane Harvey caused widespread damage in Texas in August 2017. It is the costliest natural disaster ever in the United States, primarily from widespread flooding in the Houston metropolitan area and southeast Texas area. In a four day period, many areas received more than 40 inches of rain as the system slowly meandered over eastern Texas and adjacent waters, causing catastrophic flooding. With peak accumulations of 64.58 inches, Hurricane Harvey was the wettest tropical cyclone on record in the United States. The resulting floods inundated hundreds of thousands of homes, displaced more than 30,000 people, and prompted more than 17,000 rescues. Approximately one quarter of the State was impacted by the storm directly or indirectly, including the City, which was significantly impact.

Federal Emergency Management Agency (FEMA) during and immediately after the disaster pledged to assist the City and initially advanced \$10,125,000, but after media attention on the disaster subsided, requested \$5,337,660 be returned, to the agency. FEMA continues to use stringent standards as a means to reduce its initial promises of federal assistance, shifting an increasing burden on citizens that were personally devastated by the disaster, and may now need to help make the City whole, for funds that were pledged by federal officials. The City has \$4,872,156 in funds that were advanced by FEMA, which the City is increasingly concerned will be at risk as the Federal Government's collective memory of the local devastation of the event subsides.

C. Expenditures in Excess of Appropriations

For the year ended September 30, 2019, expenditures exceeded appropriations at the legal level of control as follows:

General Fund	
General government:	
General government	\$ 33,222
Finance	\$ 20,516
Street Maintenance:	
Public works	\$ 405,428
Debt Service:	
Interest and fiscal charges	\$ 65,470
Nonmajor Special Revenue Funds:	
Bayou Lakes Public Improvement District No. 2	
General government	\$ 975
Federal Seized Fund	
Public safety	\$ 43,510
Child Safety	
Public safety	\$ 100

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For the Year Ended September 30, 2019

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of year end, the City had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
External investment pools	\$ 1,394,251	0.09
Total	\$ 1,394,251	
Portfolio weighted average maturity		0.09

Interest rate risk. In accordance with the City investment policy, the City manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations.

Credit risk. The City’s investment policy limits investments in money market mutual funds rated as to investment quality not less than “AAA” by at least one nationally recognized rating service. As of September 30, 2019, the City’s investment in TexPool was rated “AAAm” by Standard & Poor’s.

Concentration of credit risk. To guard against default possibilities and to assure diversification of bidders, business with any one issuer or investment broker should be limited to 40 percent of the total portfolio at any point in time.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. As of September 30, 2019, the bank balances were \$15,236,852, of which \$500,000 was insured by FDIC. The market values of pledged securities were \$16,585,087.

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

TexPool

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

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

B. Receivables

The following comprise receivable balances at year end:

	Governmental Funds					Total Governmental Funds
	General	Debt Service	Street Maintenance	FEMA Hurricane Harvey	Other Governmental	
Property taxes	\$ 248,696	\$ 57,653	\$ -	\$ -	\$ -	\$ 306,349
Sales taxes	1,240,235	-	310,059	-	-	1,550,294
Accounts	1,623,233	-	-	-	-	1,623,233
Other	409,096	2,716	6,463	697	1,560,363	1,979,335
Grants	-	-	-	110,556	372,929	483,485
Less allowance	(1,566,662)	(2,883)	-	-	-	(1,569,545)
	<u>\$ 1,954,598</u>	<u>\$ 57,486</u>	<u>\$ 316,522</u>	<u>\$ 111,253</u>	<u>\$ 1,933,292</u>	<u>\$ 4,373,151</u>

	Proprietary Fund Municipal Drainage Utility
Accounts	\$ 291,211
Less allowance	(72,979)
	<u>\$ 218,232</u>

	Component Units		
	Dickinson Economic Development Corporation	Dickinson Management District No. 1	Total Component Units
Sales taxes	\$ 310,059	\$ -	\$ 310,059
Other	3,245	605,032	608,277
	<u>\$ 315,256</u>	<u>\$ 605,032</u>	<u>\$ 920,288</u>

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C. Capital Assets

A summary of changes in capital assets for governmental activities for the year end is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 762,063	\$ -	\$ -	\$ 762,063
Construction in progress	1,164,244	1,521,467	-	2,685,711
Total Capital Assets Not Being Depreciated	<u>1,926,307</u>	<u>1,521,467</u>	<u>-</u>	<u>3,447,774</u>
Other capital assets:				
Buildings and improvements	12,823,159	-	-	12,823,159
Vehicles and heavy equipment	3,475,588	456,167	-	3,931,755
Furniture and fixtures	1,630,019	170,242	-	1,800,261
Infrastructure	44,953,712	-	-	44,953,712
Total Other Capital Assets	<u>62,882,478</u>	<u>626,409</u>	<u>-</u>	<u>63,508,887</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,563,132)	(323,613)	-	(3,886,745)
Vehicles and heavy equipment	(2,547,158)	(285,901)	-	(2,833,059)
Furniture and fixtures	(1,118,302)	(111,869)	-	(1,230,171)
Infrastructure	(21,765,142)	(996,664)	-	(22,761,806)
Total Accumulated Depreciation	<u>(28,993,734)</u>	<u>(1,718,047)</u>	<u>-</u>	<u>(30,711,781)</u>
Other capital assets, net	33,888,744	(1,091,638)	-	32,797,106
Governmental Activities Capital Assets, Net	<u>\$ 35,815,051</u>	<u>\$ 429,829</u>	<u>\$ -</u>	<u>36,244,880</u>
			Less associated debt	(7,193,432)
			Plus deferred charge on refunding	81,909
			Net Investment in Capital Assets	<u>\$ 29,133,357</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 155,039
Public safety	337,841
Public works	1,150,120
Culture and recreation	73,860
Community development	1,187
Total Governmental Activities Depreciation Expense	<u>\$ 1,718,047</u>

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NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

The following is a summary of changes in capital assets for the Corporation (a discretely presented component unit) for the year ended September 30, 2019:

	Beginning Balance	Increases	(Decreases)	Ending Balance
Component Unit:				
Capital assets not being depreciated:				
Land	\$ 5,557,463	\$ -	\$ -	\$ 5,557,463
Total Capital Assets Not Being Depreciated	5,557,463	-	-	5,557,463
Other capital assets:				
Buildings and improvements	252,612	-	-	252,612
Furniture and fixtures	29,205	-	-	29,205
Total Other Capital Assets	29,205	-	-	281,817
Less accumulated depreciation for:				
Buildings and improvements	(4,736)	(6,315)	-	(11,051)
Furniture and fixtures	(11,682)	(2,921)	-	(14,603)
Total Accumulated Depreciation	(11,682)	(2,921)	-	(25,654)
Other capital assets, net	17,523	(2,921)	-	256,163
Component Unit Capital Assets, Net	\$ 5,574,986	\$ (2,921)	\$ -	5,813,626
			Less associated debt	879,217
			Net Investment in Capital Assets	\$ 6,692,843

Depreciation was charged to the Corporation as follows:

Economic development corporation	\$ 2,921
Component Unit Depreciation Expense	\$ 2,921

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CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

D. Long-Term Debt

The following is a summary of changes in the City's total long-term liabilities for the year ended September 30, 2019. In general, the City uses the general and debt service funds to liquidate long-term liabilities.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General obligation bonds	\$ 6,660,000	\$ -	\$ 625,000	\$ 6,035,000 ⁽¹⁾	\$ 640,000
Certificates of obligation	1,055,000	-	-	1,055,000 ⁽¹⁾	-
Discount/premium	116,079	-	12,647	103,432 ⁽¹⁾	-
Capital lease	86,145	-	86,145	- ⁽¹⁾	-
	<u>7,917,224</u>	<u>-</u>	<u>723,792</u>	<u>7,193,432</u>	<u>640,000</u>
Other liabilities:					
Net pension liability (TMRS)	816,505	1,564,693	-	2,381,198	-
Net pension liability (TESRS)	131,049	4,050	-	135,099	-
Total OPEB liability	187,623	-	9,860	177,763	-
Compensated absences	325,282	256,783	329,198	252,867	227,580
Total Governmental Activities	<u>\$ 9,377,683</u>	<u>\$ 1,825,526</u>	<u>\$ 1,062,850</u>	<u>\$ 10,140,359</u>	<u>\$ 867,580</u>
Long-Term Liabilities Due In More Than One Year				<u>\$ 9,272,779</u>	
⁽¹⁾ Debt associated with capital assets				<u>\$ 7,193,432</u>	

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-Type Activities:					
Net pension liability (TMRS)	\$ 24,652	\$ 32,377	\$ -	\$ 57,029	\$ -
Compensated absences	6,071	6,528	6,528	6,071	5,464
Total Business-Type Activities	<u>\$ 30,723</u>	<u>\$ 38,905</u>	<u>\$ 6,528</u>	<u>\$ 63,100</u>	<u>\$ 5,464</u>

The following is a summary of changes in the Corporation's (a discretely presented component unit) total long-term liabilities for the year ended September 30, 2019.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Component Unit:					
Note payable	\$ 1,064,395	\$ -	\$ 185,178	\$ 879,217 ⁽²⁾	\$ 194,652
Compensated absences	16,257	4,888	2,825	18,320	16,488
Total Component Unit	<u>\$ 1,080,652</u>	<u>\$ 4,888</u>	<u>\$ 188,003</u>	<u>\$ 897,537</u>	<u>\$ 211,140</u>
Long-Term Liabilities Due In More Than One Year				<u>\$ 686,397</u>	
⁽²⁾ Debt associated with capital assets				<u>\$ 879,217</u>	

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. The governmental activities compensated absences are generally liquidated by the general fund. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

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For the Year Ended September 30, 2019

Long-term governmental and discretely presented component unit debt at year end was comprised of the following debt issues:

Description	Interest Rates (%)	Balance
Governmental Activities		
General obligation bonds		
Series 2009 refunding	3.500-4.900	\$ 1,275,000
Series 2014 refunding	2.000-3.000	4,760,000
Total General Obligation Bonds		6,035,000
Certificates of obligation		
Series 2009	3.500-4.900	1,055,000
Total Certificates of Obligation		1,055,000
Total Governmental Activities		\$ 7,090,000
Dickinson Economic Development Corporation		
Note payable		
Note - Sussan property	5.000	\$ 879,217

The annual requirements to amortize governmental debt issues outstanding at year end are as follows:

Year Ending Sept. 30	General Obligation Bonds		Certificates of Obligation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 640,000	\$ 174,340	-	\$ 50,695	\$ 640,000	\$ 225,035
2021	575,000	159,715	-	50,695	575,000	210,410
2022	595,000	145,854	-	50,695	595,000	196,549
2023	610,000	131,706	-	50,695	610,000	182,401
2024	625,000	115,775	-	50,695	625,000	166,470
2025-2029	2,635,000	307,055	675,000	222,163	3,310,000	529,218
2030	355,000	8,698	380,000	9,310	735,000	18,008
Total	\$ 6,035,000	\$ 1,043,143	\$ 1,055,000	\$ 484,948	\$ 7,090,000	\$ 1,528,091

The annual requirements to amortize the Corporation's (a discretely presented component unit) debt issue outstanding at year end are as follows:

Year Ending Sept. 30	Note Payable	
	Principal	Interest
2020	\$ 194,652	\$ 39,540
2021	204,611	29,581
2022	215,080	19,113
2023	226,083	8,109
2024	38,791	243
	\$ 879,217	\$ 96,586

Certificates of obligation are direct obligations of the City for which its full faith and credit are pledged. Repayment is from taxes levied on all taxable property located within the City.

The Corporation agreed to pay a portion of the series 2000 certificates of obligation (subsequently refunded with the Series 2009 refunding general obligation bonds).

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NOTES TO FINANCIAL STATEMENTS (Continued)
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Federal Arbitrage

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

E. Interfund Transactions

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

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
Nonmajor governmental	General	\$ 15,025
General	Nonmajor governmental	15,160
		<u>\$ 30,185</u>

Amounts transferred between funds related to amounts collected by the general and other nonmajor governmental funds for various governmental expenditures and debt payments.

Interfund receivables and payables between the primary government funds during the year were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	General	\$ 1,818,953
General	Debt service	9,452
Debt service	General	1,538,860
FEMA Hurricane Harvey	General	22,500
Street maintenance	General	201,401
Nonmajor governmental	General	229,139
		<u>\$ 3,820,305</u>

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

F. Fund Equity

As of September 30, 2019, \$1,332,008 of the City’s total fund balance is restricted by enabling legislation.

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NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

H. Restatement of Net Position/Fund Balance

Beginning net position for governmental activities and fund balance in the general fund were restated to reflect an adjustment to pooled cash and interfund transactions as follows:

	Governmental Activities	General Fund
Beginning net position/fund balance as reported	\$ 33,397,917	\$ 5,197,166
Pooled cash reconciliation	1,445,030	1,445,030
Interfund reconciliation	(1,453,302)	(1,453,302)
Restated beginning net position/fund balance	\$ 33,389,645	\$ 5,188,894

IV. OTHER INFORMATION

A. Risk Management

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

B. Contingent Liabilities

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

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

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

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For the Year Ended September 30, 2019

C. Pension Plans

1. Texas Municipal Retirement System

Plan Description

The City participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by TMRS. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the “TMRS Act”) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees (the “Board”). Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS’s defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tmr.com.

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

Benefits Provided

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

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

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

	<u>2019</u>	<u>2018</u>
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	10	10
Service requirement eligibility (expressed as age/yrs of service)	60/10, 0/20	60/10, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	0% of CPI Repeating	0% of CPI Repeating

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CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Employees Covered by Benefit Terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	36
Inactive employees entitled to, but not yet receiving, benefits	87
Active employees	92
Total	215

Contributions

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

Employees for the City were required to contribute seven percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 9.46 percent in calendar years 2019 and 2018. The City's contributions to TMRS for the fiscal year ended September 30, 2019 were \$504,892 which were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

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

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

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CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
Total	<u>100.0%</u>	

Discount Rate

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

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CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Changes in the NPL

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(A)	(B)	(A) - (B)
Changes for the year:			
Service cost	\$ 805,261	\$ -	\$ 805,261
Interest	1,210,685	-	1,210,685
Difference between expected and actual experience	5,655	-	5,655
Changes in assumptions	(45,122)	-	(45,122)
Contributions - employer	-	515,761	(515,761)
Contributions - employee	-	381,640	(381,640)
Net investment income	-	(507,664)	507,664
Benefit payments, including refunds of employee contributions	(532,818)	(532,818)	-
Administrative expense	-	(9,815)	9,815
Other changes	-	(513)	513
Net Changes	1,443,661	(153,409)	1,597,070
Balance at December 31, 2017	17,794,201	16,953,044	841,157
Balance at December 31, 2018	\$ 19,237,862	\$ 16,799,635	\$ 2,438,227

Sensitivity of the NPL to Changes in the Discount Rate

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	\$ 5,151,897	\$ 2,438,227	\$ 207,262

Pension Plan Fiduciary Net Position

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

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

For the fiscal year ended September 30, 2019, the City recognized pension expense of \$983,987.

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CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 84,090	\$ 34,060
Difference between projected and actual investment earnings	881,003	-
Contributions subsequent to the measurement date	377,506	-
Total	\$ 1,342,599	\$ 34,060

\$377,506 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the NPL for the fiscal year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2. Texas Emergency Services Retirement System

Plan Description

The City participates in a cost-sharing multiple employer pension plan that has a special funding situation. The plan is administered by TESRS and established and administered by the State of Texas (the “State”) to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. At August 31, 2018, there were 203 contributing fire and/or emergency services department members participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

On August 31, 2018, the pension system membership consisted of:

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

Pension Plan Fiduciary Net Position

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

Benefits Provided

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees (the “Board”) authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by Board rule. The

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NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

benefit provisions include retirement benefits, as well as death and disability benefits. Members are 50 percent vested after the tenth year of service, with the vesting percentage increasing ten percent for each of the next five years of service so that a member becomes 100 percent vested with 15 years of service.

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

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

Funding Policy

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

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

The Board rule defining contributions was amended effective July 27, 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the State are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percentage of the Part One portion (not to exceed 15 percent), is to be actuarially adjusted near the end of each even-numbered calendar year based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2018, the Part Two contributions were established by the Board to be two percent of the Part One contributions beginning September 1, 2019.

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

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

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CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Contributions

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by Board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2018, total contributions (dues, prior service, and interest on prior service financing) of \$89,400 were paid by the City. The State appropriated \$1,583,825 for the fiscal year ending August 31, 2018 to TESRS as a whole.

Actuarial Assumptions

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

Actuarial Valuation Date	8/31/2018
Actuarial Cost Method	Entry age
Amortization Method	Level dollar, open
Amortization Period	30 years
Asset Valuation Method	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value
Actuarial Assumptions:	
Investment Rate of Return*	7.75%
Projected Salary Increases	N/A
*Includes Inflation at	3.00%
Cost of Living Adjustments	None

Mortality rates were based on the RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2024 by scale AA. The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage (currently 4.97%) and by adding expected inflation (3.00%). In addition, the final 7.75 percent assumption reflected a reduction of 0.22 percent for adverse deviation.

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CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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

Asset Class	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities		
Large cap domestic	32.0%	5.72%
Small cap domestic	10.0%	5.96%
Developed international	21.0%	6.21%
Emerging markets	6.0%	7.18%
Master limited partnership	5.0%	7.61%
Fixed income		
Domestic	21.0%	1.61%
International	5.0%	1.81%
Total	<u>100.0%</u>	
Weighted average		4.97%

Discount Rate

The discount rate used to measure the TPL was 7.75 percent. No projection of cash flows was used to determine the discount rate because the August 31, 2018 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. Because of the 30-year amortization period with the conservative amortization method and with a lower value of assets, TESRS's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (6.75%)	Discount Rate (7.75%)	1% Increase in Discount Rate (8.75%)
City's proportionate share of the net pension liability	\$ 268,483	\$ 135,099	\$ 45,135

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CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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

At September 30, 2019, the City reported a liability of \$135,099 for its proportionate share of TESRS's NPL. The amount recognized by the City as its proportionate share of the NPL, the related State support, and the total portion of the NPL that was associated with the City were as follows:

City's proportionate share of the collective net pension liability	\$	145,349
*State's proportionate share that is associated with the City		50,249
Total		<u><u>\$ 195,598</u></u>

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

The TPL used to calculate the NPL was determined by an actuarial valuation as of August 31, 2016. GASB Statement No. 68 requires the NPL to be measured as of a date no earlier than the end of the employer's prior fiscal year. TESRS did not roll forward (nor did they provide the necessary information for the participants to roll forward) the NPL to be measured as of a date no earlier than the end of the City's prior fiscal year. While the City acknowledges that the measurement date does not fall within this 12-month period, the City elected to honor the conservatism principle and report an NPL measured as of August 31, 2016. The City used the assumption that any differences in the NPL measured as of August 31, 2016 versus September 30, 2019 would be immaterial. The employer's proportion of the NPL was based on the employer's contributions to TESRS relative to the contributions of all employers to TESRS for the period September 1, 2015 through August 31, 2018.

At August 31, 2018, the employer's proportion of the collective NPL was 1.848 percent, which was an increase of 0.304 percent from its proportion measured as of August 31, 2014.

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

There were no changes of benefit terms that affected measurement of the TPL during the measurement period.

For the year ended September 30, 2019, the City recognized pension expense of \$37,316. The City recognized on-behalf revenues of \$11,886 calculated by taking the State's total contributions to TESRS multiplied by the City's proportionate share.

At September 30, 2019, the City reported its proportionate share of the TESRS's deferred outflows/inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ -	\$ 7,467
Changes in assumptions	505	-
Difference between expected and actual experience	37	389
Contributions paid to TESRS subsequent to the measurement date	30,104	-
Total	<u><u>\$ 30,646</u></u>	<u><u>\$ 7,856</u></u>

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CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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

<u>Fiscal Year Ended</u> <u>September 30</u>	<u>Pension</u> <u>Expense</u>
2020	\$ 8,705
2021	(4,843)
2022	(7,128)
2023	(4,048)
Total	<u>\$ (7,314)</u>

D. Other Postemployment Benefits

TMRS Supplemental Death Benefits Fund

Plan Description

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

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

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

Benefits

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated).

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CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Participation in the SDBF as of December 31, 2018 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	26	
Inactive employees entitled to, but not yet receiving, benefits	6	
Active employees	92	
Total	124	

Total OPEB Liability

The City's total OPEB liability of \$177,763 was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 10.50% including inflation
Discount rate	3.71%*
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB 68.
Mortality rates-service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates-disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rate are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

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CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Changes in the Total OPEB Liability

		<u>Total OPEB Liability</u>
Changes for the year:		
Service cost	\$	9,268
Interest		6,337
Difference between expected and actual experience		(10,838)
Changes of assumptions		(12,991)
Benefit payments*		(1,636)
Net Changes		(9,860)
Beginning balance		187,623
Ending Balance	\$	<u>177,763</u>

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

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

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

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

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

	<u>1% Decrease in Discount Rate (2.71%)</u>	<u>Discount Rate (3.71%)</u>	<u>1% Increase in Discount Rate (4.71%)</u>
City's total OPEB liability	\$ 212,553	\$ 177,763	\$ 150,325

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

For the year ended September 30, 2019, the City recognized OPEB expense of \$185,678.

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CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 295	\$ -
Difference between expected and actual experience	-	9,206
Contributions subsequent to the measurement date	798	-
Total	\$ 1,093	\$ 9,206

\$798 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending September 30, 2020.

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

Year Ended September 30	OPEB Expense Amount
2020	\$ (1,146)
2021	(1,146)
2022	(1,146)
2023	(1,146)
2024	(2,027)
Thereafter	(2,300)
Total	\$ (8,911)

E. Deferred Compensation Plan

The City offers its employees a deferred compensation plan (the “Plan”) created in accordance with the Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the Plan is optional. The Plan’s trust arrangements are established to protect deferred compensation amounts of employees under the Plan from any other use other than intended under the Plan (eventual payment to employees deferring the compensation) in accordance with federal laws. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. In accordance with generally accepted government accounting standards, the assets of the Plan have not been included in the City’s financial statements.

F. Dickinson Education Finance Corporation Conduit Debt

The DEFC issues bonds to finance or refinance educational facilities. The borrower receives a more favorable interest rate and the DEFC receives a fee for issuing these bonds. These bonds are limited obligations of the DEFC since they are payable solely from revenues received from the borrower pursuant to a loan agreement by and between the DEFC and the borrower. The debt is further secured by a deed of trust on certain real property of the borrower securing payment under such loan agreements. Therefore, the DEFC has no responsibility for the payment of this debt. The loan

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CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

agreements and bonds payable have not been recorded in the financial statements of the City. As of September 30, 2019, the total amount of outstanding conduit debt is \$23,233,109.

G. Chapter 380 Economic Development Agreements

Chapter 380, *Miscellaneous Provisions Relating to Municipal Planning and Development*, of the Texas Local Government Code provides the authority to the governing body of a municipality to establish and provide for the administration of one or more programs, including programs to promote state or local economic development and to stimulate business and commercial activity in the municipality. The City has entered into Chapter 380 Economic Development Agreements (the “Agreements”) with five large businesses (the “Businesses”). Each Business agreed to establish and maintain an office in the City that generates substantial taxable sales. Each Agreement is for a term of ten years, and will be automatically extended for two additional ten-year periods. The City will remit back to the Businesses 60 percent of sales tax revenues for the first three to five years, at which point the percentage increases to 66.66 percent through the remainder of the Agreements, including the two additional ten-year terms. Each Business is subject to a minimum annual taxable sales amount ranging from \$5 million to \$15 million. Should any Business fail to meet that threshold, the City has the option to terminate the Agreement.

The City has entered into Chapter 380 Economic Development Agreement (the “Agreement”) with another business (the “Business”). The Business agreed to establish and maintain an office in the City that generates substantial taxable sales. The Agreement is for a term of ten years, and will be automatically extended for two additional ten-year periods. If the taxable sales threshold is met, the City will remit back to the Business 50 percent of sales tax revenues collected for that month.

The City entered into a Chapter 380 Economic Development Agreement (the “Agreement”) with another business (the “Business”). The Agreement is for a ten-year term. This Business agreed to expend no less than \$8,000,000 on the construction of a new 85,000 gross square-foot building. This Business has also agreed to comply with the employment requirements for entire term of the Agreement. The City will remit back to the Business 50 percent of the real and business personal property tax increment. This Business agreed to generate substantial taxable sales. If the taxable sales threshold is met, the City agreed to remit 50 percent of the sales tax revenues collected for that month.

During the current fiscal year, the City made payments of \$3,836,462 related to the Agreements noted above.

H. Hurricane Harvey

Hurricane Harvey caused widespread damage in Texas in August 2017. It was the costliest tropical cyclone on record, inflicting an estimated \$198.63 billion in damages, making it the costliest natural disaster ever in the United States, primarily from widespread flooding in the Houston metropolitan area and southeast Texas area. In a four-day period, many areas received more than 40 inches of rain as the system slowly meandered over eastern Texas and adjacent waters, causing catastrophic flooding. With peak accumulations of 64.58 inches, Hurricane Harvey was the wettest tropical cyclone on record in the United States. The resulting floods inundated hundreds of thousands of homes, displaced more than 30,000 people, and prompted more than 17,000 rescues. Approximately one quarter of the State was impacted by the storm directly or indirectly, including the City.

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CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

The City has not determined the full financial impact of Hurricane Harvey as of the date of this report. Total costs being submitted for insurance claims or FEMA reimbursement have not been determined. As of year end, the City was approved for \$10,125,000 in public assistance through FEMA, which was not received until after year end. The City has resumed normal operations.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF DICKINSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (BUDGET BASIS) (Page 1 of 2)
For the Year Ended September 30, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	
Revenues				
Property taxes	\$ 3,625,904	\$ 3,625,904	\$ 3,584,802	\$ (41,102)
Sales taxes	6,844,800	6,844,800	7,104,938	260,138
Franchise fees	996,000	996,000	1,078,616	82,616
Other taxes	52,800	52,800	61,545	8,745
Licenses and permits	339,800	82,800	596,850	514,050
Fines and forfeitures	855,400	1,112,400	597,685	(514,715)
Charges for services	522,700	522,700	439,612	(83,088)
Intergovernmental	694,700	694,700	672,352	(22,348)
Investment income	30,000	30,000	97,263	67,263
Other revenues	2,326,400	3,532,750	1,487,320	(2,045,430)
Total Revenues	<u>16,288,504</u>	<u>17,494,854</u>	<u>15,720,983</u>	<u>(1,773,871)</u>
Expenditures				
General government:				
General government	1,140,500	1,230,100	1,263,322	(33,222) *
Finance	276,600	276,600	297,116	(20,516) *
Information technology	438,100	438,100	385,306	52,794
Public safety:				
Municipal court	339,600	339,600	337,756	1,844
Law enforcement	4,471,900	4,471,900	4,232,846	239,054
Fire marshal	195,300	195,300	94,735	100,565
Emergency management	192,200	192,200	162,827	29,373
Emergency medical services	1,982,200	3,004,100	2,794,922	209,178
Public works	3,147,900	2,647,900	490,117	2,157,783
Culture and recreation:				
Library	419,100	419,100	345,438	73,662
Red, White, and Bayou Festival	30	30	-	30
Community development	536,600	536,600	515,785	20,815
Economic development	5,430,400	5,585,300	5,528,026	57,274
Total Expenditures	<u>18,570,430</u>	<u>19,336,830</u>	<u>16,448,196</u>	<u>2,888,634</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(2,281,926)</u>	<u>(1,841,976)</u>	<u>(727,213)</u>	<u>1,114,763</u>

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CITY OF DICKINSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (BUDGET BASIS) (Page 2 of 2)
For the Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<u>Other Financing Sources (Uses)</u>				
Transfers in	\$ 15,000	\$ 15,000	\$ 15,025	\$ 25
Transfers out	(23,800)	(23,800)	(15,160)	8,640
Total Other Financing (Uses)	<u>(8,800)</u>	<u>(8,800)</u>	<u>(135)</u>	<u>8,665</u>
Net Change in Fund Balance	<u>\$ (2,290,726)</u>	<u>\$ (1,850,776)</u>	<u>(727,348)</u>	<u>\$ 1,123,428</u>
Beginning fund balance			5,188,894	
Ending Fund Balance			<u>\$ 4,461,546</u>	

Notes to Required Supplementary Information:

- Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
* Expenditures exceeded appropriations at the legal level of control.

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CITY OF DICKINSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
STREET MAINTENANCE FUND
For the Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<u>Revenues</u>				
Sales taxes	\$ 1,711,209	\$ 1,711,209	\$ 1,776,234	\$ 65,025
Grant proceeds	1,000,000	1,000,000	-	(1,000,000)
Investment earnings	5,000	5,000	29,081	24,081
Total Revenues	<u>2,716,209</u>	<u>2,716,209</u>	<u>1,805,315</u>	<u>(910,894)</u>
<u>Expenditures</u>				
Current:				
Public works	326,000	689,830	1,095,258	(405,428) *
Total Expenditures	<u>326,000</u>	<u>689,830</u>	<u>1,095,258</u>	<u>(405,428)</u>
Net Change in Fund Balance	<u>\$ 2,390,209</u>	<u>\$ 2,026,379</u>	710,057	<u>\$ (1,316,322)</u>
Beginning fund balance			<u>2,750,752</u>	
		Ending Fund Balance	<u>\$ 3,460,809</u>	

Notes to Required Supplementary Information:

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

*Expenditures exceeded appropriations at the legal level of control.

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CITY OF DICKINSON, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2019

	Measurement Year*			
	2014	2015	2016	2017
Total Pension Liability				
Service cost	\$ 576,584	\$ 635,188	\$ 708,314	\$ 849,783
Interest (on the total pension liability)	868,810	937,553	1,003,659	1,106,567
Change in benefit terms	-	-	-	-
Difference between expected and actual experience	(188,764)	(37,300)	180,282	74,087
Change in assumptions	-	314,587	-	-
Benefit payments, including refunds of employee contributions	(252,404)	(355,357)	(467,009)	(409,858)
Net Change in Total Pension Liability	<u>1,004,226</u>	<u>1,494,671</u>	<u>1,425,246</u>	<u>1,620,579</u>
Beginning total pension liability	<u>12,249,479</u>	<u>13,253,705</u>	<u>14,748,376</u>	<u>16,173,622</u>
Ending Total Pension Liability	<u>\$ 13,253,705</u>	<u>\$ 14,748,376</u>	<u>\$ 16,173,622</u>	<u>\$ 17,794,201</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 354,513	\$ 380,670	\$ 410,793	\$ 528,302
Contributions - employee	295,076	309,848	340,302	404,934
Net investment income	678,443	19,075	897,051	2,002,153
Benefit payments, including refunds of employee contributions	(252,404)	(355,357)	(467,009)	(409,858)
Administrative expense	(7,082)	(11,617)	(10,127)	(10,371)
Other	(582)	(574)	(546)	(526)
Net Change in Plan Fiduciary Net Position	<u>1,067,964</u>	<u>342,045</u>	<u>1,170,464</u>	<u>2,514,634</u>
Beginning plan fiduciary net position	<u>11,857,937</u>	<u>12,925,901</u>	<u>13,267,946</u>	<u>14,438,410</u>
Ending Plan Fiduciary Net Position	<u>\$ 12,925,901</u>	<u>\$ 13,267,946</u>	<u>\$ 14,438,410</u>	<u>\$ 16,953,044</u>
Net Pension Liability	<u>\$ 327,804</u>	<u>\$ 1,480,430</u>	<u>\$ 1,735,212</u>	<u>\$ 841,157</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	97.53%	89.96%	89.27%	95.27%
Covered Payroll	\$ 4,215,375	\$ 4,426,397	\$ 4,861,455	\$ 5,784,775
Net Pension Liability as a Percentage of Covered Payroll	7.78%	33.45%	35.69%	14.54%

*Only five years of information is currently available.

The City will build this schedule over the next five-year period.

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Measurement
Year*
2018
\$ 805,261
1,210,685
5,655
(45,122)
-
(532,818)
<u>1,443,661</u>
17,794,201
<u>\$ 19,237,862</u>
\$ 515,761
381,640
(507,664)
(532,818)
(9,815)
(513)
<u>(153,409)</u>
16,953,044
<u>\$ 16,799,635</u>
<u>\$ 2,438,227</u>

87.33%

\$ 5,452,004

44.72%

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CITY OF DICKINSON, TEXAS
SCHEDULE OF THE CITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM
For the Year Ended September 30, 2019

	Measurement Year*			
	2014	2015	2016	2017
City's proportion of the net pension liability	0.440%	0.415%	0.499%	0.546%
City's proportionate share of the net pension liability	\$ 79,911	\$ 110,646	\$ 145,349	\$ 131,049
State's proportionate share of the net pension liability	26,862	38,353	50,249	42,914
Total	\$ 106,773	\$ 148,999	\$ 195,598	\$ 173,963
Number of Active Members**	38	37	39	27
City's net pension liability per active member	\$ 2,103	\$ 2,990	\$ 4,066	\$ 4,854
Plan fiduciary net position as a percentage of the total pension liability	83.50%	76.90%	76.30%	81.40%

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

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

Notes to Required Supplementary Information:

Changes in benefit terms

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

Changes in assumptions

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

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Measrement
Year*
2018

	0.624%
\$	135,099
	37,495
\$	172,594
	27
\$	5,004
	83.10%

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CITY OF DICKINSON, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SUPPLEMENTAL DEATH BENEFITS FUND
For the Year Ended September 30, 2019

	Measurement Year*	
	2017	2018
Total OPEB Liability		
Service cost	\$ 8,677	\$ 9,268
Interest (on the total pension liability)	6,106	6,337
Differences between expected and actuarial experience	-	(10,838)
Changes of assumptions	16,213	(12,991)
Benefit payments	(1,157)	(1,636)
Net Change in Total OPEB Liability	29,839	(9,860)
Beginning total OPEB liability	157,784	187,623
Ending Total OPEB Liability	\$ 187,623	\$ 177,763
Covered Payroll	\$ 5,784,775	\$ 5,452,004
Total OPEB Liability as a Percentage of Covered Payroll	3.24%	3.26%

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

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

Notes to Required Supplementary Information:

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary increases	3.50% to 10.50% including inflation
Discount rate	3.31%
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB 68.
Mortality - service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustments with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality - disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

Other Information:

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

The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

There were no benefit changes during the year.

The only change of assumptions was the annual change in the municipal bond index rate. The discount rate used in the development of the total OPEB liability was 3.31% as of December 31, 2017 compared to 3.78% as of December 31, 2016.

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CITY OF DICKINSON, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2019

	Fiscal Year*			
	2014	2015	2016	2017
Actuarially determined contribution	\$ 346,983	\$ 370,625	\$ 421,465	\$ 509,064
Contributions in relation to the actuarially determined contribution	346,983	370,625	421,465	509,064
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,156,912	\$ 4,335,988	\$ 4,964,945	\$ 5,657,521
Contributions as a percentage of covered payroll	8.35%	8.55%	8.49%	9.00%

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

Notes to Required Supplementary Information:

1. Valuation Date:

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

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	26 years
Asset valuation method	10 year smoothed market; 15% soft corridor
Inflation	2.5%
Salary increases	3.5% to 10.5% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2018 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

3. Other Information:

Adoptd 5 year vestig.

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Fiscal Year*	
2018	2019
\$ 507,712	\$ 504,892
507,712	504,892
\$ -	\$ -
\$ 5,410,313	\$ 5,335,786
9.38%	9.46%

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CITY OF DICKINSON, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM
For the Year Ended September 30, 2019

	Fiscal Year*			
	2014	2015	2016	2017
Contractually required contribution	\$ 20,020	\$ 19,580	\$ 20,592	\$ 26,420
Contributions in relation to the contractually required contribution	<u>20,020</u>	<u>19,580</u>	<u>20,592</u>	<u>26,420</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Number of active members**	38	37	39	36
Contributions per active member	\$ 527	\$ 529	\$ 528	\$ 734

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

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

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Fiscal Year*	
2018	2019
\$ 29,896	\$ 30,104
<u>29,896</u>	<u>30,104</u>
<u>\$ -</u>	<u>\$ -</u>
27	27
\$ 1,107	\$ 1,115

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***COMBINING AND INDIVIDUAL FUND STATEMENTS AND
SCHEDULES***

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CITY OF DICKINSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

DEBT SERVICE FUND

For the Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<u>Revenues</u>				
Property taxes	\$ 714,100	\$ 714,100	\$ 700,503	\$ (13,597)
Intergovernmental	156,345	156,345	156,345	-
Investment earnings	1,000	1,000	8,126	7,126
Total Revenues	<u>871,445</u>	<u>871,445</u>	<u>864,974</u>	<u>(6,471)</u>
<u>Expenditures</u>				
Debt service:				
Principal	694,305	694,305	625,000	69,305
Interest and fiscal charges	176,995	176,995	242,465	(65,470) *
Total Expenditures	<u>871,300</u>	<u>871,300</u>	<u>867,465</u>	<u>3,835</u>
Net Change in Fund Balance	<u>\$ 145</u>	<u>\$ 145</u>	(2,491)	<u>\$ (2,636)</u>
Beginning fund balance			<u>93,726</u>	
		Ending Fund Balance	<u>\$ 91,235</u>	

Notes to Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. *Expenditures exceeded appropriations at the legal level of control

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CITY OF DICKINSON, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)
September 30, 2019

	Special Revenue Funds			
	Special Revenue and Grants	VOCA	CDBG Disaster Recovery	Bayou Lakes Public Improvement District No. 1
Assets				
Cash	\$ -	\$ -	\$ -	\$ 380,259
Receivables, net	1,524,603	9,966	362,963	-
Due from other funds	-	-	417,608	-
Prepaid expenses	-	-	-	-
Total Assets	\$ 1,524,603	\$ 9,966	\$ 780,571	\$ 380,259
Liabilities				
Accounts payable and accrued liabilities	\$ 513,172	\$ 2,556	\$ -	\$ 8,815
Due to other funds	1,599,273	17,643	431,790	15,000
Unearned revenues	-	-	349,881	-
Total Liabilities	2,112,445	20,199	781,671	23,815
Fund Balances				
Nonspendable:				
Prepaid items	-	-	-	-
Restricted for:				
Capital projects	-	-	-	-
Enabling legislation	(587,842)	(10,233)	(1,100)	356,444
Special projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	(587,842)	(10,233)	(1,100)	356,444
Total Liabilities and Fund Balances	\$ 1,524,603	\$ 9,966	\$ 780,571	\$ 380,259

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Special Revenue Funds

Bayou Lakes Public Improvement District No. 2	Federal Seized Funds	Library Impact Grant	Child Safety	Court Efficiency	Court Security
\$ -	\$ 168,144	\$ -	\$ 3,262	\$ 11,446	\$ 60,655
-	463	7,657	-	-	-
-	110	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 168,717</u>	<u>\$ 7,657</u>	<u>\$ 3,262</u>	<u>\$ 11,446</u>	<u>\$ 60,655</u>
\$ 1,950	\$ 2,820	\$ -	\$ -	\$ 42	\$ 619
14,625	-	4,060	-	-	-
-	-	-	-	-	-
<u>16,575</u>	<u>2,820</u>	<u>4,060</u>	<u>-</u>	<u>42</u>	<u>619</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	165,897	3,597	3,262	11,404	60,036
-	-	-	-	-	-
(16,575)	-	-	-	-	-
<u>(16,575)</u>	<u>165,897</u>	<u>3,597</u>	<u>3,262</u>	<u>11,404</u>	<u>60,036</u>
<u>\$ -</u>	<u>\$ 168,717</u>	<u>\$ 7,657</u>	<u>\$ 3,262</u>	<u>\$ 11,446</u>	<u>\$ 60,655</u>

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CITY OF DICKINSON, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)
September 30, 2019

	Special Revenue Funds			
	Court Technology	State Seized Funds	Hotel/Motel	Bayou Animal Services Corporation
Assets				
Cash	\$ 14,651	\$ 11,098	\$ 329,388	\$ 124,988
Receivables, net	-	-	9,626	18,014
Due from other funds	-	-	-	1,166,348
Prepaid expenses	-	-	-	-
Total Assets	\$ 14,651	\$ 11,098	\$ 339,014	\$ 1,309,350
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 10,973	\$ -	\$ 332,472
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
Total Liabilities	-	10,973	-	332,472
Fund Balances				
Nonspendable:				
Prepaid items	-	-	-	-
Restricted for:				
Capital projects	-	-	-	-
Enabling legislation	14,651	-	339,014	976,878
Special projects	-	-	-	-
Unassigned	-	125	-	-
Total Fund Balances	14,651	125	339,014	976,878
Total Liabilities and Fund Balances	\$ 14,651	\$ 11,098	\$ 339,014	\$ 1,309,350

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<u>Special Revenue Funds</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Hurricane Relief</u>	<u>Vehicle Acquisition</u>	
\$ 28,518	\$ 299,745	\$ 1,432,154
-	-	1,933,292
-	190,338	1,774,404
-	-	-
<u>\$ 28,518</u>	<u>\$ 490,083</u>	<u>\$ 5,139,850</u>
\$ -	\$ 30	\$ 873,449
-	-	2,082,391
-	-	349,881
<u>-</u>	<u>30</u>	<u>3,305,721</u>
-	-	-
-	490,053	490,053
-	-	1,332,008
28,518	-	28,518
-	-	(16,450)
<u>28,518</u>	<u>490,053</u>	<u>1,834,129</u>
<u>\$ 28,518</u>	<u>\$ 490,083</u>	<u>\$ 5,139,850</u>

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CITY OF DICKINSON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)
For the Year Ended September 30, 2019

	<u>Special Revenue Funds</u>			
	<u>Special Revenue and Grants</u>	<u>VOCA</u>	<u>CDBG Disaster Recovery</u>	<u>Bayou Lakes Public Improvement District No. 1</u>
<u>Revenues</u>				
Special assessments	\$ -	\$ -	\$ -	\$ 381,530
Other taxes	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Intergovernmental	1,517,131	46,373	417,608	-
Investment earnings	-	-	-	-
Other revenues	-	-	-	-
Total Revenues	<u>1,517,131</u>	<u>46,373</u>	<u>417,608</u>	<u>381,530</u>
<u>Expenditures</u>				
General government	-	-	-	14,623
Public safety	2,189,029	70,325	-	-
Public works	-	-	68,827	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>2,189,029</u>	<u>70,325</u>	<u>68,827</u>	<u>14,623</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(671,898)</u>	<u>(23,952)</u>	<u>348,781</u>	<u>366,907</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	15,160	-	-
Transfers out	-	-	-	(15,025)
Total Other Financing Sources (Uses)	<u>-</u>	<u>15,160</u>	<u>-</u>	<u>(15,025)</u>
Net Change in Fund Balances	<u>(671,898)</u>	<u>(8,792)</u>	<u>348,781</u>	<u>351,882</u>
Beginning fund balances	84,056	(1,441)	(349,881)	4,562
Ending Fund Balances	<u>\$ (587,842)</u>	<u>\$ (10,233)</u>	<u>\$ (1,100)</u>	<u>\$ 356,444</u>

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Special Revenue Funds

Bayou Lakes Public Improvement District No. 2	Federal Seized Funds	Library Impact Grant	Child Safety	Court Efficiency	Court Security
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	382	2,063	8,361
-	-	-	-	-	-
-	56,290	3,951	-	-	-
-	2,055	-	-	-	-
-	-	-	-	-	-
-	<u>58,345</u>	<u>3,951</u>	<u>382</u>	<u>2,063</u>	<u>8,361</u>
4,875	-	4,624	-	12,112	-
-	174,910	-	600	-	10,134
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>4,875</u>	<u>174,910</u>	<u>4,624</u>	<u>600</u>	<u>12,112</u>	<u>10,134</u>
<u>(4,875)</u>	<u>(116,565)</u>	<u>(673)</u>	<u>(218)</u>	<u>(10,049)</u>	<u>(1,773)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(4,875)</u>	<u>(116,565)</u>	<u>(673)</u>	<u>(218)</u>	<u>(10,049)</u>	<u>(1,773)</u>
(11,700)	282,462	4,270	3,480	21,453	61,809
<u>\$ (16,575)</u>	<u>\$ 165,897</u>	<u>\$ 3,597</u>	<u>\$ 3,262</u>	<u>\$ 11,404</u>	<u>\$ 60,036</u>

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CITY OF DICKINSON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)
For the Year Ended September 30, 2019

	<u>Special Revenue Funds</u>			
	<u>Court Technology</u>	<u>State Seized Funds</u>	<u>Hotel/Motel</u>	<u>Bayou Animal Services Corporation</u>
<u>Revenues</u>				
Special assessments	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	27,513	-
Fines and forfeitures	11,145	-	-	-
Charges for services	-	-	-	1,201
Intergovernmental	-	-	-	240,732
Investment earnings	-	-	-	64
Other revenues	-	-	-	18,455
Total Revenues	<u>11,145</u>	<u>-</u>	<u>27,513</u>	<u>260,452</u>
<u>Expenditures</u>				
General government	14,519	-	-	352,867
Public safety	-	-	-	-
Public works	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>14,519</u>	<u>-</u>	<u>-</u>	<u>352,867</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,374)</u>	<u>-</u>	<u>27,513</u>	<u>(92,415)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(3,374)</u>	<u>-</u>	<u>27,513</u>	<u>(92,415)</u>
Beginning fund balances	18,025	125	311,501	1,069,293
Ending Fund Balances	<u>\$ 14,651</u>	<u>\$ 125</u>	<u>\$ 339,014</u>	<u>\$ 976,878</u>

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Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
Hurricane Relief	Vehicle Acquisition	
\$ -	\$ -	\$ 381,530
-	-	27,513
-	-	21,951
-	-	1,201
-	-	2,282,085
-	-	2,119
-	36,038	54,493
-	36,038	2,770,892
10,000	-	413,620
-	-	2,444,998
-	-	68,827
-	86,146	86,146
-	4,522	4,522
10,000	90,668	3,018,113
(10,000)	(54,630)	(247,221)
-	-	15,160
-	-	(15,025)
-	-	135
(10,000)	(54,630)	(247,086)
38,518	544,683	2,081,215
\$ 28,518	\$ 490,053	\$ 1,834,129

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CITY OF DICKINSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Page 1 of 5)
For the Year Ended September 30, 2019

		VOCA Fund			
		Budgeted Amounts			Variance
		Original	Budget as		with Final
		Budget	Amended	Actual	Budget
					Positive
					(Negative)
Revenues					
	Intergovernmental	\$ 53,991	\$ 53,991	\$ 46,373	\$ (7,618)
	Total Revenues	53,991	53,991	46,373	(7,618)
Expenditures					
Current:					
	Public safety	77,768	77,768	70,325	7,443
	Total Expenditures	77,768	77,768	70,325	7,443
	(Deficiency) of Revenues				
	(Under) Expenditures	(23,777)	(23,777)	(23,952)	(175)
Other Financing Sources (Uses)					
	Transfers in	23,777	23,777	15,160	(8,617)
	Total Other Financing Sources	23,777	23,777	15,160	(8,617)
	Net Change in Fund Balance	\$ -	\$ -	(8,792)	\$ (8,792)
	Beginning fund balance			(1,441)	
	Ending Fund Balance			\$ (10,233)	

		Bayou Lakes Public Improvement District No. 1 Fund			
		Budgeted Amounts			Variance
		Original	Budget as		with Final
		Budget	Amended	Actual	Budget
					Positive
					(Negative)
Revenues					
	Special assessments	\$ 269,300	\$ 269,300	\$ 381,530	\$ 112,230
	Investment earnings	300	300	-	(300)
	Total Revenues	269,600	269,600	381,530	111,930
Expenditures					
Current:					
	General government	247,800	247,800	14,623	233,177
	Total Expenditures (Deficiency)	247,800	247,800	14,623	233,177
	Excess of Revenues				
	Over (Under) Expenditures	21,800	21,800	366,907	345,107
Other Financing Sources (Uses)					
	Transfers out	(15,000)	(15,000)	(15,025)	25
	Total Other Financing (Uses)	(15,000)	(15,000)	(15,025)	25
	Net Change in Fund Balance	\$ 6,800	\$ 6,800	351,882	\$ 345,082
	Beginning fund balance			4,562	
	Ending Fund Balance			\$ 356,444	

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CITY OF DICKINSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Page 2 of 5)
For the Year Ended September 30, 2019

Bayou Lakes Public Improvement District No. 2 Fund

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended		
Expenditures				
Current:				
General government	3,900	3,900	4,875	(975) *
Total Expenditures	<u>3,900</u>	<u>3,900</u>	<u>4,875</u>	<u>(975)</u>
Net Change in Fund Balance	<u>\$ (3,900)</u>	<u>\$ (3,900)</u>	<u>(4,875)</u>	<u>\$ (975)</u>
Beginning fund balance			<u>(11,700)</u>	
Ending Fund Balance			<u>\$ (16,575)</u>	

*Expenditures exceeded appropriations at the legal level of control.

Federal Seized Funds Fund

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 56,290	\$ 56,290
Investment earnings	-	-	2,055	2,055
Total Revenues	<u>-</u>	<u>-</u>	<u>58,345</u>	<u>58,345</u>
Expenditures				
Current:				
Public safety	131,400	131,400	174,910	(43,510) *
Total Expenditures	<u>131,400</u>	<u>131,400</u>	<u>174,910</u>	<u>(43,510)</u>
Net Change in Fund Balance	<u>\$ (131,400)</u>	<u>\$ (131,400)</u>	<u>(116,565)</u>	<u>\$ 14,835</u>
Beginning fund balance			<u>282,462</u>	
Ending Fund Balance			<u>\$ 165,897</u>	

*Expenditures exceeded appropriations at the legal level of control.

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CITY OF DICKINSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Page 3 of 5)
For the Year Ended September 30, 2019

Library Impact Grant Fund				
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended		
Revenues				
Intergovernmental	\$ 6,000	\$ 6,000	\$ 3,951	\$ (2,049)
Total Revenues	6,000	6,000	3,951	(2,049)
Expenditures				
Current:				
General government	6,000	6,000	4,624	1,376
Total Expenditures	6,000	6,000	4,624	1,376
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balance	\$ -	\$ -	(673)	\$ (673)
Beginning fund balance			4,270	
Ending Fund Balance			\$ 3,597	

Child Safety Fund				
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended		
Revenues				
Fines and forfeitures	\$ 500	\$ 500	\$ 382	\$ (118)
Total Revenues	500	500	382	(118)
Expenditures				
Current:				
Public safety	500	500	600	(100) *
Total Expenditures	500	500	600	(100)
Net Change in Fund Balance	\$ -	\$ -	(218)	\$ (218)
Beginning fund balance			3,480	
Ending Fund Balance			\$ 3,262	

*Expenditures exceeded appropriations at the legal level of control.

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CITY OF DICKINSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Page 4 of 5)
For the Year Ended September 30, 2019

Court Efficiency Fund

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	
	Revenues			
Fines and forfeitures	\$ 2,000	\$ 2,000	\$ 2,063	\$ 63
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>2,063</u>	<u>63</u>
Expenditures				
Current:				
Public safety	12,596	12,596	12,112	484
Total Expenditures	<u>12,596</u>	<u>12,596</u>	<u>12,112</u>	<u>484</u>
Net Change in Fund Balance	<u>\$ (10,596)</u>	<u>\$ (10,596)</u>	(10,049)	<u>\$ 547</u>
Beginning fund balance			<u>21,453</u>	
Ending Fund Balance			<u>\$ 11,404</u>	

Court Security Fund

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	
	Revenues			
Fines and forfeitures	\$ 10,000	\$ 10,000	\$ 8,361	\$ (1,639)
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>8,361</u>	<u>(1,639)</u>
Expenditures				
Current:				
Public safety	16,165	16,165	10,134	6,031
Total Expenditures	<u>16,165</u>	<u>16,165</u>	<u>10,134</u>	<u>6,031</u>
Net Change in Fund Balance	<u>\$ (6,165)</u>	<u>\$ (6,165)</u>	(1,773)	<u>\$ 4,392</u>
Beginning fund balance			<u>61,809</u>	
Ending Fund Balance			<u>\$ 60,036</u>	

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CITY OF DICKINSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Page 5 of 5)
For the Year Ended September 30, 2019

Court Technology Fund

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended	Actual	
Revenues				
Fines and forfeitures	\$ 13,000	\$ 13,000	\$ 11,145	\$ (1,855)
Total Revenues	13,000	13,000	11,145	(1,855)
Expenditures				
Current:				
Public safety	20,000	20,000	14,519	5,481
Total Expenditures	20,000	20,000	14,519	5,481
Net Change in Fund Balance	\$ (7,000)	\$ (7,000)	(3,374)	\$ 3,626
Beginning fund balance			18,025	
Ending Fund Balance			\$ 14,651	

Hotel/Motel Fund

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended	Actual	
Revenues				
Other taxes	\$ 33,000	\$ 33,000	\$ 27,513	\$ (5,487)
Total Revenues	33,000	33,000	27,513	(5,487)
Expenditures				
Current:				
Culture and recreation	314,000	314,000	-	314,000
Total Expenditures	314,000	314,000	-	314,000
Net Change in Fund Balance	\$ (281,000)	\$ (281,000)	27,513	\$ 308,513
Beginning fund balance			311,501	
Ending Fund Balance			\$ 339,014	

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CITY OF DICKINSON, TEXAS

COMBINING STATEMENT OF NET POSITION

INTERNAL SERVICE FUNDS

September 30, 2019

	Internal Service Funds		Total Internal Service Funds
	Employee Benefit	Building Maintenance	
<u>Liabilities</u>			
Accounts payable and accrued liabilities	\$ -	\$ 77,135	\$ 77,135
Due to other funds	-	271,818	271,818
Total Liabilities	-	348,953	348,953
<u>Net Position</u>			
Unrestricted	-	(348,953)	(348,953)
Total Net Position	\$ -	\$ (348,953)	\$ (348,953)

See Notes to Financial Statements.

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CITY OF DICKINSON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2019

	Internal Service Funds		Total Internal Service Funds
	Employee Benefit	Building Maintenance	
<u>Operating Revenues</u>			
Charges for services	\$ 889,543	\$ -	\$ 889,543
Total Operating Revenues	<u>889,543</u>	<u>-</u>	<u>889,543</u>
<u>Operating Expenses</u>			
General and administrative	889,543	994,566	1,884,109
Total Operating Expenses	<u>889,543</u>	<u>994,566</u>	<u>1,884,109</u>
Change in Net Position	-	(994,566)	(994,566)
Beginning net position	-	645,613	645,613
Ending Net Position	<u>\$ -</u>	<u>\$ (348,953)</u>	<u>\$ (348,953)</u>

See Notes to Financial Statements.

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CITY OF DICKINSON, TEXAS

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

For the Year Ended September 30, 2019

	Internal Service Funds		
	Employee Benefit	Building Maintenance	Total Funds
<u>Cash Flows from Operating Activities</u>			
Receipts from customers and users	\$ 889,543	\$ -	\$ 889,543
Payments to suppliers	(889,543)	(645,613)	(1,535,156)
Net Cash (Used) by Operating Activities	-	(645,613)	(645,613)
Net (Decrease) in Cash and Cash Equivalents	-	(645,613)	(645,613)
Beginning cash and cash equivalents	-	645,613	645,613
Ending Cash and Cash Equivalents	\$ -	\$ -	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating (loss)	\$ -	\$ (994,566)	\$ (994,566)
Changes in Operating Assets and Liabilities:			
Increase (Decrease) in:			
Accounts payable and accrued liabilities	-	348,953	348,953
Net Cash (Used) by Operating Activities	\$ -	\$ (645,613)	\$ (645,613)

See Notes to Financial Statements.

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Management Letter

May 29, 2020

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

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

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

Our report is as follows:

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dickinson, Texas (the "City") as of and for the year ended September 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

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

Our findings and additional comments are as follows:

CURRENT YEAR MATTERS

Significant Deficiencies:

2019-001. DEFICIT IN CASH BALANCE

Criteria

The City should ensure that there are adequate funds available in the pooled cash account to satisfy the equity interest of all financial reporting funds.

Condition

Deficit cash balances were not being identified and/or brought to positive balance.

Effect

As of the end of the year, several funds reported negative cash balances totaling \$691,263.

Cause

Deficit in cash balances are not being monitoring by management.

Recommendation

The City should consider adopting a formal policy on how deficit balances will be communicated to management and City Council and if formal approval will be obtained before or after a fund has a negative balance.

Managements Response

The City will put into place policies and procedures to ensure a regular reconciliation of cash balances.

2019-002. DUE TO AND DUE FROM BALANCES

Criteria

The City should ensure the appropriate use and accurate recording of all interfund transactions.

Condition

It was noted during the audit that cash collected in the general fund bank account was transferred to the same general fund in several due to accounts.

Effect

As a result of the lack of procedures, it was difficult to agree activity between funds.

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Cause

The City has not established procedures in which management reviews and reconciles interfund activity.

Recommendation

The City should transfer the cash collected for other funds on a quarterly basis to the respective funds.

Managements Response

The City will put into place policies and procedures to ensure a regular reconciliation of interfund activity.

2019-003. EDC BANK ACCOUNT

Criteria

The City should ensure the appropriate application of policies and procedures regarding the use of bank accounts.

Condition

It was noted during the audit that there was no formal policy or procedure currently in place with regards to the City's management of the EDC bank accounts.

Effect

There were several transfers between City and EDC accounts made without a policy in place.

Recommendation

The City should implement a service agreement with the EDC that outlines the proper policies and procedures for the use of EDC cash accounts and processing of expenditures.

Managements Response

The City will work with the EDC to adopt an administrative services agreement.

2019-004. EDC ANNUAL PAYMENT TO TEXAS DEPARTMENT OF TRANSPORTATION

Criteria

The EDC has agreed to make a payment each fiscal year to the Texas Department of Transportation (TxDOT) in the amount of \$26,027.43 for funds owed related to the Dickinson Historic GH&H Railroad Depot Restoration.

Condition

The annual payment to TxDOT was not made in fiscal year 2019.

Effect

The payment schedule set by TxDOT was not met for the fiscal year.

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Recommendation

The EDC management should implement a process that will ensure that the payment to TxDOT is made each fiscal year.

2019-005. DEFICIT FUND BALANCE

Criteria

The City should maintain balance or surplus fund balances in each fund.

Condition

The City presented a deficit fund balances in the FEMA Hurricane Harvey, VOCA, Special Revenue and Grants, CDBG Disaster Recovery, Bayou Lakes Public Improvement District No. 2, and Building Maintenance fund

Effect

As of the end of the year, several funds reported deficit fund balances.

Recommendation

The City should ensure all fund balances are reconciled at the end of the year. If a deficit balance exists, the City should transfer funds from another fund in order to clear the deficit.

Managements Response

The City will implement procedures to ensure fund balances are balanced at the end of each year to avoid deficits.

2019-006. GRANT ADMINISTRATION

Criteria

The City should reconcile and keep track of all grant activity with the federal government to ensure proper recognition of revenue and payment from applicable granting agencies.

Condition

The City has not kept detailed reconciliations or records related to several grants. This could lead to funding being denied or restricted from the City until these records are up to date.

Effect

FEMA receivables and deferrals were not reconciled or tied to adequate supporting documentation.

Recommendation

The City should work with granting agencies to reconcile and confirm that all outstanding amounts are correct, and that any grant funds that should be collected or remitted are done so.

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Managements Response

The City will work to consult with all federal granting agencies and implement periodic reconciliations of federal awards.

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

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

*B*LT *H*ARRIS *P*ECHACEK, LLLP
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Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

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Required Auditor Disclosure Letter

May 27, 2020

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dickinson, Texas (the “City”) for the year ended September 30, 2019. Professional standards require that we provide the City Council (the “governing body”) with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit.

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

As stated in our engagement letter dated September 10, 2018, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with the governing body’s oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve the governing body or management of its responsibilities.

II. Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to the governing body in our engagement letter dated September 10, 2018.

III. Significant Audit Findings

1. *Qualitative Aspects of Accounting Practices*

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

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

Management's estimate of the useful lives of capital assets is based on industry standards relating to capital assets. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.

Estimates are used in the calculation of the pension liability and the required annual contribution. The Texas Municipal Retirement System (TMRS) hires a licensed actuary to make key assumptions and to perform calculations, as well as an independent auditor to review those assumptions and calculations. We evaluated the reasonableness of the employee data provided by the City to TMRS.

Estimates are used in the calculation of the health care liability for other postemployment benefits. The City hires a licensed actuary to perform the calculation. We evaluated the key factors and assumptions used to develop the liability in relation to the financial statements taken as a whole.

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

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

2. Difficulties Encountered in Performing the Audit

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

3. Corrected and Uncorrected Misstatements

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

4. Disagreements with Management

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

5. Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 27, 2020.

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6. *Management Consultations with Other Independent Accountants*

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

7. *Other Audit Findings or Issues*

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

IV. Other Matters

We applied certain limited procedures to the Required Supplementary Information (RSI), as identified on the table of contents, which supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

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

V. Restrictions on Use

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

DRAFT
BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

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Client: **City of Dickinson, Texas**
 Engagement: **4.1 - Dickinson 9/30/19**
 Period Ending: **9/30/2019**
 Trial Balance: **2.2.01 - TB**
 Workpaper: **2.5.06 - Adjusting Journal Entries Report**

5/29/2020
11:10 AM

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		E.02		
To record as AP invoices that were not recorded but should have been.				
01-8543-40-00	GRANT PAYMENTS - 380 CO'S		39,459.06	
41-8543-41-00	380 GRANT PAYMENTS		23,281.99	
41-8543-41-00	380 GRANT PAYMENTS		23,677.80	
01-2102-00-00	Accounts Payable Pending			39,459.06
41-2102-00-00	ACCOUNTS PAYABLE			23,281.99
41-2102-00-00	ACCOUNTS PAYABLE			23,677.80
Total			86,418.85	86,418.85
Adjusting Journal Entries JE # 2		C.01		
To adjust property tax receivable, allowance, and deferred revenue balances.				
01-1401-00-00	Property Tax Receivable		29,273.84	
02-1401-00-00	Property Tax Receivable		3,145.43	
01-1402-00-00	Tax Allow/Uncollectables			1,463.70
01-2501-00-00	Deferred Revenue-Prop.Tax			27,810.13
02-1402-00-00	Tax Allow/Uncollectables			157.27
02-2501-00-00	Deferred Revenue-P.Taxes			2,988.17
Total			32,419.27	32,419.27
Adjusting Journal Entries JE # 3		E.01, A.02f		
To adjust AP debit balance and cash				
11-1258-00-00	FEDERAL SEIZED BANK ACCOUNT		4,446.00	
11-2102-00-00	ACCOUNTS PAYABLE PENDING			4,446.00
Total			4,446.00	4,446.00
Adjusting Journal Entries JE # 4		E.04		
To reverse entry client made				
08-2200-00-00	RETAINAGE PAYABLE		32,584.23	
30-2200-00-00	RETAINAGE PAYABLE		113,683.81	
08-8801-12-00	2019 STREET PRGM - ENGINEERING			32,584.23
30-8445-42-00-	PROJECTS			113,683.81
Total			146,268.04	146,268.04
Adjusting Journal Entries JE # 5		E.04		
To correct retainage balances				
08-8801-12-00	2019 STREET PRGM - ENGINEERING		27,435.13	
30-8445-42-00-	PROJECTS		77,135.21	
08-2200-00-00	RETAINAGE PAYABLE			27,435.13
30-2200-00-00	RETAINAGE PAYABLE			77,135.21
Total			104,570.34	104,570.34

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Client: **City of Dickinson, Texas**
 Engagement: **4.1 - Dickinson 9/30/19**
 Period Ending: **9/30/2019**
 Trial Balance: **2.2.01 - TB**
 Workpaper: **2.5.06 - Adjusting Journal Entries Report**

5/29/2020
 11:10 AM

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 6		D.01		
To correct drainage amount				
06-1700-00-00	CURRENT YEAR UNCOLL ALLOWANCE		320.00	
06-1410-00-00	Drainage Receivable			48.00
06-1422-00-00	PREPAID RECEIVABLE			272.00
Total			320.00	320.00
 Adjusting Journal Entries JE # 7		 J.01		
To adjust for SRF and GEN Fund balance				
01-7603-00-00	Miscellaneous Income		13,843.03	
03-2512-00-00	UNEXPENDED SETH GRANT FUNDS		48,459.60	
03-7619-00-00	TCLEOSE Training Fund		10,097.98	
01-3500-00-00	Beginning Fund Balance			13,843.03
03-3011-00-00	Appropriation;LE Reserves			1,200.00
03-3012-00-00	Appropriation;LEOSE-PD			2,300.68
03-3105-00-00	RESERVE-BULLET PROOF VEST			3,745.00
03-3115-00-00	APPROP: JAG GRANT			2,852.30
03-3500-00-00	Beginning Fund Balance			48,459.60
Total			72,400.61	72,400.61
 Adjusting Journal Entries JE # 8		 H.01		
To record current year depreciation for EDC				
49-70900	Depreciation Expense		9,235.80	
49-1550-40-00	ACCUMULATED DEPRECIATION			9,235.80
Total			9,235.80	9,235.80
 Adjusting Journal Entries JE # 9		 F.05		
To correct payroll accrual				
01-8101-01-00	FTE Base Salary		2,154.84	
01-8101-02-00	FTE Base Salary		1,250.15	
01-8101-03-00	Salary & Wages		2,643.54	
01-8101-04-00	Salary & Wages		1,573.83	
01-8101-05-00	FTE Base Salary		25,548.37	
01-8101-10-00	Salary and Wages		517.32	
01-8101-12-00	Salary & Wages		2,441.67	
01-8101-15-00	Salary and Wages		1,939.81	
01-8101-17-00	FTE Base Salary		5,824.95	
01-2489-00-00	Accrued Payroll Payables			43,894.48
Total			43,894.48	43,894.48

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Client: **City of Dickinson, Texas**
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5/29/2020
 11:10 AM

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 10		F.03		
To correct compensated absences				
40-8160-02-00	COMP ABSENCES EXPENSE		2,063.57	
40-2600-00-00	COMPENSATED ABSENCES			2,063.57
Total			2,063.57	2,063.57
Adjusting Journal Entries JE # 11		A.10		
PBC to adjust Claim on Cash balance				
01-1130-00-00	Claim On Cash		1,445,030.44	
01-1300-00-00	Due from other funds		448,514.77	
01-1300-00-00	Due from other funds		719,379.03	
03-1130-00-00	Claim On Cash		1,599,273.18	
16-1130-00-00	CLAIM ON CASH		17,637.11	
17-1130-00-00	CLAIM ON CASH		4,060.40	
23-1130-00-00	CLAIM ON CASH		426,817.26	
25-1130-00-00	Claim on Cash		14,625.00	
30-1130-00-00	CLAIM ON CASH		271,817.96	
42-1300-00-00	DUE FROM OTHER FUNDS		286,442.96	
42-1300-00-00	DUE FROM OTHER FUNDS		879,894.15	
01-1130-00-00	Claim On Cash			448,514.77
01-1130-00-00	Claim On Cash			719,379.03
01-3500-00-00	Beginning Fund Balance			1,445,030.44
03-2300-00-00	Due To Other Funds			1,599,273.18
16-2300-00-00	DUE TO OTHER FUNDS			17,637.11
17-2300-00-00	DUE TO OTHER FUNDS			4,060.40
23-2300-00-00	DUE TO OTHER FUNDS			426,817.26
25-2300-00-00	Due to other funds			14,625.00
30-2300-00-00	Due to other funds			271,817.96
42-1130-00-00	CLAIM ON CASH			286,442.96
42-1130-00-00	CLAIM ON CASH			879,894.15
Total			6,113,492.26	6,113,492.26

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Client: **City of Dickinson, Texas**
Engagement: **4.1 - Dickinson 9/30/19**
Period Ending: **9/30/2019**
Trial Balance: **2.2.01 - TB**
Workpaper: **2.5.06 - Adjusting Journal Entries Report**

5/29/2020
11:10 AM

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 12		A.10		
PBC to adjust pooled cash				
99-1301-00-00	DUE TO/FROM GENERAL FUND		1,068,043.10	
99-1303-00-00	DUE TO/FROM SPECIAL REV. FUND		24,316.72	
99-1304-00-00	DUE TO/FROM DISASTER FUND		52,300.53	
99-1307-00-00	DUE TO/FROM EMS FUND		49,053.59	
99-1311-00-00	DUE TO/FROM SEIZED FUNDS		34,510.09	
99-1313-00-00	DUE TO/FROM SEIZED-STATE/NARC		9,854.26	
99-1315-00-00	DUE TO/FROM PID#1 FUND		49,241.04	
99-1317-00-00	DUE TO/FROM LIBRARY GRANT FUND		3,339.01	
99-2101-00-00	Accounts Payable		878,940.91	
99-2300-00-00	Due To Other Funds		1,047,347.01	
99-1305-00-00	DUE TO/FROM PID#1 FUND			56,616.85
99-1306-00-00	DUE TO/FROM DRAINAGE FUND			206,229.08
99-1308-00-00	DUE TO/FROM STREET MAINT. FUND			181,614.53
99-1316-00-00	DUE TO/FROM VOCA FUND			11,463.47
99-1319-00-00	DUE TO/FROM CDBG GRANT FUND			2,934.31
99-1320-00-00	DUE TO/FROM CAPITAL PROJ. FUND			232,727.04
99-1321-00-00	DUE TO/FROM VERF FUND			450,497.23
99-1323-00-00	DUE TO/FROM CDBG RD 2.1/2.2			147,945.42
99-1330-00-00	DUE TO/FROM BLDG MAINT FUND			405,803.23
99-1331-00-00	DUE TO/FROM CHILD SAFETY FUND			10,192.36
99-1332-00-00	DUE TO/FROM COURT EFFICIENCY			19,871.62
99-1333-00-00	DUE TO/FROM COURT SECURITY			53,506.20
99-1334-00-00	DUE TO/FROM COURT TECHNOLOGY			2,997.04
99-1335-00-00	DUE TO/FROM HOT FUND			250,417.25
99-1340-00-00	Due From DECD			4,987.15
99-1342-00-00	DUE TO/FROM ANIMAL SERVICES			1,179,143.48
Total			3,216,946.26	3,216,946.26

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Client: **City of Dickinson, Texas**
 Engagement: **4.1 - Dickinson 9/30/19**
 Period Ending: **9/30/2019**
 Trial Balance: **2.2.01 - TB**
 Workpaper: **2.5.06 - Adjusting Journal Entries Report**

5/29/2020
 11:10 AM

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 13		C.04a		
To adjust EMS receivables and uncollectibles for the year				
01-1417-00-00	EMS BILLING RECEIVABLES		278,616.02	
01-1419-00-00	EMS UNCOLLECTIBLE ALLOWANCE			278,616.02
Total			278,616.02	278,616.02
Adjusting Journal Entries JE # 14		F.04		
To reverse prior deferred outflows-contributions after measurement date				
06-8998-14-00	Pension Expense		9,973.75	
06-2591-00-00	DEF OUTFLOWS-CONTRIB AFTER			9,973.75
Total			9,973.75	9,973.75
Adjusting Journal Entries JE # 15		F.04		
To recognize deferred outflows-contributions after measurement date for the current year				
06-2591-00-00	DEF OUTFLOWS-CONTRIB AFTER		7,653.10	
06-8998-14-00	Pension Expense			7,653.10
Total			7,653.10	7,653.10
Adjusting Journal Entries JE # 16		F.04		
To record current year amortization of prior year deferred items				
06-2593-00-00	DEF INFLOWS-EXP DIFF		548.75	
06-8998-14-00	Pension Expense		2,304.78	
06-2592-00-00	DEF OUTFLOWS-EARNINGS DIFF			33.76
06-2594-00-00	DEF OUTFLOW-ASSUMP CHGS			1,546.08
06-2595-00-00	DEF OUTFLOW-EXP DIFF			1,273.69
Total			2,853.53	2,853.53
Adjusting Journal Entries JE # 17		F.04		
To recognize beginning balances of new deferred items in current year				
06-2594-00-00	DEF OUTFLOW-ASSUMP CHGS		33,490.55	
06-2590-00-00	NET PENSION LIABILITY			32,575.80
06-8998-14-00	Pension Expense			914.75
Total			33,490.55	33,490.55

Client: **City of Dickinson, Texas**
 Engagement: **4.1 - Dickinson 9/30/19**
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5/29/2020
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Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 18		F.04		
To recognize pension expense and current year amortizations				
06-2590-00-00	NET PENSION LIABILITY		198.71	
06-2592-00-00	DEF OUTFLOWS-EARNINGS DIFF		5,817.12	
06-2593-00-00	DEF INFLOWS-EXP DIFF		224.20	
06-2596-00-00	DEF INFLOWS - EARNINGS DIFF		10,181.69	
06-8998-14-00	Pension Expense		6,275.20	
06-8998-14-00	Pension Expense		17,501.48	
06-2592-00-00	DEF OUTFLOWS-EARNINGS DIFF			6,698.11
06-2594-00-00	DEF OUTFLOW-ASSUMP CHGS			17,501.48
06-8998-14-00	Pension Expense			15,998.81
Total			40,198.40	40,198.40
Adjusting Journal Entries JE # 19		I.01		
To reclass interest portion of Motorola payment				
21-8700-05-00	INTEREST EXPENSE		4,522.45	
21-8604-05-00	FURNITURE & EQUIPMENT			4,522.45
Total			4,522.45	4,522.45
Adjusting Journal Entries JE # 20		I.02a		
To correct recording of note payable Sussan Property				
49-2410-00-00	NOTES PAYABLE		15,081.07	
49-7600-00-00	GAIN FROM NOTES PAYABLE			15,081.07
Total			15,081.07	15,081.07
Adjusting Journal Entries JE # 21		C.05/C.06		
To restate and balance interfunds				
01-2340-00-00	DUE TO DEDC		124.81	
01-3500-00-00	Beginning Fund Balance		1,453,302.35	
41-1301-00-00	DUE TO/DUE FROM GF		1,282.25	
41-1301-00-00	DUE TO/DUE FROM GF		2,407.75	
01-1306-00-00	Due from Economic Devl. Corp			124.81
01-2300-00-00	Due To Other Funds			1,453,302.35
41-7004	Expenditures:Office Supplies/Postage			1,282.25
41-7621-00-00	INTEREST INCOME			2,407.75
Total			1,457,117.16	1,457,117.16
Adjusting Journal Entries JE # 22				
To reclass \$12,026.12 incorrectly posted to CenterPoint Energy to CenterPoint Gas				
01-7206-00-00	Centerpoint Energy Franchise		12,026.12	
01-7208-00-00	Centerpoint Gas Franchise			12,026.12
Total			12,026.12	12,026.12

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SINGLE AUDIT REPORTS

**CITY OF
DICKINSON, TEXAS**

**For the Year Ended
September 30, 2019**

CITY OF DICKINSON, TEXAS
SINGLE AUDIT REPORTS
September 30, 2019

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

May 29, 2020

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dickinson, Texas (the "City"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 29, 2020.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider items 2019.001 through 2019.006 to be significant deficiencies.

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Compliance and Other Matters

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

Purpose of this Report

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

The logo for Belt Harris Pechacek, LLLP features the word "DRAFT" in a large, bold, serif font. Behind it, the firm's name "BELT HARRIS PECHACEK, LLLP" is written in a smaller, elegant script font.

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

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

May 29, 2020

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

Report on Compliance for Each Major Federal Program

We have audited the City of Dickinson, Texas' (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2019. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

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Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon dated May 29, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

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

*B*ELT *H*ARRIS *P*ECHACEK, LLLP
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Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

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CITY OF DICKINSON, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2019

Significant Deficiencies:

2018.001. POOLED CASH BALANCE

Background

The City uses a consolidated bank account; whereas, one bank account is maintained for all funds and each fund has an equity interest in the bank account. While consolidated bank accounts are highly efficient due to the automated nature, there is no formal approval necessary to advance funds to cover a shortage when a fund's equity in the bank account becomes a deficit.

Criteria

The City should ensure all equity in pooled cash accounts is properly recorded.

Condition

Pooled cash equity accounts were not being reconciled and/or adjusted.

Effect

The balance of the pooled cash account in fund 99 did not agree with the total amount of the cash accounts that comprise this account.

Cause

Turnover of accounting personnel and resulting crises management.

Recommendation

Fund 99 should be reconciled monthly to ensure that the sum of the claim on cash accounts of the other funds match with the corresponding account balance.

2018.002. DEFICIT IN CASH BALANCE

Criteria

The City should ensure that there are adequate funds available in the pooled cash account to satisfy the equity interest of all financial reporting funds.

Condition

Deficit cash balances were not being identified and/or brought to positive balance.

Effect

As of the end of the year, several funds reported negative cash balances totaling \$691,263.

Cause

Deficits in cash balances are not being monitoring by management.

DRAFT
CITY OF DICKINSON, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2019

Recommendation

The City should consider adopting a formal policy on how deficit balances will be communicated to management and City Council and if formal approval will be obtained before or after a fund has a negative balance.

2018.003. JOURNAL ENTRIES

Criteria

The City should ensure that there are adequate internal controls over the posting of journal entries.

Condition

During review and testing of journal entries, it was noted that several adjustments were made incorrectly or made as corrections for other adjustments.

Effect

The lack of management oversight of the journal entry process could increase the risk of misstated account balances.

Cause

The City has not established procedures for the review of journal entries by management.

Recommendation

The City should restrict an employee's ability to both enter and verify journal entries. The authorization of journal entries should be performed by management. With review of journal entries, there will be less chance for incorrect entries to occur.

2018.004. DUE TO AND DUE FROM BALANCES

Criteria

The City should ensure the appropriate use and accurate recording of all interfund transactions.

Condition

It was noted during the audit that cash collected in the general fund bank account was transferred to the same general fund in several due to accounts.

Effect

As a result of the lack of procedures, it was difficult to agree activity between funds.

Cause

The City has not established procedures in which management reviews and reconciles interfund activity.

DRAFT
CITY OF DICKINSON, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2019

Recommendation

The City should transfer the cash collected for other funds on a quarterly basis to the respective funds.

2018.005. CASH DEPOSITS

Criteria

The City should ensure that there are adequate controls and monitoring procedures over the deposit of cash collected.

Condition

It was noted during the audit that eight deposits were not deposited in a timely manner, the longest taking seven days after receipt to be deposited.

Effect

The lack of monitoring of the daily deposits leads to the noncompliance of the City's cash handling policy, as well as increases the risk of loss from fire, theft, or misappropriation.

Cause

Cash was not deposited daily as required by the City's cash handling policy.

Recommendation

The City should make deposits daily.

2018.006. BANK ACCOUNT RECONCILIATION

Criteria

The City should ensure that there are adequate internal controls over cash.

Condition

The bank reconciliation for the Hurricane Relief Fund has two outstanding items with the description of "check bank cleared twice" suggesting that the reconciliation either has an error or questionable uncorrected activity.

Effect

Lack of adequate internal controls could increase the risk of misappropriation of assets.

Cause

The City has not established procedures for the review of bank reconciliations by management.

Recommendation

The City should review the nature of these items and make any necessary adjustment.

DRAFT
CITY OF DICKINSON, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2019

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the basic financial statements of City of Dickinson, Texas.
2. A material weakness in internal control was not disclosed by the audit of the financial statements.
3. Significant deficiencies in internal control were disclosed by the audit of the financial statements.
4. No instances of noncompliance material to the basic financial statements were disclosed during the audit.
5. No significant deficiencies in internal control over major federal award programs were disclosed by the audit.
6. The auditors' report on compliance for the major federal award programs expresses an unmodified opinion.
7. No audit findings relative to the major federal award programs for the City are reported.
8. The programs included as major programs are:

<u>CFDA</u>	<u>Program Title</u>
10.923	Wet Debris Removal

9. The threshold for distinguishing Type A and B programs was \$750,000.
10. The City did not qualify as a low-risk auditee in the context of the Uniform Guidance.

B. FINDINGS – BASIC FINANCIAL STATEMENTS AUDIT

Significant Deficiencies:

2019-001. DEFICIT IN CASH BALANCE

Criteria

The City should ensure that there are adequate funds available in the pooled cash account to satisfy the equity interest of all financial reporting funds.

Condition

Deficit cash balances were not being identified and/or brought to positive balance.

Effect

As of the end of the year, several funds reported negative cash balances totaling \$691,263.

Cause

Deficit in cash balances are not being monitoring by management.

DRAFT
CITY OF DICKINSON, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2019

Recommendation

The City should consider adopting a formal policy on how deficit balances will be communicated to management and City Council and if formal approval will be obtained before or after a fund has a negative balance.

Managements Response

The City will put into place policies and procedures to ensure a regular reconciliation of cash balances.

2019-002. DUE TO AND DUE FROM BALANCES

Criteria

The City should ensure the appropriate use and accurate recording of all interfund transactions.

Condition

It was noted during the audit that cash collected in the general fund bank account was transferred to the same general fund in several due to accounts.

Effect

As a result of the lack of procedures, it was difficult to agree activity between funds.

Cause

The City has not established procedures in which management reviews and reconciles interfund activity.

Recommendation

The City should transfer the cash collected for other funds on a quarterly basis to the respective funds.

Managements Response

The City will put into place policies and procedures to ensure a regular reconciliation of interfund activity.

2019-003. EDC BANK ACCOUNT

Criteria

The City should ensure the appropriate application of policies and procedures regarding the use of bank accounts.

DRAFT
CITY OF DICKINSON, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2019

Condition

It was noted during the audit that there was no formal policy or procedure currently in place with regards to the City's management of the EDC bank accounts.

Effect

There were several transfers between City and EDC accounts made without a policy in place.

Recommendation

The City should implement a service agreement with the EDC that outlines the proper policies and procedures for the use of EDC cash accounts and processing of expenditures.

Managements Response

The City will work with the EDC to adopt an administrative services agreement.

2019-004. EDC ANNUAL PAYMENT TO TEXAS DEPARTMENT OF TRANSPORTATION

Criteria

The EDC has agreed to make a payment each fiscal year to the Texas Department of Transportation (TxDOT) in the amount of \$26,027.43 for funds owed related to the Dickinson Historic GH&H Railroad Depot Restoration.

Condition

The annual payment to TxDOT was not made in fiscal year 2019.

Effect

The payment schedule set by TxDOT was not met for the fiscal year.

Recommendation

The EDC management should implement a process that will ensure that the payment to TxDOT is made each fiscal year.

2019-005. DEFICIT FUND BALANCE

Criteria

The City should maintain balance or surplus fund balances in each fund.

DRAFT
CITY OF DICKINSON, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2019

Condition

The City presented a deficit fund balances in the FEMA Hurricane Harvey, VOCA, Special Revenue and Grants, CDBG Disaster Recovery, Bayou Lakes Public Improvement District No. 2, and Building Maintenance fund

Effect

As of the end of the year, several funds reported deficit fund balances.

Recommendation

The City should ensure all fund balances are reconciled at the end of the year. If a deficit balance exists, the City should transfer funds from another fund in order to clear the deficit.

Managements Response

The City will implement procedures to ensure fund balances are balanced at the end of each year to avoid deficits.

2019-006. GRANT ADMINISTRATION

Criteria

The City should reconcile and keep track of all grant activity with the federal government to ensure proper recognition of revenue and payment from applicable granting agencies.

Condition

The City has not kept detailed reconciliations or records related to several grants. This could lead to funding being denied or restricted from the City until these records are up to date.

Effect

FEMA receivables and deferrals were not reconciled or tied to adequate supporting documentation.

Recommendation

The City should work with granting agencies to reconcile and confirm that all outstanding amounts are correct, and that any grant funds that should be collected or remitted are done so.

DRAFT
CITY OF DICKINSON, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2019

Managements Response

The City will work to consult with all federal granting agencies and implement periodic reconcilations of federal awards.

C. FINDINGS – FEDERAL AWARDS

None

DRAFT
CITY OF DICKINSON, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2019

<u>Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant/Contract Number</u>	<u>Expenditures</u>
DEPARTMENT OF JUSTICE			
<i>Direct Award</i>			
Equitable Sharing of Federally Forfeited Property for State and Local Law Enforcement Agencies	16.922	N/A	\$ 174,910
<i>Pass-through Office of the Governor, Criminal Justice Division</i>			
Crime Victim Assistance	16.575	1890910	70,316
TOTAL DEPARTMENT OF JUSTICE			<u>245,226</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Pass-through Texas General Land Office</i>			
Community Development Block Grant - Disaster Recovery Round 2.2	14.228	GLO-13-128-000-7190	103,210
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>103,210</u>
DEPARTMENT OF HOMELAND SECURITY			
<i>Pass-through Texas Division of Emergency Management</i>			
Emergency Management Performance Grant	97.042	17TX-EMPG-0337	162,827
Request for Public Assistance, Hurricane Harvey	97.036	FEMA-TX-4332DR	594,786
TOTAL DEPARTMENT OF HOMELAND SECURITY			<u>757,613</u>
INSTITUTE OF MUSEUM AND LIBRARY SERVICES			
<i>Pass-through Texas State Library and Archives Commission</i>			
Texas State Library and Archives Commission Impact Grant	45.310	475-16010	4,625
ILL Lending Reimbursement Program	45.310	LS-00-19-0044-16	349,498
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES			<u>354,123</u>
DEPARTMENT OF AGRICULTURE			
<i>Direct Award</i>			
Wet Debris Removal	10.923	NR187442XXXXCO24	2,186,404
TOTAL DEPARTMENT OF AGRICULTURE			<u>2,186,404</u>
TOTAL FEDERAL AWARDS EXPENDED			<u>\$ 3,646,576</u>

DRAFT

CITY OF DICKINSON, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2019

1. REPORTING ENTITY

The accompanying schedule of expenditures of federal awards (the “Schedule”) presents the activity of all federal financial assistance programs of the City of Dickinson, Texas.

2. BASIS OF ACCOUNTING

The Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4. INDIRECT COST RATE

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

ITEM 6

Reports

ITEM 6A

**Update on Activities of
the Dickinson Bayou
Watershed Partnership**

ITEM 7

Public Comments

ITEM 8

Consent Agenda

ITEM 8A

Julie Masters, Mayor
Charles Suderman, Mayor Pro Tem
Sean Skipworth
Walter Wilson

MINUTES
City of Dickinson
CITY COUNCIL
REGULAR MEETING

Wally Deats
Louis Decker
William H. King III
Chris Heard, City Administrator

May 26, 2020

The Dickinson City Council met in a duly called and announced **REGULAR MEETING** on **Tuesday, May 26, 2020**, at **7:00 p.m.** In accordance with order of the Office of the Governor issued March 16, 2020, the City Council of the City of Dickinson, Texas conducted the meeting by telephone conference in order to advance the public health goal of limiting face-to-face meetings (also called “social distancing”) to slow the spread of the Coronavirus (COVID-19). The meeting was held for the purpose of considering the following items:

ITEM 1.) CALL TO ORDER AND CERTIFICATION OF A QUORUM

Mayor Masters called the meeting to order at 7:06 p.m. City Secretary Alun Thomas called roll and certified a quorum. Council Members present were as follows: Mayor Julie Masters, Mayor Pro-Tem Charles Suderman, and Council Members Sean Skipworth, Walter Wilson, Wally Deats, Louis Decker, and William H. King, III. Also present were City Attorney David Olson, City Administrator Chris Heard, Community Services Director Kola Olayiwola, and Assistant to the City Administrator Kerilyn Bascle.

ITEM 2.) INVOCATION

Council Member King gave the invocation.

ITEM 3.) PLEDGE OF ALLEGIANCE

Council Member Suderman led the Pledge of Allegiance.

ITEM 4.) PROCLAMATIONS

A. Dickinson High School Class of 2020.

Mayor Masters read aloud a proclamation for the Class of 2020. Council discussed a suggestion that the City provide each graduating senior a copy of the Proclamation, but it was decided instead to present the Proclamation to Dickinson Independent School District.

ITEM 5.) ANNOUNCEMENTS AND PRESENTATIONS:

A. Council Comments

- Welcome to everyone attending the meeting.
- Animals are back at the animal shelter. About half of them will soon be transported to Seattle for adoption.

- Local businesses have expressed their appreciation for Dickinson Economic Development Corporation's business grant program.
- Congratulations to the Class of 2020 on the graduation of its students, who have had to endure a pandemic that has affected their ability to fully enjoy their graduation.
- Oleander Drive is in poor condition and needs to be improved.
- Council Member Deats asked for the status of the City's audit. City Administrator Chris Heard said that the timing of the report is out of the City's control and that he has not received an update.
- There are approximately thirty Republic Services trash cans at Zieglers that need to be removed. Mr. Heard said that the City has approximately 2,200 such trash cans and that the extra thirty will be added to the list for removal.
- There have been traffic cones on the sidewalks on FM 517 near Paul Hopkins Park for months. Mr. Heard said that the sidewalk has failed and that Texas Department of Transportation (TxDOT) needs to fix it. Mayor Masters said that she has tried without success to contact TxDOT about the issue and that she has directed Mr. Heard to work with TxDOT to fix it.
- Council Member Deats would like to see the return of Public Works reports to the Council agendas.
- There are large dead trees in the retention pond on FM 646 just Northeast of Dickinson Bayou. Hurricane season is near, so TxDOT should remove them soon.
- Council Member Deats asked for an update on the budget process and whether it had started. Mr. Heard said that former Finance Director Kristen Woolley had prepared a budget calendar and that an Interim Finance Director would start work on June 1. Mr. Heard said that he would figure out how to proceed and would present a calendar to Council at the next regular meeting.
- The City-owned lot just East of City Hall's parking lot needs regular mowing.
- Mayor Masters will check to see if any progress has been made on the proposed remodeling of the boat ramp through a grant.
- Council Members Deats, Decker, and Suderman had requested in writing on May 21 that an item be added to this meeting's agenda to remove Chris Heard from Dickinson Economic Development Corporation's Board of Directors. Council Member Deats questioned why the item was not included. Mayor Masters said that she did not allow it. Council Member Suderman said that he had later changed his mind anyway. Council Member Deats lamented that having to write such a letter was even necessary.
- Condolences to the Preston family on the loss of their 20-year old son.
- On May 22, 300 gallons of free milk was distributed by Borden. The free milk will be available every Friday through August. Families can each receive up to 4 gallons.

- On Saturday, June 6, Mt. Carmel Missionary Baptist Church will distribute free food to those in need.
- Workforce Solutions, Houston-Galveston Area Council, and City of Dickinson will host three different virtual hiring workshops; one each on May 27, 28, and 29, to assist the job-seeking efforts of former offenders, veterans and their spouses, and teenagers, respectively.
- We are still dealing with the spread of coronavirus (COVID-19), and everyone is encouraged to take proper precautions.
- The intersection of FM 517 and Interstate 45 is again in need of mowing. There is also still debris and trash left behind by a homeless man that needs to be removed.
- The improvements to the ditches on Sunset Drive have greatly improved stormwater flow.
- The next Knights of Columbus fish fry will be held on June 5, 5:30-7:00 p.m., and will be drive-through only.
- Council Member Suderman said that in 2004-2006, Dickinson Economic Development Corporation (DEDC) improved several streets in Dickinson, and discussions had taken place about DEDC replacing the four streets near the Dickinson ISD bus barn. He would like a discussion of this to be added to the next meeting agenda.

ITEM 6.) REPORTS:

- A. Update on Activities of the Houston-Galveston Area Council (Council Member King).

Council Member King provided Council with an update on the activities of Houston-Galveston Area Council in its May 19, 2020 meetings.

- B. Update on Activities of the Dickinson Economic Development Corporation (Dickinson Economic Development Corporation Chief Executive Officer Scott Jones).

Dickinson Economic Development Corporation Chief Executive Officer Scott Jones provided Council with an update on the Corporation's activities.

- C. April Revenue & Expense Reports.

This item was not discussed, but the reports were included in the Council Packet.

ITEM 7.) PUBLIC COMMENTS: At this time, any person with city-related business may speak to the Council. In compliance with the Texas Open Meetings Act, The City Council may not deliberate. **Comments from the public**

should be limited to a maximum of three (3) minutes per individual speaker.

Gregory Castellanos, 2322 Pecan Drive, Dickinson, Texas – Mr. Castellano had asked for an agenda item to discuss his desire to build a carport on his property. He had built the carport before being informed by the City that it did not comply with City Codes, so he had to take it down. Mr. Castellanos has lived at the house for over thirty years, which had to be rebuilt after Hurricane Harvey. Without the carport, he said, the house no longer feels like his home. The street is a working-class neighborhood, several of his neighbors have carports, and Mr. Castellanos has a list of signatures from his neighbors in support of his project. Mayor Masters said that staff will speak to Mr. Castellanos after the meeting.

Ann Gana, 2927 46th Street, Dickinson, Texas – Mrs. Gana said that the City has a contract to buy Jerry Armstrong’s property, which is next door to her own. She asked for an update on the progress of the purchase, noting that there is new trash and debris on the lot that needs to be removed. Mayor Masters thanked Mrs. Gana and said that the City is moving forward on the purchase.

ITEM 8.) CONSENT AGENDA: CONSIDERATION AND POSSIBLE ACTION:

The following items are considered routine by the City Council and will be enacted by one motion. There will not be a separate discussion on these items unless a Council member requests, in which event, the item will be removed from the consent agenda and discussed after the consent agenda.

A. Approval of the Minutes of the Regular Council Meeting of May 12, 2020.

B. Resolution Number 1838-2020 – **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DICKINSON, TEXAS, APPROVING THE SUBMISSION OF A GRANT APPLICATION FOR THE BULLETPROOF VEST PARTNERSHIP GRANT PROGRAM TO THE U. S. DEPARTMENT OF JUSTICE, OFFICE OF JUSTICE PROGRAMS; AND PROVIDING FOR INCORPORATION OF PREAMBLE AND AN EFFECTIVE DATE.**

Council Member Wilson made a motion to approve the Consent Agenda, and Council Member King seconded the motion. There being no discussion, Mayor Masters called for the vote.

VOTE:

6 AYES (Suderman, Skipworth, Wilson, Deats, Decker, King)

0 NAYS

MOTION PASSED

ITEM 9.) CONSIDERATION AND POSSIBLE ACTION CONCERNING: Resolution Number 1839-2020 – A RESOLUTION OF THE CITY COUNCIL OF THE

CITY OF DICKINSON, TEXAS, APPROVING AND AUTHORIZING A BUDGET AMENDMENT AND INCREASE IN PROJECT FUNDS FOR THE DICKINSON ECONOMIC DEVELOPMENT CORPORATION'S EMERGENCY BUSINESS RECOVERY AND EXPANSION GRANT PROGRAM FOR THE RECOVERY AND EXPANSION OF DICKINSON BUSINESSES THAT HAVE SUFFERED DUE TO THE STATE OF EMERGENCY CAUSED BY THE COVID-19 PANDEMIC; PROVIDING FOR THE INCORPORATION OF THE PREAMBLE; MAKING CERTAIN FINDINGS AND CONTAINING CERTAIN PROVISIONS RELATING TO THE SUBJECT. (Second of Two Readings)

Council Member Deats made a motion to approve the Resolution on its second reading, and Council Member King seconded the motion. There being no discussion, Mayor Masters called for the vote.

VOTE:

6 AYES (Suderman, Skipworth, Wilson, Deats, Decker, King)

0 NAYS

MOTION PASSED

ITEM 10.) CONSIDERATION AND POSSIBLE ACTION CONCERNING: Resolution Number 1840-2020 – **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DICKINSON, TEXAS, ACCEPTING A QUOTE FROM CROWDER GULF FOR THE DESNAGGING OF BORDEN'S GULLY, BENSON BAYOU, MAGNOLIA BAYOU, AND THE TRIBUTARY TO GUM BAYOU; PROVIDING FOR THE INCORPORATION OF PREAMBLE; AUTHORIZING EXECUTION OF THE QUOTE BY THE CITY ADMINISTRATOR; AND PROVIDING AN EFFECTIVE DATE.**

Council Member King made a motion to approve the Resolution, and Council Member Suderman seconded the motion. Council Member Wilson questioned what the impact of the "pass-through" of dumping fees. City Administrator Chris Heard explained that the contract is the same as the previous contract for desnagging the bayous, and that the total expenditures on the project would not exceed \$100,000.

Council briefly discussed how frequently the City should perform desnagging of the bayous. Mr. Heard said that his plan was to play it by ear, but perhaps perform the work every two years. Mr. Heard added that he will be on the boats the entire time that the project is being completed so that he could be assured that the work met the City's expectations.

There being no further discussion, Mayor Masters called for the vote.

VOTE:

6 AYES (Suderman, Skipworth, Wilson, Deats, Decker, King)

0 NAYS

MOTION PASSED

ITEM 11.) CONDUCT A PUBLIC HEARING CONCERNING: SUP-20-0125, A Request for a Specific Use Permit, for a “Boat Service Establishment” Located at 5205 E FM 517 Unit E, Dickinson, Texas 77539, Currently Zoned General Commercial “GC”.

Mayor Masters opened the public hearing at 8:14 p.m.

A. Staff Presentation

Director of Community Services Kola Olayiwola presented the item to Council. Mr. Olayiwola noted that the applicant had been denied this request twice before. This time, he said, he meets all of the requirements. The Planning and Zoning Commission recommended approval of the request for a Specific Use Permit.

B. Applicant’s Statement

Arthur DiNicholantonio, 1611 Lake Arbor, El Lago, Texas – Mr. DiNicholantonio addressed Council and presented his plans for a small boat repair business. He said that he has tried to start this business for the past three or four years. The yard is now being mown on a regular basis, and the old boats have been removed from the property.

C. Those in Favor

Armando Moreno, 3909 Texas Avenue, Dickinson, Texas – Mr. Moreno spoke in support of the request, and in support of Dickinson encouraging small businesses such as Mr. DiNicholantonio’s.

D. Those Opposed

None.

E. Applicant Rebuttal

None.

F. Adjourn Public Hearing

Mayor Masters adjourned the public hearing at 8:20 p.m.

ITEM 12.) CONSIDERATION AND POSSIBLE ACTION CONCERNING: Ordinance Number XXX-2020 (Zoning Case SUP-20-0125) – AN ORDINANCE OF THE CITY OF DICKINSON, TEXAS, AMENDING THE COMPREHENSIVE ZONING ORDINANCE OF THE CITY, ORDINANCE NUMBER 420-2001, AS HERETOFORE AMENDED, TO GRANT SPECIFIC USE PERMIT NUMBER SUP-20-0125 ALLOWING THE APPLICANT TO USE THE

PROPERTY FOR A BOAT SERVICE ESTABLISHMENT; SUCH PROPERTY BEING LEGALLY DESCRIBED AS ± 3.74 ACRES, ABSTRACT 78 R HALL SURVEY LOTS 7 & 8 ALL OF LOTS 9 & 10 TUDOR ADDN EXCEPT STRIP OFF S END FM 517, MORE COMMONLY KNOWN AS 5205 E. FM 517, IN THE CITY OF DICKINSON, GALVESTON COUNTY, TEXAS, PRESENTLY ZONED GENERAL COMMERCIAL (“GC”); PROVIDING FOR THE INCORPORATION OF PREAMBLE; DIRECTING A CHANGE ACCORDINGLY IN THE OFFICIAL ZONING MAP OF THE CITY; PROVIDING A PENALTY OF AN AMOUNT NOT TO EXCEED \$2,000 FOR EACH DAY OF VIOLATION HEREOF; AND PROVIDING A REPEALER CLAUSE, A SAVINGS CLAUSE, A SEVERABILITY CLAUSE AND AN EFFECTIVE DATE. (First of Three Readings)

City Attorney David Olson recommended two changes to the Ordinance: to require that all painting, spraying, or fiberglass work must be done in the paint booth; and the removal from “Exhibit A” of the history of the boat repair business.

Council Member Skipworth made a motion to approve the first reading of the Ordinance as amended, and Council Member Suderman seconded the motion. There being no further discussion, Mayor Masters called for the vote.

VOTE:

5 AYES (Suderman, Skipworth, Deats, Decker, King)

1 NAY (Wilson)

MOTION PASSED

ITEM 13.) CONDUCT A PUBLIC HEARING CONCERNING: SUP-20-0130, A Request for a Specific Use Permit, for a “Bed and Breakfast” Located at 3822 Water Street, Dickinson, Texas 77539, Currently Zoned Conventional Residential “CR”.

Mayor Masters opened the public hearing at 8:26 p.m.

A. Staff Presentation

Director of Community Services Kola Olayiwola presented the item to Council, noting that the application meets the City’s requirements. The Planning and Zoning Commission recommended approval of the request for a Specific Use Permit.

B. Applicant’s Statement

Jeff Nuss addressed Council and said that he has lived in the neighborhood for over fifty years, and that opening a bed and breakfast would be the realization of a longtime dream. He and his wife Tanya will

have a nice clientele and will be at home when the guests are on the property.

C. Those in Favor

John Dougan, 1001 Royal Oaks Drive, Dickinson, Texas – Mr. Dougan said that the Nuss' are nice people and that they will bring quality to Dickinson.

D. Those Opposed

None.

E. Applicant Rebuttal

None.

F. Adjourn Public Hearing

Mayor Masters opened the public hearing at 8:29 p.m.

ITEM 14.) CONSIDERATION AND POSSIBLE ACTION CONCERNING: Ordinance Number XXX-2020 (Zoning Case SUP-20-0130) – **AN ORDINANCE OF THE CITY OF DICKINSON, TEXAS, AMENDING THE COMPREHENSIVE ZONING ORDINANCE OF THE CITY, ORDINANCE NUMBER 420-2001, AS HERETOFORE AMENDED, TO GRANT SPECIFIC USE PERMIT NUMBER SUP-20-0130 ALLOWING THE APPLICANT TO USE THE PROPERTY FOR A BED AND BREAKFAST ESTABLISHMENT; SUCH PROPERTY BEING LEGALLY DESCRIBED AS ABSTRACT 19 PERRY & AUSTIN SURVEY PT OF LOTS 173 & 196 (1-2) DICKINSON ADDN D, ABST 19 PERRY & AUSTIN SUR PT OF LOTS 173 & 196 (7-3) DICKINSON ADDN D AKA TRACT G, ABST 19 PERRY & AUSTIN SUR PT OF LOT 173 (1-5) DICKINSON ADDN D AKA PT OF TRACT A, MORE COMMONLY KNOWN AS 3822 WATER STREET, IN THE CITY OF DICKINSON, GALVESTON COUNTY, TEXAS, PRESENTLY ZONED CONVENTIONAL RESIDENTIAL (“CR”); PROVIDING FOR THE INCORPORATION OF PREAMBLE; DIRECTING A CHANGE ACCORDINGLY IN THE OFFICIAL ZONING MAP OF THE CITY; PROVIDING A PENALTY OF AN AMOUNT NOT TO EXCEED \$2,000 FOR EACH DAY OF VIOLATION HEREOF; AND PROVIDING A REPEALER CLAUSE, A SAVINGS CLAUSE, A SEVERABILITY CLAUSE AND AN EFFECTIVE DATE.** (First of Three Readings)

Council Member Suderman made a motion to approve the first reading of the Ordinance, and Council Member Skipworth seconded the motion. The applicants, Mr. and Mrs. Nuss., said that will always serve their guests breakfast. Council Member Deats urged Council to support the issuance of

the Specific Use Permit. There being no further discussion, Mayor Masters called for the vote.

VOTE:

6 AYES (Suderman, Skipworth, Wilson, Deats, Decker, King)

0 NAYS

MOTION PASSED

- ITEM 15.) CONSIDERATION AND POSSIBLE ACTION CONCERNING:** Resolution Number 1841-2020 – **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DICKINSON, TEXAS SELECTING TEXAS FIRST BANK AS THE PRIMARY DEPOSITORY BANK FOR THE CITY OF DICKINSON, TEXAS AND AUTHORIZING THE CITY ADMINISTRATOR TO EXECUTE THE AGREEMENTS NECESSARY FOR PRIMARY DEPOSITORY BANK SERVICES; AND PROVIDING FOR INCORPORATION OF PREAMBLE AND AN EFFECTIVE DATE.**

Council Member Suderman made a motion to approve the Resolution, and Council Member Decker seconded the motion. Council Member Deats commended the consultants, Valley View Consulting, LLC, on an excellent analysis that included all pertinent information and that was easy to read. There being no further discussion, Mayor Masters called for the vote.

VOTE:

6 AYES (Suderman, Skipworth, Wilson, Deats, Decker, King)

0 NAYS

MOTION PASSED

At this time, Mayor Masters moved to Item 17.

- ITEM 17.) EXECUTIVE SESSION:** The City Council will now hold a closed executive meeting pursuant to the provision of Chapter 551, Government Code, Vernon's Texas Codes annotated, in accordance with the authority contained in:

- A. Section 551.071 – Consultation with Attorney regarding pending litigation and matters in which the duty of the City Attorney requires to be discussed in closed meeting.

Mayor Masters recessed the regular meeting at 8:35 p.m.

- ITEM 18.) RECONVENE**

Mayor Masters reconvened the regular meeting at 9:05 p.m.

At this time, Mayor Masters returned to Item 16.

ITEM 16.) CONSIDERATION AND POSSIBLE ACTION CONCERNING: The Dickinson Economic Development Corporation and City of Dickinson Employee Benefits and Administrative Services Interlocal Agreement.

Mayor Masters said that the City and Dickinson Economic Development Corporation (DEDC) will hold a joint meeting in the first part of June to discuss DEDC's bylaws.

ITEM 19.) CONSIDERATION AND POSSIBLE ACTION CONCERNING: Matters Discussed in Executive Session.

None.

ITEM 20.) ADJOURN

Council Member Wilson made a motion to adjourn the meeting at 9:06 p.m., and Council Member King seconded the motion. There being no discussion, Mayor Masters called for the vote.

VOTE:

6 AYES (Suderman, Skipworth, Wilson, Deats, Decker, King)

0 NAYS

MOTION PASSED

PASSED, APPROVED AND ADOPTED this the 9th day of June, 2020.

Julie Masters, Mayor

ATTEST:

Alun W. Thomas, City Secretary

ITEM 8B

**Dickinson City Council
Agenda Item Data Sheet**

MEETING DATE: June 9, 2020

TOPIC:	<p>RESOLUTION NUMBER XXX-2020</p> <p>A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DICKINSON, TEXAS, APPROVING THE SUBMISSION OF A GRANT APPLICATION FOR THE TSLAC FY2020 ILL LENDING REIMBURSEMENT PROGRAM TO THE TEXAS STATE LIBRARY AND ARCHIVES COMMISSION; AND PROVIDING FOR INCORPORATION OF PREAMBLE AND AN EFFECTIVE DATE.</p>
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BACKGROUND:	<p>The Texas State Library and Archives Commission (TSLAC) provides partial reimbursement for direct, out-of-pocket costs associated with participating in statewide resource sharing such as postage, courier, and shipping materials.</p> <p>The reimbursements pertain to lends made during TSLAC's SFY2020, August 1, 2019 – July 31, 2020. While dispersed after the end of SFY2020, the reimbursement payments do need to be applied to costs associated with resource sharing costs expended during SFY2020.</p> <p>This is a noncompetitive grant. Recipients will receive a reimbursement based on the number of lends provided to other libraries during SFY2020. In FY2019 libraries were given \$9.00 per lend. Dickinson Public Library received a reimbursement of \$3,951 for FY2019. The amount received per lend in FY2020 will depend on the number of eligible applicants. The total amount the Library will receive will be determined in October.</p> <p>There is no requirement for cost sharing, matching funds, or cost participation with this program.</p>
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RECOMMENDATION:	Staff recommends approval of the Resolution.
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ATTACHMENTS:	<ul style="list-style-type: none"> Resolution Number XXX-2020
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FUNDING ISSUES:	<input type="checkbox"/> Not applicable – no dollars are being spent or received. <input type="checkbox"/> Full amount already budgeted in Acct/Project# _____ <input checked="" type="checkbox"/> Not budgeted, if approved, the following will be included in the next Budget Amendment:
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FINANCE VERIFICATION OF FUNDING:	
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SUBMITTING STAFF MEMBER: Julianne Lane, Library Director	CITY ADMINISTRATOR APPROVAL:
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ACTIONS TAKEN		
APPROVAL <input type="checkbox"/> YES <input type="checkbox"/> NO	READINGS PASSED <input type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input type="checkbox"/> 3 rd	OTHER

RESOLUTION NUMBER XXX-2020

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DICKINSON, TEXAS, APPROVING THE SUBMISSION OF A GRANT APPLICATION FOR THE TSLAC FY2020 ILL LENDING REIMBURSEMENT PROGRAM TO THE TEXAS STATE LIBRARY AND ARCHIVES COMMISSION; AND PROVIDING FOR INCORPORATION OF PREAMBLE AND AN EFFECTIVE DATE.

WHEREAS, the City Council finds it in the best interest of the citizens of the City of Dickinson, Galveston County, Texas (the "City") to participate in statewide library resource sharing and should be partially funded through the TSLAC FY2020 ILL Reimbursement Program administered by the Texas State Library and Archives Commission; and

WHEREAS, the City Council agrees that the City will provide applicable matching funds therefore if required by the TSLAC FY2020 ILL Reimbursement Program; and

WHEREAS, the City Council agrees that in the event of loss or misuse of the Texas State Library and Archives Commission funds, the City Council assures that the funds will be returned to the Texas State Library and Archives Commission in full; and

WHEREAS, the City Council designates the City Administrator of the City of Dickinson, as the grantee's authorized official. The authorized official is given the power to apply for, accept, reject, alter or terminate the grant on behalf of the applicant agency.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DICKINSON, TEXAS, THAT:

Section 1. The above and foregoing premises are true and correct and are incorporated herein and made a part hereof for all purposes.

Section 2. The City Council hereby approves the submission of a grant application for the TSLAC FY2020 ILL Reimbursement Program to the Texas State Library and Archives Commission.

Section 3. This Resolution shall become effective immediately upon its passage.

DULY PASSED AND APPROVED on this the ____ day of _____, 2020.

Julie Masters, Mayor
City of Dickinson, Texas

ATTEST:

APPROVED AS TO FORM AND CONTENT:

Alun W. Thomas, City Secretary
City of Dickinson, Texas

David W. Olson, City Attorney
City of Dickinson, Texas

ITEM 8C

**Dickinson City Council
Agenda Item Data Sheet**

MEETING DATE: June 9, 2020

TOPIC: **RESOLUTION NUMBER XXX-2020**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DICKINSON, TEXAS, APPROVING THE SUBMISSION OF A GRANT APPLICATION FOR THE TSLAC FY2020 CARES GRANT PROGRAM TO THE TEXAS STATE LIBRARY AND ARCHIVES COMMISSION; AND PROVIDING FOR INCORPORATION OF PREAMBLE AND AN EFFECTIVE DATE.

BACKGROUND: Dickinson Public Library seeks funding to purchase new public computer cubicles and study cubicles for the library to provide a better opportunity for social distancing. The CARES Act has provided the State through Federal funding to assist accredited libraries the opportunity to update the tools necessary to increase community access to vital digital technologies and services. This is in response to the COVID-19 emergency.

Texas State Library and Archive Commission is accepting applications from libraries for grants up to \$25,000.

The grant would fund all costs associated with this project. This grant does not require matching funds from the City. The grant budget is anticipated to be \$25,000.

RECOMMENDATION: Staff recommends approval of the Resolution.

ATTACHMENTS: • Resolution Number XXX-2020

FUNDING ISSUES:

Not applicable – no dollars are being spent or received.

Full amount already budgeted in Acct/Project# _____

Not budgeted, if approved, the following will be included in the next Budget Amendment:
 \$25,000 will be added to Revenue Acct# XXXX and
 \$25,000 added to Expenditure Acct/Project# XXXXX

FINANCE VERIFICATION OF FUNDING:

SUBMITTING STAFF MEMBER: Julianne Lane, Library Director	CITY ADMINISTRATOR APPROVAL:
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ACTIONS TAKEN		
APPROVAL	READINGS PASSED	OTHER
<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input type="checkbox"/> 3 rd	

RESOLUTION NUMBER XXXX-2020

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DICKINSON, TEXAS, APPROVING THE SUBMISSION OF A GRANT APPLICATION FOR TSLAC CARES ACT GRANT; AND PROVIDING FOR INCORPORATION OF PREAMBLE AND AN EFFECTIVE DATE.

WHEREAS, the City Council finds it in the best interest of the citizens of the City of Dickinson, Galveston County, Texas (the "City") to enhance Dickinson Public Library's services by providing a safer environment necessary to increase community access to vital digital technologies and services through the TSLAC CARES Act Grant; and

WHEREAS, the City Council agrees that the City will provide applicable matching funds therefore if required by the TSLAC CARES Act Grant application; and

WHEREAS, the City Council agrees that in the event of loss or misuse of the TSLAC CARES Act Grant funds, the City Council assures that the funds will be returned to the Texas State Library and Archives Commission (TSLAC) in full; and

WHEREAS, the City Council finds that the City Administrator should be designated as the City's authorized official and authorized to apply for, accept, reject, alter or terminate the grant on behalf of the City of Dickinson.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DICKINSON, TEXAS, THAT:

Section 1. The above and foregoing premises are true and correct and are incorporated herein and made a part hereof for all purposes.

Section 2. The City Council hereby approves the submission of a grant application for the TSLAC Cares Act Grant.

Section 3. The City Administrator is hereby designated as the City's authorized official and authorized to apply for, accept, reject, alter or terminate the grant on behalf of the City of Dickinson.

Section 4. This Resolution shall become effective immediately upon its passage.

DULY PASSED AND APPROVED on this the ____ day of _____, 2020.

Julie Masters, Mayor
City of Dickinson, Texas

ATTEST:

APPROVED AS TO FORM AND CONTENT:

Alun W. Thomas, City Secretary
City of Dickinson, Texas

David W. Olson, City Attorney
City of Dickinson, Texas

ITEM 9

**ORDINANCE NUMBER XXX-2020
(Zoning Case SUP-20-0125)**

AN ORDINANCE OF THE CITY OF DICKINSON, TEXAS, AMENDING THE COMPREHENSIVE ZONING ORDINANCE OF THE CITY, ORDINANCE NUMBER 420-2001, AS HERETOFORE AMENDED, TO GRANT SPECIFIC USE PERMIT NUMBER SUP-20-0125 ALLOWING THE APPLICANT TO USE THE PROPERTY FOR A Boat Service Establishment; SUCH PROPERTY BEING LEGALLY DESCRIBED AS ± 3.74 ACRES, ABSTRACT 78 R HALL SURVEY LOTS 7 & 8 ALL OF LOTS 9 & 10 TUDOR ADDN EXCEPT STRIP OFF S END FM 517, MORE COMMONLY KNOWN AS 5205 E. FM 517, IN THE CITY OF DICKINSON, GALVESTON COUNTY, TEXAS, PRESENTLY ZONED GENERAL COMMERCIAL (“GC”); PROVIDING FOR THE INCORPORATION OF PREAMBLE; DIRECTING A CHANGE ACCORDINGLY IN THE OFFICIAL ZONING MAP OF THE CITY; PROVIDING A PENALTY OF AN AMOUNT NOT TO EXCEED \$2,000 FOR EACH DAY OF VIOLATION HEREOF; AND PROVIDING A REPEALER CLAUSE, A SAVINGS CLAUSE, A SEVERABILITY CLAUSE AND AN EFFECTIVE DATE.

WHEREAS, Art Dinicolantonio (“Owner”) is the owner of ± 3.74 Acres, Legally Described as ABSTRACT 78 R HALL SURVEY LOTS 7 & 8 ALL OF LOTS 9 & 10 TUDOR ADDN EXCEPT STRIP OFF S END FM 517, MORE COMMONLY KNOWN AS 5205 E. FM 517, in the City of Dickinson, Galveston County, Texas (the “Property”), and

WHEREAS, the Property presently has a zoning classification of General Commercial (“GC”) pursuant to Ordinance No. 420-2001, the City's Comprehensive Zoning Ordinance; and

WHEREAS, Art Dinicolantonio (“Applicant”), has made application to the City for a Specific Use Permit (“SUP”) for said Property to allow the use for Boat Services and Repairs Shop (Unit E, only) as authorized by the City's Zoning Ordinance; and

WHEREAS, the City Secretary of Dickinson, Texas, directed that notices of a hearing be issued, as required by the Zoning Ordinance of the City of Dickinson and laws of the State of Texas, at a meeting of the City Council, to be held on the 26th day of May, 2020, for the purpose of considering a Specific Use Permit (“SUP”) to allow the use of a Boat Repair Shop on the Property; and

WHEREAS, the City Secretary of the said City accordingly caused to be issued and published the notices required by its Zoning Ordinance and laws of the State of Texas applicable thereto, the same having been published in a paper of general circulation in the City of Dickinson, Texas, at least fifteen (15) days prior to the time set for such hearing; and

WHEREAS, the City Council of said City, pursuant to such notice, held its public hearing and heard all persons wishing to be heard both for and against the aforesaid change in the Zoning Ordinance, on the 26th day of May, 2020; and

WHEREAS, the City Council is of the opinion and finds that the granting of the Specific Use Permit (SUP) to allow the Applicant to use the Property for Boat Service and Repairs, as described herein, would not be detrimental to the public health, safety, or general welfare or otherwise offensive to the general public, and will promote the best and most orderly development of the properties affected thereby, and to be affected thereby, in the City of Dickinson, and as well, the owners and occupants thereof, and the City generally.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF DICKINSON, TEXAS, THAT:

Section 1. The facts and matters set forth in the preamble of this Ordinance are hereby found to be true and correct.

Section 2. The Comprehensive Zoning Ordinance Number 420-2001, as the same has been heretofore amended, is hereby further amended so as to grant Specific Use Permit Number SUP-20-0125 allowing the Applicant to use the Property for Boat Service and Repairs; such Property ± 3.74 Acres, Legally Described as ABSTRACT 78 R HALL SURVEY LOTS 7 & 8 ALL OF LOTS 9 & 10 TUDOR ADDN EXCEPT STRIP OFF S END FM 517, MORE COMMONLY KNOWN AS 5205 E. FM 517, in the City of Dickinson, Galveston County, Texas, presently zoned General Commercial (“GC”).

Section 3. It is further ordered that Specific Use Permit Number SUP-20-0125, as amended by this Ordinance, is approved solely for the use of Boat Service and Repairs in Unit “E” only (Per Exhibit “A” Restrictions) by the Applicant, and therefore, all amendments to such SUP approved by this Ordinance are exclusively for the benefit of the Applicant and do not run with the land.

Section 4. It is directed that the official zoning map of the City of Dickinson, adopted on the 24th day of July, 2001, by Ordinance No. 420-2001, shall be revised and amended to reflect the Specific Use Permit (SUP) granted by this Ordinance, with the appropriate reference thereon to the number and effective date of this Ordinance and a brief description of the nature of the change.

Section 5. All provisions of the ordinances of the City of Dickinson in conflict with the provisions of this Ordinance are hereby repealed, and all other provisions of the Ordinances of the City of Dickinson not in conflict with the provisions of this Ordinance shall remain in full force and effect.

Section 6. The repeal of any ordinance or part of ordinances effectuated by the enactment of this Ordinance shall not be construed as abandoning any action now pending under or by virtue of such ordinance or as discontinuing, abating, modifying or altering any penalty accruing or to accrue, or as affecting any rights of the municipality under any section or provisions of any ordinance at the time of passage of this Ordinance.

Section 7. Any person who shall intentionally, knowingly, recklessly or with criminal negligence violate any provision contained in this Ordinance, or who shall commit or perform any act declared herein to be unlawful, shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall be fined in an amount of not more than two thousand dollars (\$2,000.00). Each day a violation continues shall constitute a separate offense.

Section 8. In the event any clause, phrase, provision, sentence, or part of this Ordinance or the application of the same to any person or circumstance shall for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Ordinance as a whole or any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of the City of Dickinson, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any such part thus declared to be invalid or unconstitutional, whether there be one or more parts.

Section 9. This Ordinance shall become effective upon final reading and adoption of this Ordinance, in accordance with law.

DULY PASSED AND APPROVED on first reading this the 26th day of May, 2020.

DULY PASSED AND APPROVED on second reading this the ___ day of ___, 2020.

DULY PASSED, APPROVED, AND ADOPTED on third and final reading this ___ day of _____, 2020.

Julie Masters, Mayor
City of Dickinson, Texas

ATTEST:

APPROVED AS TO FORM AND CONTENT:

Alun W. Thomas, City Secretary
City of Dickinson, Texas

David W. Olson, City Attorney
City of Dickinson, Texas

EXHIBIT “A”

TO

ORDINANCE XXX-2020

EXHIBIT "A"

Specific Use Permit (SUP 20-0125)

Boat Services and Repair Shop

5205 FM 517 Dickinson, TX

The following specific requirements called Exhibit "A" are part of the conditions for the Approval of SUP 20-0125:

- 1) A maximum of 4 boats awaiting repair or awaiting pickup by owners will be allowed to park in front of Unit E or against the East fence. A maximum of 2 boats may be parked behind the East fence. No boat storage is allowed on site.
- 2) All boats outside of Unit E must be on trailers.
- 3) A maximum of 10 sq ft of fiber glass repair will be allowed on the boat hulls inside of Unit E.
- 4) Work in Unit E shall be limited to mechanical repair of boat motors, boat hardware, repair of damaged areas in boat hulls, replacement of gauges and boat detailing.
- 5) Fiberglass resin, gel coat, paint and other hazardous liquids will be stored in a metal fireproof cabinet.
- 6) Boat Repair operations shall be limited to "Unit E" only, the rest of the building is not a part of this Specific Use Permit.
- 7) The dimensions of "Unit E" shall not be greater than 20-ft W X 60-ft L, running East to West.
- 8) All paint jobs, spraying, or fiberglass work associated with Boat Services and Repairs shall be executed in the approved paint booth.

ITEM 10

**ORDINANCE NUMBER XXX-2020
(Zoning Case SUP-20-0130)**

AN ORDINANCE OF THE CITY OF DICKINSON, TEXAS, AMENDING THE COMPREHENSIVE ZONING ORDINANCE OF THE CITY, ORDINANCE NUMBER 420-2001, AS HERETOFORE AMENDED, TO GRANT SPECIFIC USE PERMIT NUMBER SUP-20-0130 ALLOWING THE APPLICANT TO USE THE PROPERTY FOR A Bed and Breakfast Establishment; SUCH PROPERTY BEING LEGALLY DESCRIBED AS ABSTRACT 19 PERRY & AUSTIN SURVEY PT OF LOTS 173 & 196 (1-2) DICKINSON ADDN D, ABST 19 PERRY & AUSTIN SUR PT OF LOTS 173 & 196 (7-3) DICKINSON ADDN D AKA TRACT G, ABST 19 PERRY & AUSTIN SUR PT OF LOT 173 (1-5) DICKINSON ADDN D AKA PT OF TRACT A, MORE COMMONLY KNOWN AS 3822 Water Street, IN THE CITY OF DICKINSON, GALVESTON COUNTY, TEXAS, PRESENTLY ZONED CONVENTIONAL RESIDENTIAL (“CR”); PROVIDING FOR THE INCORPORATION OF PREAMBLE; DIRECTING A CHANGE ACCORDINGLY IN THE OFFICIAL ZONING MAP OF THE CITY; PROVIDING A PENALTY OF AN AMOUNT NOT TO EXCEED \$2,000 FOR EACH DAY OF VIOLATION HEREOF; AND PROVIDING A REPEALER CLAUSE, A SAVINGS CLAUSE, A SEVERABILITY CLAUSE AND AN EFFECTIVE DATE.

WHEREAS, Jeff and Tanya Nuss (“Owner”) is the owner of the property, Legally Described as ABSTRACT 19 PERRY & AUSTIN SURVEY PT OF LOTS 173 & 196 (1-2) DICKINSON ADDN D, ABST 19 PERRY & AUSTIN SUR PT OF LOTS 173 & 196 (7-3) DICKINSON ADDN D AKA TRACT G, ABST 19 PERRY & AUSTIN SUR PT OF LOT 173 (1-5) DICKINSON ADDN D AKA PT OF TRACT A, MORE COMMONLY KNOWN AS 3822 Water Street in the City of Dickinson, Galveston County, Texas (the “Property”), and

WHEREAS, the Property presently has a zoning classification of Conventional Residential (“CR”) pursuant to Ordinance No. 420-2001, the City's Comprehensive Zoning Ordinance; and

WHEREAS, Jeff and Tanya Nuss (“Applicant”), has made application to the City for a Specific Use Permit (“SUP”) for said Property to allow the use for Bed and Breakfast Operations (Per Exhibit “A” Restrictions) as authorized by the City’s Zoning Ordinance; and

WHEREAS, the City Secretary of Dickinson, Texas, directed that notices of a hearing be issued, as required by the Zoning Ordinance of the City of Dickinson and laws of the State of Texas, at a meeting of the City Council, to be held on the 26th day of May, 2020, for the purpose of considering a Specific Use Permit (“SUP”) to allow Bed and Breakfast Operations on the Property; and

WHEREAS, the City Secretary of the said City accordingly caused to be issued and published the notices required by its Zoning Ordinance and laws of the State of Texas applicable thereto, the same having been published in a paper of general

circulation in the City of Dickinson, Texas, at least fifteen (15) days prior to the time set for such hearing; and

WHEREAS, the City Council of said City, pursuant to such notice, held its public hearing and heard all persons wishing to be heard both for and against the aforesaid change in the Zoning Ordinance, on the 26th day of May, 2020; and

WHEREAS, the City Council is of the opinion and finds that the granting of the Specific Use Permit (SUP) to allow the Applicant to use the Property for Bed and Breakfast Operations, as described herein, would not be detrimental to the public health, safety, or general welfare or otherwise offensive to the general public, and will promote the best and most orderly development of the properties affected thereby, and to be affected thereby, in the City of Dickinson, and as well, the owners and occupants thereof, and the City generally.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF DICKINSON, TEXAS, THAT:

Section 1. The facts and matters set forth in the preamble of this Ordinance are hereby found to be true and correct.

Section 2. The Comprehensive Zoning Ordinance Number 420-2001, as the same has been heretofore amended, is hereby further amended so as to grant Specific Use Permit Number SUP-20-0130 allowing the Applicant to use the Property for Bed and Breakfast Operations; such Property ABSTRACT 19 PERRY & AUSTIN SURVEY PT OF LOTS 173 & 196 (1-2) DICKINSON ADDN D, ABST 19 PERRY & AUSTIN SUR PT OF LOTS 173 & 196 (7-3) DICKINSON ADDN D AKA TRACT G, ABST 19 PERRY & AUSTIN SUR PT OF LOT 173 (1-5) DICKINSON ADDN D AKA PT OF TRACT A, MORE COMMONLY KNOWN AS 3822 Water Street in the City of Dickinson, Galveston County, Texas, presently zoned Conventional Residential (“CR”).

Section 3. It is further ordered that Specific Use Permit Number SUP-20-0130, as amended by this Ordinance, is approved solely for the use of Bed and Breakfast Operations by the Applicant, and therefore, all amendments to such SUP approved by this Ordinance are exclusively for the benefit of the Applicant and do not run with the land.

Section 4. It is directed that the official zoning map of the City of Dickinson, adopted on the 24th day of July, 2001, by Ordinance No. 420-2001, shall be revised and amended to reflect the Specific Use Permit (SUP) granted by this Ordinance, with the appropriate reference thereon to the number and effective date of this Ordinance and a brief description of the nature of the change.

Section 5. All provisions of the ordinances of the City of Dickinson in conflict with the provisions of this Ordinance are hereby repealed, and all other provisions of the Ordinances of the City of Dickinson not in conflict with the provisions of this Ordinance shall remain in full force and effect.

Section 6. The repeal of any ordinance or part of ordinances effectuated by the enactment of this Ordinance shall not be construed as abandoning any action now pending under or by virtue of such ordinance or as discontinuing, abating, modifying or altering any penalty accruing or to accrue, or as affecting any rights of the municipality under any section or provisions of any ordinance at the time of passage of this Ordinance.

Section 7. Any person who shall intentionally, knowingly, recklessly or with criminal negligence violate any provision contained in this Ordinance, or who shall commit or perform any act declared herein to be unlawful, shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall be fined in an amount of not more than two thousand dollars (\$2,000.00). Each day a violation continues shall constitute a separate offense.

Section 8. In the event any clause, phrase, provision, sentence, or part of this Ordinance or the application of the same to any person or circumstance shall for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Ordinance as a whole or any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of the City of Dickinson, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any such part thus declared to be invalid or unconstitutional, whether there be one or more parts.

Section 9. This Ordinance shall become effective upon final reading and adoption of this Ordinance, in accordance with law.

DULY PASSED AND APPROVED on first reading this the 26th day of May, 2020.

DULY PASSED AND APPROVED on second reading this the ___ day of ___, 2020.

DULY PASSED, APPROVED, AND ADOPTED on third and final reading this ___ day of _____, 2020.

Julie Masters, Mayor
City of Dickinson, Texas

ATTEST:

APPROVED AS TO FORM AND CONTENT:

Alun W. Thomas, City Secretary
City of Dickinson, Texas

David W. Olson, City Attorney
City of Dickinson, Texas

EXHIBIT “A”

TO

ORDINANCE XXX-2020

23'4"

82" Door

DW

77"

22'6"

3'8"

5'4"

5'4"

6'1"

1'11"

2'4"

6'3"

26"

3'9"

5'6"

1'7"

Door

22'11"

5'1"

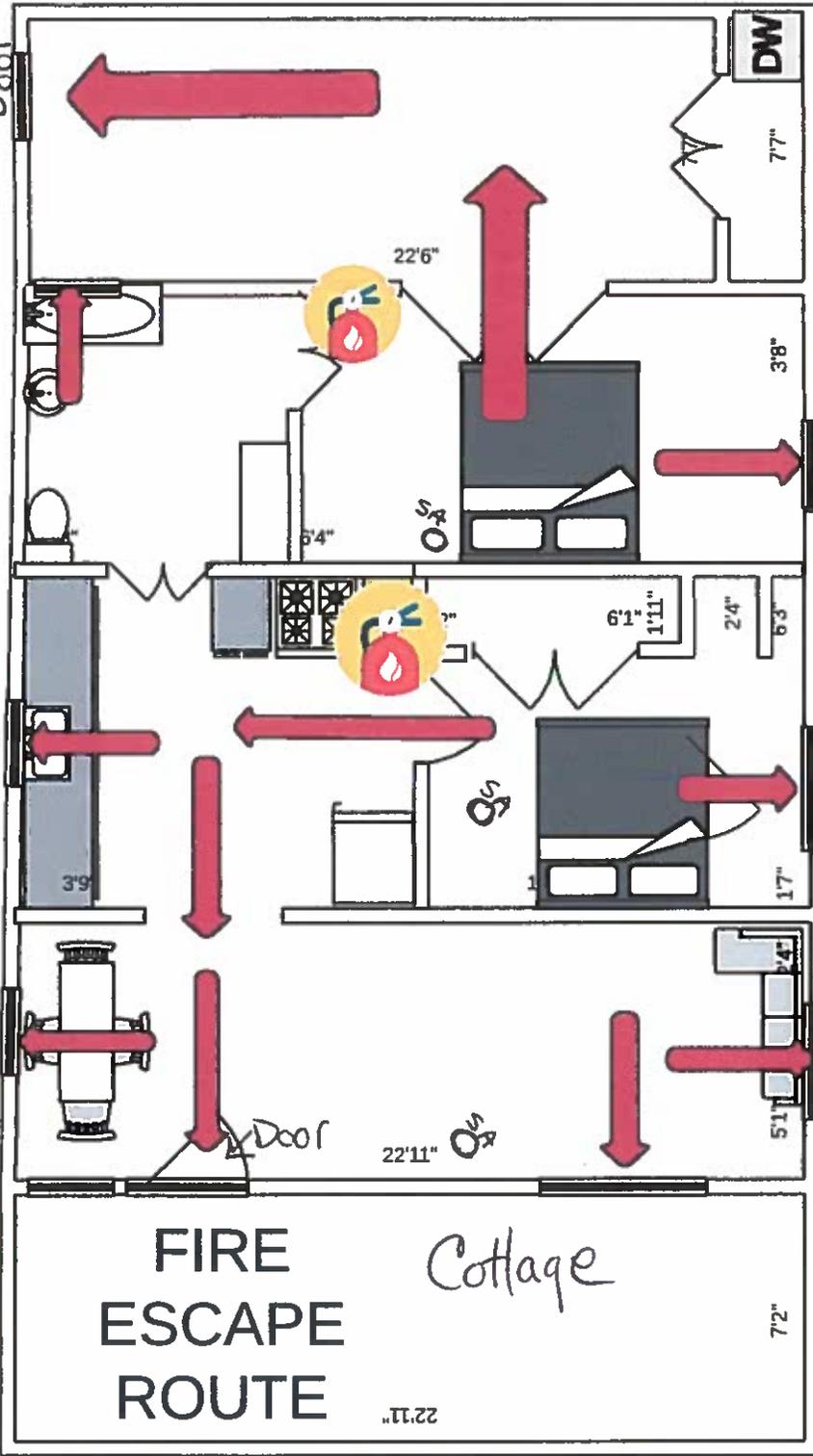
FIRE ESCAPE ROUTE

Cottage

22'11"

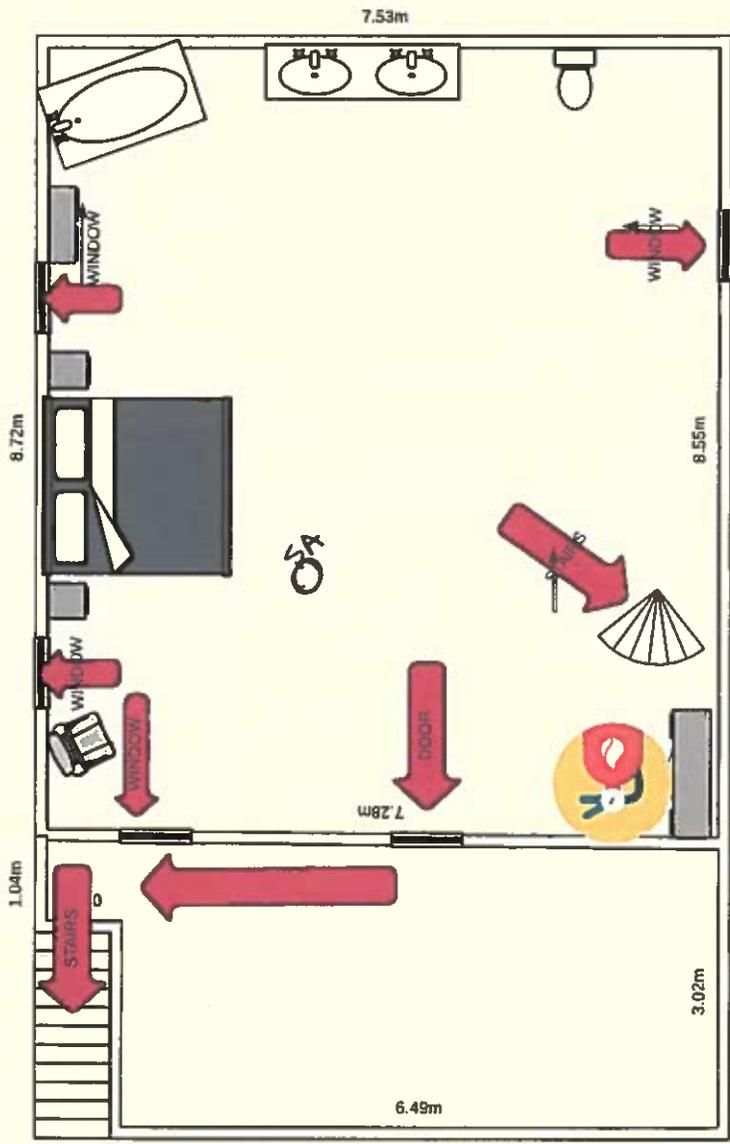
7'2"

7'9"



FIRE ESCAPE ROUTE

Carriage House 2nd Floor



ITEM 11

ORDINANCE NUMBER XXX-2020

AN ORDINANCE OF THE CITY OF DICKINSON, TEXAS, DELETING ARTICLE V, FLOOD HAZARD AREAS, OF CHAPTER 14, PLANNING AND DEVELOPMENT, OF THE CODE OF ORDINANCES AND ADOPTING A NEW ARTICLE V, FLOOD DAMAGE PREVENTION AND PROTECTION, OF CHAPTER 14, PLANNING AND DEVELOPMENT OF THE CODE OF ORDINANCES; PROVIDING FOR THE INCORPORATION OF PREAMBLE; PROVIDING A PENALTY OF AN AMOUNT NOT TO EXCEED \$2,000 FOR EACH DAY OF VIOLATION HEREOF; AND PROVIDING A REPEALER CLAUSE, A SAVINGS CLAUSE, A SEVERABILITY CLAUSE AND AN EFFECTIVE DATE.

WHEREAS, the City of Dickinson, Texas, is a home rule city having authority to utilize police power regulations for the health, safety and welfare of the citizens of the City; and

WHEREAS, on January 13, 2004, by Ordinance Number 509-2003, the City of Dickinson adopted regulations applicable to flood hazard areas within the City, and such Ordinance was codified as Article V, Flood Hazard Areas, of Chapter 14, Planning and Development, of the Code of Ordinances of the City of Dickinson; and

WHEREAS, on November 8, 2011, by Ordinance Number 734-2011, the City of Dickinson amended the regulations applicable to flood hazard areas within the City, and such Ordinance was codified as Article V, Flood Hazard Areas, of Chapter 14, Planning and Development, of the Code of Ordinances of the City of Dickinson; and

WHEREAS, on August 13, 2019, by Ordinance Number 940-2019, the City of Dickinson amended the regulations applicable to flood hazard areas within the City, and such Ordinance was codified as Article V, Flood Hazard Areas, of Chapter 14, Planning and Development, of the Code of Ordinances of the City of Dickinson and new Flood Insurance Rate Maps (FIRMs) were adopted and made effective as of August 15, 2019; and

WHEREAS, in order to meet the needs created by new development in the City it is necessary to adopt revised engineering standards and practices governing the design and construction of drainage facilities; and

WHEREAS, the City Council is of the opinion and finds that the regulations contained in this Ordinance are in the best interest of the health, safety, and welfare of the Citizens;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF DICKINSON, TEXAS, THAT:

Section 1. The facts and matters set forth in the preamble of this Ordinance are hereby found to be true and correct.

Section 2. Ordinance Number 734-2011, duly passed and approved by the City Council of the City of Dickinson, Texas, on November 8, 2011, and codified as Article V, Flood Hazard Areas, of Chapter 14, Planning and Development, of the Code of Ordinances of the City of Dickinson is hereby repealed in its entirety.

Section 3. Chapter 14, Planning and Development, of the Code of Ordinances of the City of Dickinson is hereby amended by the adoption of a new Article V, Flood Damage Prevention and Protection, to read in its entirety as follows:

ARTICLE V. – FLOOD DAMAGE PREVENTION AND PROTECTION

DIVISION 1. – GENERALLY

Sec. 14-1. – Statutory Authority.

The Legislature of the State of Texas has in the Flood Control Insurance Act, Texas Water Code, Section 16.315, delegated the responsibility of local governmental units to adopt regulations designed to minimize flood losses. Therefore, the City Council of the City of Dickinson, Texas does ordain this article.

Sec. 14-2. – Findings of Fact.

- A. The flood hazard areas of the City of Dickinson are subject to periodic inundation, which results in loss of life and property, health and safety hazards, disruption of commerce and governmental services, and extraordinary public expenditures for flood protection and relief, all of which adversely affect the public health, safety and general welfare.
- B. These flood losses are created by the cumulative effect of obstructions in floodplains which cause an increase in flood heights and velocities, and by the occupancy of flood hazard areas by uses vulnerable to floods and hazardous to other lands because they are inadequately elevated, floodproofed or otherwise protected from flood damage.

Sec. 14-3. – Purpose

It is the purpose of this ordinance to promote the public health, safety and general welfare and to minimize public and private losses due to flood conditions in specific areas by provisions designed to:

1. Protect human life and health;
2. Minimize expenditure of public money for costly flood control projects;
3. Minimize the need for rescue and relief efforts associated with flooding and generally undertaken at the expense of the general public;
4. Minimize prolonged business interruptions;

5. Minimize damage to public facilities and utilities such as water and gas mains, electrical, telephone and sewer lines, streets and bridges located in floodplains;
6. Help maintain a stable tax base providing for the sound use and development of flood-prone areas in such a manner as to minimize future flood blight areas; and
7. Insure that potential buyers are notified that property is in a flood area.

Sec. 14-4. – Methods of Reducing Flood Losses.

In order to accomplish its purposes, this ordinance uses the following methods:

1. Restricts or prohibits uses that are dangerous to health, safety or property in times of flood, or cause excessive increase in flood heights or velocities;
2. Requires that uses vulnerable to floods, including facilities which serve such uses, be protected against flood damage at the time of initial construction;
3. Controls the alteration of natural floodplains, stream channels, and natural protective barriers, which are involved in the accommodation of flood waters;
4. Controls filling, grading, dredging and other development which may increase flood damage;
5. Prevents or regulates the construction of flood barriers which will unnaturally divert flood waters, or which may increase flood hazards to other lands.

Sec. 14-5. – Definitions.

The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning. Unless specifically defined in this section, words or phrases used in this article shall be interpreted to give them the meanings they have in common usage and to give this article its most reasonable application.

Alluvial Fan Flooding – means flooding occurring on the surface of an alluvial fan or similar landform which originates at the apex and is characterized by high-velocity flows; active processes of erosion, sediment transport, and deposition; and unpredictable flow paths.

Apex – means a point on an alluvial fan or similar landform below which the flow path of the major stream that formed the fan becomes unpredictable and alluvial fan flooding can occur.

Appeal – means a request for a review of the floodplain administrator's interpretation of any provision of this article, or a request for a variance.

Appurtenant Structure – means a structure which is on the same parcel of property as the principal structure to be insured and the use of which is incidental to the use of the principal structure.

Area of Future Conditions Flood Hazard – means the land area that would be inundated by the one percent annual chance (100-year) flood based on future conditions hydrology.

Area of Shallow Flooding – means a designated AO, AH, AR/AO, AR/AH, or VO zone on a community's flood insurance rate map (FIRM) with a one percent or greater annual chance of flooding to an average depth of one to three feet where a clearly defined channel does not exist, where the path of flooding is unpredictable, and where velocity flow may be evident. Such flooding is characterized by ponding or sheet flow.

Area of Special Flood Hazard – is the land in the floodplain within a community subject to a one percent or greater chance of flooding in any given year. The area may be designated as Zone A on the flood hazard boundary map (FHBM). After detailed rate making has been completed in preparation for publication of the FIRM, Zone A usually is refined into zones A, AO, AH, A1-A30, AE, A99, AR, AR/A1-30, AR/AE, AR/AO, AR/AH, AR/A, VO, V1-V30, VE or V.

Base Flood – means the flood having a one percent chance of being equaled or exceeded in any given year.

Base Flood Elevation (BFE) – Regulatory - is the elevation shown on the Flood Insurance Rate Map (FIRM) based on riverine and coastal conditions and found in the accompanying Flood Insurance Study (FIS) for Zones A, AE, AH, A1-30, AR, V1-30, or VE that indicates the water surface elevation resulting from the flood that has a one percent chance of equaling or exceeding that level in any given year – also called Base Flood.

Base Flood Elevation (BFE) – Without Floodway - is the elevation determined only by the riverine condition and found in the accompanying Flood Insurance Study (FIS) that indicates the water surface elevation resulting from the flood that has a one percent chance of equaling or exceeding that level in any given year.

Basement – means any area of the building having its floor subgrade (below ground level) on all sides.

Breakaway Wall – means a wall that is not part of the structural support of the building and is intended through its design and construction to collapse under specific lateral loading forces without causing damage to the elevated portion of the building or supporting foundation system.

Coastal High-Hazard Area – are Special Flood Hazard Areas (SFHAs) along the coasts that have additional hazards due to wind and wave action. These areas are identified on the Flood Insurance Rate Maps (FIRMs) as zones V, V1-V30 and VE.

Critical Feature – means an integral and readily identifiable part of a flood protection system, without which the flood protection provided by the entire system would be compromised.

Cumulative Substantial Improvements/Damage – means any structure wherein the cumulative costs of the improvements or damage repairs when combined incrementally over a ten-year period, equal or exceed 50 percent of the market value of the structure. When the cost of the work reaches 50 percent, the structure must be brought into compliance with current ordinances and codes.

Development – means any man-made change to improved and unimproved real estate, including but not limited to buildings or other structures, mining, dredging, filling, grading, paving, excavation or drilling operations or storage of equipment or materials.

Elevated Building – means, for insurance purposes, a non-basement building, which has its lowest elevated floor, raised above ground level by foundation walls, shear walls, posts, piers, pilings, or columns.

Enclosure – is a fully enclosed area below the lowest floor that is usable solely for parking of vehicles, building access, or storage in an area other than a basement.

Existing Construction – means for the purposes of determining rates, structures for which the "start of construction" commenced before the effective date of the FIRM or before January 1, 1975, for FIRMs effective before that date. "Existing Construction" may also be referred to as "Existing Structures".

Existing Manufactured Home Park or Subdivision – means a manufactured home park or subdivision for which the construction of facilities for servicing the lots on which the manufactured homes are to be affixed (including, at a minimum, the installation of utilities, the construction of streets, and either final site grading or the pouring of concrete pads) is completed before the effective date of the Floodplain Management Regulations adopted by a community.

Expansion to an Existing Manufactured Home Park or Subdivision – means the preparation of additional sites by the construction of facilities for servicing the lots on which the manufactured homes are to be affixed (including the installation of utilities, the construction of streets, and either final site grading or the pouring of concrete pads).

Fill – means material placed in a Special Flood Hazard Area that reduces floodplain storage volume and is prohibited within the floodway unless it has been demonstrated that it will not result in any increase in flood levels.

Five-Hundred Year Flood – means the flood that has a 0.2 percent chance (one in 500 chance) of occurring in any given year.

Flood or Flooding – means a general and temporary condition of partial or complete inundation of normally dry land areas from:

1. The overflow of inland or tidal waters.
2. The unusual and rapid accumulation or runoff of surface waters from any source.

Flood Elevation Study – means an examination, evaluation, and determination of flood hazards and, if appropriate, corresponding water surface elevations, or an examination, evaluation, and determination of mudslide (i.e., mudflow) and/or flood-related erosion hazards.

Flood Insurance Rate Map (FIRM) – means an official map of a community, on which the Federal Emergency Management Agency (FEMA) has delineated both the Special Flood Hazard areas and the risk premium zones applicable to the community.

Flood Insurance Study (FIS) – see *Flood Elevation Study*

Floodplain or Flood-Prone Area – means any land area susceptible to being inundated by water from any source (see definition of *Flooding*).

Floodplain Administrator – means the Director of Community Development or his or her designee.

Floodplain Management – means the operation of an overall program of corrective and preventative measures for reducing flood damage, including but not limited to emergency preparedness plans, flood control works and floodplain management regulations.

Floodplain Management Regulations – means zoning ordinances, subdivision regulations, building codes, health regulations, special purpose ordinances (such as floodplain ordinance, grading ordinance and erosion control ordinance) and other applications of police power. The term describes such state or local regulations, in any combination thereof, which provide standards for the purpose of flood damage prevention and reduction.

Flood Protection System – means those physical structural works for which funds have been authorized, appropriated and expended and which have been constructed specifically to modify flooding in order to reduce the extent of the area within a community subject to a “Special Flood Hazard” and the extent of the depths of associated flooding. Such a system typically includes hurricane tidal barriers, dams, reservoirs, levees or dikes. These specialized flood modifying works are those constructed in conformance with sound engineering standards.

Flood Proofing – means any combination of structural and non-structural additions, changes, or adjustments to structures which reduce or eliminate flood damage to real estate or improved real property, water and sanitary facilities, structures and their contents.

Floodway – see *Regulatory Floodway*.

Freeboard – means an additional amount of height above the Base Flood Elevation used as a factor of safety in determining the level at which a structure's lowest floor must be elevated or floodproofed.

Functionally Dependent Use – means a use, which cannot perform its intended purpose unless it is located or carried out in close proximity to water. The term includes only docking facilities, port facilities that are necessary for the loading and unloading of cargo or passengers, and ship building and ship repair facilities, but does not include long-term storage or related manufacturing facilities.

Habitable Floor – means any floor usable for the following purposes: working, sleeping, eating, cooking or recreation, or a combination thereof. A floor used for storage purposes only is not a habitable floor.

Highest Adjacent Grade – means the highest natural elevation of the ground surface prior to construction next to the proposed walls of the structure.

Historic Structure – means any structure that is:

1. Listed individually in the National Register of Historic Places (a listing maintained by the Department of Interior) or preliminarily determined by the Secretary of the Interior as meeting the requirements for individual listing on the National Register;
2. Certified or preliminarily determined by the Secretary of the Interior as contributing to the historical significance of a registered historic district or a district preliminarily determined by the Secretary to qualify as a registered historic district;
3. Individually listed on a state inventory of historic places in states with historic preservation programs which have been approved by the Secretary of the Interior; or
4. Individually listed on a local inventory of historic places in communities with historic preservation programs that have been certified either:
 - a. By an approved state program as determined by the Secretary of the Interior or;
 - b. Directly by the Secretary of the Interior in states without approved programs.

Levee – means a man-made structure, usually an earthen embankment, designed and constructed in accordance with sound engineering practices to contain, control, or divert the flow of water to provide protection from temporary flooding.

Levee System – means a flood protection system which consists of a levee, or levees, and associated structures, such as closure and drainage devices, which are constructed and operated in accordance with sound engineering practices.

Lowest Floor – means the lowest floor of the lowest enclosed area (including basement). An unfinished or flood resistant enclosure, usable solely for parking or vehicles, building access or storage in an area other than a basement area is not considered a building's lowest floor; **provided** that such enclosure is not built to render the structure in violation of the applicable non-elevation design requirement of Section 60.3 of the National Flood Insurance Program regulations.

Manufactured Home – means a structure transportable in one or more sections, which is built on a permanent chassis and is designed for use with or without a permanent foundation when connected to the required utilities. The term "Manufactured Home" does not include a "Recreational Vehicle".

Manufactured Home Park or Subdivision – means a parcel (or contiguous parcels) of land divided into two or more manufactured home lots for rent or sale.

Mean Sea Level – means, for purposes of the National Flood Insurance Program (NFIP), the North American Vertical Datum (NAVD) of 1988, the National Geodetic Vertical Datum (NGVD)

of 1929, or other datum, to which Base Flood Elevations shown on a community's Flood Insurance Rate Map (FIRM) are referenced.

Mitigation – means the effort to reduce loss of life and property by lessening the impact of disasters.

New Construction – means, for the purpose of determining insurance rates, structures for which the "start of construction" commenced on or after the effective date of an initial FIRM or after December 31, 1974, whichever is later, and includes any subsequent improvements to such structures. For floodplain management purposes, "New Construction" means structures for which the "start of construction" commenced on or after the effective date of a Floodplain Management Regulation adopted by a community and includes any subsequent improvements to such structures.

New Manufactured Home Park or Subdivision – means a manufactured home park or subdivision for which the construction of facilities for servicing the lots on which the manufactured homes are to be affixed (including at a minimum, the installation of utilities, the construction of streets, and either final site grading or the pouring of concrete pads) is completed on or after the effective date of Floodplain Management Regulations adopted by a community.

Primary Frontal Dune – means a continuous or nearly continuous mound or ridge of sand with relatively steep seaward and landward slopes immediately landward and adjacent to the beach and subject to erosion and overtopping from high tides and waves during major coastal storms. The inland limit of the primary frontal dune occurs at the point where there is a distinct change from a relatively steep slope to a relatively mild slope.

Recreational Vehicle – means a vehicle which is:

1. Built on a single chassis;
2. Four hundred square feet or less when measured at the largest horizontal projections;
3. Designed to be self-propelled or permanently towable by a light duty truck; and
4. Designed primarily not for use as a permanent dwelling but as temporary living quarters for recreational, camping, travel, or seasonal use.

Regulatory Floodway – means the channel of a river or other watercourse and the adjacent land areas that must be reserved in order to discharge the base flood without cumulatively increasing the water surface elevation more than a designated height.

Repetitive Loss – means flood-related damage sustained by a structure on two separate occasions during a ten-year period for which the cost of repairs at the time of each such event, is over \$1,000.00 or, on the average, equals or exceeds 25 percent of the market value of the structure before the damage occurred.

Riverine – means relating to, formed by, or resembling a river (including tributaries), stream, brook, etc.

Sand Dunes - means naturally occurring accumulations of sand in ridges or mounds landward of the beach.

Special Flood Hazard Area – see *Area of Special Flood Hazard*

Start of Construction – (for other than new construction or substantial improvements under the Coastal Barrier Resources Act (Pub. L. 97-348)), includes substantial improvement and means the date the building permit was issued, provided the actual start of construction, repair, reconstruction, rehabilitation, addition, placement, or other improvement was within 180 days of the permit date. The actual start means either the first placement of permanent construction of a structure on a site, such as the pouring of slab or footings, the installation of piles, the construction of columns, or any work beyond the stage of excavation; or the placement of a manufactured home on a foundation. Permanent construction does not include land preparation, such as clearing, grading and filling; nor does it include the installation of streets and/or walkways; nor does it include excavation for basement, footings, piers or foundations or the erection of temporary forms; nor does it include the installation on the property of accessory buildings, such as garages or sheds not occupied as dwelling units or not part of the main structures. For a substantial improvement, the actual start of construction means the first alteration of any wall, ceiling, floor, or other structural part of a building, whether that alteration affects the external dimensions of the building.

Structure – means, for floodplain management purposes, a walled and roofed building, including a gas or liquid storage tank that is principally above ground, as well as a manufactured home.

Substantial Damage – means damage of any origin sustained by a structure whereby the cost of restoring the structure to its before damaged condition would equal or exceed 50 percent of the market value of the structure before the damage occurred.

Substantial Improvement – means any reconstruction, rehabilitation, addition, or other improvement of a structure, the cost of which equals or exceeds 50 percent of the market value of the structure before "Start of Construction" of the improvement. This includes structures which have incurred "Repetitive Loss" or "Substantial Damage", regardless of the actual repair work performed. The term does not, however, include either:

1. Any project for improvement of a structure to correct existing violations of state or local health, sanitary, or safety code specifications which have been identified by the local code enforcement official and which are the minimum necessary conditions; or
2. Any alteration of a "Historic Structure", provided that the alteration will not preclude the structure's continued designation as a "Historic Structure".

Variance – means a grant of relief by a community from the terms of a floodplain management regulation (for full requirements see Section 60.6 of the National Flood Insurance Program regulations.)

Violation – means the failure of a structure or other development to be fully compliant with the community's floodplain management regulations. A structure or other development without the elevation certificate, other certifications, or other evidence of compliance required in Section 60.3(b)(5), (c)(4), (c)(10), (d)(3), (e)(2), (e)(4), or (e)(5) is presumed to be in violation until such time as that documentation is provided.

Water Surface Elevation – means the height, in relation to the North American Vertical Datum (NAVD) of 1988, the National Geodetic Vertical Datum (NGVD) of 1929 (or other datum, where specified), of floods of various magnitudes and frequencies in the floodplains of coastal or riverine areas.

Sec. 14-6. – Applicability of Article

This ordinance shall apply to all areas of Special Flood Hazard and all Zone X (shaded) areas within the jurisdiction of the City of Dickinson.

Sec. 14-7. – Compliance with Article and other Applicable Regulations

No structure of land shall hereafter be located, altered, or have its use changed without full compliance with the terms of this ordinance and other applicable regulations.

Sec. 14-8. – Interpretation of Article

In the interpretation and application of this article, all provisions shall be:

1. Considered minimum requirements;
2. Liberally construed in favor of the governing body; and
3. Deemed neither to limit nor repeal any other powers granted under state statutes.

Sec. 14-9. – Warning and Disclaimer of Liability

The degree of flood protection required by this article is considered reasonable for regulatory purposes and is based on scientific and engineering considerations. On rare occasions greater floods can and will occur and flood heights may be increased by man-made or natural causes. This article does not imply that land outside the areas of special flood hazards or uses permitted within such areas will be free from flooding or flood damages. This article shall not create liability on the part of the city or any officer or employee thereof for any flood damages that result from reliance on this article or any administrative decision lawfully made thereunder.

Sec. 14-10. – Abrogation and Greater Restrictions

This article is not intended to repeal, abrogate, or impair any existing easements, covenants, or deed restrictions. However, where this article and another ordinance, easement, covenant, or deed restriction conflict or overlap, whichever imposes the more stringent restrictions shall prevail.

Secs. 14-11 – 14-20. – Reserved.

DIVISION 2. – ADMINISTRATION AND ENFORCEMENT

Sec. 14-21. – Basis for Establishing Areas of Special Flood Hazard

The areas of Special Flood Hazard identified by the Federal Emergency Management Agency (FEMA) in a scientific and engineering report entitled, "The Flood Insurance Study for Galveston County, Texas, and Incorporated Areas" dated August 15, 2019, with the accompanying Flood Insurance Rate Maps and/or Flood Boundary-Floodway Maps (FIRM and/or FBFM) dated August 15, 2019, and any revisions thereto are hereby adopted by reference and declared to be a part of this article.

Sec. 14-22. – Designation of Floodplain Administrator

The City Floodplain Administrator shall manage and implement the provisions of this chapter and other appropriate sections of 44 CFR (National Flood Insurance Program regulations) pertaining to floodplain management.

Sec. 14-23. – Duties and Responsibilities of the Floodplain Administrator

Duties and responsibilities of the Floodplain Administrator shall include but not be limited to, the following:

1. Maintain and hold open for public inspection all records pertaining to the provisions of this article.
2. Review permit applications to determine whether proposed building sites, including the placement of manufactured homes, will be reasonably safe from flooding.
3. Review, approve or deny all applications for development permits required by adoption of this article.
4. Review permits for proposed development to assure that all necessary permits have been obtained from those Federal, State or local governmental agencies (including Section 404 of the Federal Water Pollution Control Act Amendments of 1972, 33 U.S.C. 1334) from which prior approval is required.
5. Where interpretation is needed as to the exact location of the boundaries of the areas of Special Flood Hazards (for example, where there appears to be a conflict between a mapped boundary and actual field conditions) the floodplain administrator shall make the necessary interpretation.

6. Notify, in riverine situations, adjacent communities and the State Coordinating Agency which is the Texas Water Development Board (TWDB) and the Texas Commission on Environmental Quality (TCEQ), prior to any alteration or relocation of a watercourse, and submit evidence of such notification to the Federal Emergency Management Agency (FEMA).
7. Assure that the flood carrying capacity within the altered or relocated portion of any watercourse is maintained.
8. When Base Flood Elevation data has not been provided in accordance with section 14- 21, the Floodplain Administrator shall obtain, review and reasonably utilize any Base Flood Elevation data and Floodway data available from a Federal, State or other source, in order to administer the provisions of Division 3 of this article.
9. When a Regulatory Floodway has not been designated the Floodplain Administrator must require that no new construction, substantial improvements, or other development (including fill) shall be permitted within zones A1-30 and AE on the community's FIRM, unless it is demonstrated that the cumulative effect of the proposed development, when combined with all other existing and anticipated development, will not increase the water surface elevation of the base flood at any point within the community.
10. Under the provisions of 44 CFR Chapter 1, Section 65.12 of the National Flood Insurance Program regulations, a community may approve certain development in zones A1-30, AE, AH, on the community's FIRM which increases the water surface elevation of the base flood, provided that the community **first** applies for a conditional FIRM revision through FEMA.

Sec. 14-24. – Development Permit Required.

A development permit shall be required to ensure conformance with the provisions of this article.

Sec. 14-25. – Application for Development Permit; Conditions for Granting.

Application for a development permit shall be presented to the Floodplain Administrator on forms furnished by him/her and may include, but not limited to, plans in duplicate drawn to scale showing the location, dimensions, and elevation of proposed landscape alterations, existing and proposed structures, including the placement of manufactured homes, and the location of the foregoing in relation to area of Special Flood Hazard. Additionally, the following information is required:

1. Elevation (in relation to mean sea level), of the lowest floor (including basement) of all new and substantially improved structures;
2. Elevation in relation to mean sea level to which any nonresidential structure shall be floodproofed;
3. A certificate from a registered professional engineer or architect that the nonresidential floodproofed structure shall meet the floodproofing criteria of section 14-42;
4. A description of the extent to which any watercourse or natural drainage will be altered or relocated as a result of proposed development.
5. Maintain a record of all such information in accordance with section 14-23.

Approval or denial of a development permit by the Floodplain Administrator shall be based on all the provisions of this article and the following relevant factors:

1. The danger to life and property due to flooding or erosion damage;
2. The susceptibility of the proposed facility and its contents to flood damage and the effect of such damage on the individual owner;
3. The danger that materials may be swept onto other lands to the injury of others;
4. The compatibility of the proposed use with existing and anticipated development;
5. The safety of access to the property in times of flood for ordinary and emergency vehicles;
6. The costs of providing governmental services during and after flood conditions including maintenance and repair of streets and bridges, and public utilities and facilities such as sewer, gas, electrical and water systems;
7. The expected heights, velocity, duration, rate of rise and sediment transport of the floodwaters and the effects of wave action, if applicable, expected at the site;
8. The necessity to the facility of a waterfront location, where applicable.
9. The availability of alternative locations, not subject to flooding or erosion damage, for the proposed use.
10. The relationship of the proposed use to the comprehensive plan for that area.
11. In the event there is a difference between the FIRM and the FIS the FIRM will control and the ruling of the Flood plain Administrator will be final.

Sec. 14-26. – Appeals and Variances.

Variances shall adhere to the following standards:

1. The City Council shall hear and render judgement on requests for variances from the requirements of this article;
2. The City Council shall hear and render judgement on an appeal only when it is alleged there is an error in any requirement, decision, or determination made by the Floodplain Administrator in the enforcement or administration of this article;
3. Any person aggrieved by the decision of the City Council may appeal such decision to a court of competent jurisdiction;
4. The Floodplain Administrator shall maintain a record of all actions involving an appeal and shall report variances to FEMA upon request;
5. Variances may be issued for the reconstruction, rehabilitation, or restoration of historic structures listed on the National Register of Historic Places or the State inventory of historic places, without regard to other procedures in this article;
6. Upon consideration of the factors noted above and the intent of this article, the City Council may attach such conditions to the granting of variance as it deems necessary to further the purpose and objectives of section 14-3;
7. Variances shall not be issued within any designated floodway if any increase in flood levels during the Base Flood discharge would result;
8. Prerequisites for granting variances:
 - (1) Variances shall only be issued upon a determination that the variance is the minimum necessary, considering the flood hazard, to afford relief.
 - (2) Variances shall be only issued upon:
 - a. Showing a food and sufficient cause;
 - b. Variances shall only be issued upon a determination that the variance would result in exceptional hardship to the applicant; and
 - c. A determination that the granting of a variance will not result in increased flood heights, additional threats to public safety, extraordinary public expense, create nuisances, cause fraud on or victimization of the public, or conflict with existing local law or ordinances.
9. Variances may be issued by City Council for new construction and substantial improvements and for other development necessary for the conduct of a functionally dependent use provided that:
 - a. The criteria outlined in subsections 1-9 are met, and

- b. The structure or other development is protected by methods that minimize flood damaged during the base flood and create no additional threats to public safety.

Secs. 14-26 – 14-40. – Reserved.

DIVISION 3. – FLOOD HAZARD REDUCTION

Sec. 14-41. – General Standards

In all areas of Special Flood Hazards the following provisions are required for all new construction and substantial improvements:

1. All new construction or substantial improvements shall be designed (or modified) and adequately anchored to prevent flotation, collapse, or lateral movement of the structure resulting from hydrodynamic and hydrostatic loads, including the effects of buoyancy.
2. All new construction or substantial improvements shall be constructed by methods and practices that minimize flood damage.
3. All new construction or substantial improvements shall be constructed with materials resistant to flood damage.
4. All new construction or substantial improvements shall be constructed with electrical, heating, ventilation, plumbing, and air conditioning equipment and other service facilities that are designed and/or located to prevent water from entering or accumulating within the components during conditions of flooding by elevating them eighteen (18) inches above the base flood elevation.
5. All new and replacement water supply systems shall be designed to minimize or eliminate infiltration of floodwaters into the system.
6. New and replacement sanitary sewage systems shall be designed to minimize or eliminate infiltration of floodwaters into the system and discharge from the systems into floodwaters.
7. On-site waste disposal systems shall be located to avoid impairment to them or contamination from them during flooding.
8. All elevation requirements noted in this chapter shall be documented using the FEMA Elevation Certificate, shall be certified by a registered professional engineer, surveyor, or architect, and shall be submitted to the Floodplain Administrator.
9. Elevation certificates shall be submitted to the Floodplain Administrator for review and acceptance prior to a permit or a certificate of occupancy being issued.

Sec. 14-42. – Specific Standards.

In all areas of Special Flood Hazards where Base Flood Elevation data has been provided as set forth in section 14-21, section 14-23 or section 14-43, the following provisions are required:

Fill - For areas that are in the Base Flood Elevation – Without Floodway and the Floodplain Administrator has determined have no conveyance capacity, proposed development shall not, at any time, diminish the storage volume below the Base Flood Elevation – Without Floodway. Applicants shall demonstrate compliance with this requirement by submitting plans that demonstrate one or more of the following:

- (1) Demonstrate that any loss of storage volume will be mitigated on-site, such that there is no net fill;
 - (2) Demonstrate that any loss of storage volume will be mitigated off-site in accordance with rules and regulations promulgated by the Floodplain Administrator;
 - (3) Identify an amount of fill that is recognized by the Floodplain Administrator as sufficiently important to be addressed, but for which mitigation is not required, in accordance with rules and regulations promulgated by the Floodplain Administrator.
 - (4) Fill above the Base Flood Elevation – Without Floodway is not required to be mitigated.
1. *Residential Construction* – New construction and substantial improvement of any residential structure shall have the lowest floor (including basement), elevated to a minimum of eighteen (18) inches above the Base Flood Elevation - **Regulatory**.
 2. *Nonresidential Construction* – New construction and substantial improvements of any commercial, industrial or other nonresidential structure shall either have the lowest floor (including basement) elevated to a minimum of eighteen (18) inches above the Base Flood Elevation – **Regulatory** or, together with attendant utility and sanitary facilities, be designed so that below the Base Flood Elevation the structure is watertight with walls substantially impermeable to the passage of water and with structural components having the capacity of resisting hydrostatic and hydrodynamic loads and effects of buoyancy.

3. *Enclosures* – New construction and substantial improvements with fully enclosed areas below the lowest floor that are usable solely for parking of vehicles, building access or storage in an area other than a basement and which are subject to flooding shall be designed to automatically equalize hydrostatic flood forces on exterior walls by allowing for the entry and exit of flood waters. Designs for meeting this requirement must either be certified by a registered professional engineer or architect or meet or exceed the following minimum criteria:
 - a. A minimum of two (2) openings on separate walls having a total net area of not less than one (1) square inch for every square foot of enclosed area subject to flooding shall be provided.
 - b. The bottoms of all openings shall be no higher than one (1) foot above grade.
 - c. Openings may be equipped with screens, louvers, valves, or other coverings or devices provided that they permit the automatic entry and exit for floodwaters.
4. *Manufactured Homes* – The following shall apply to manufactured homes:
 - a. Require that all manufactured homes to be placed within Zone A, shall be installed using methods and practices which minimize flood damage. For the purpose of this requirement, manufactured homes must be elevated and anchored to resist flotation, collapse, or lateral movement. Methods of anchoring may include, but are not limited to, use of over-the-top or frame ties to ground anchors. This requirement is in addition to applicable State and local anchoring requirements for resisting wind forces.
 - b. All manufactured homes shall be in compliance with subsection (1) above.
 - c. Require that all manufactured homes to be placed or substantially improved within Zones AI-30, AH and AE on the FIRM on sites outside of a Manufactured Home Park or Subdivision, in a new Manufactured Home Park or Subdivision, in an expansion to an existing Manufactured Home Park or Subdivision, or in an existing Manufactured Home Park or Subdivision on which a manufactured home has incurred substantial damage as a result of a flood, be elevated on a permanent foundation such that the lowest floor of the manufactured home is eighteen (18) inches above the base flood elevation; and be securely anchored to an adequately anchored foundation system in accordance with this paragraph.
5. *Recreational Vehicles* – All recreational vehicles placed on sites within Zones A1-30, AH, and AE on the FIRM shall either:
 - a. Be on the site for fewer than one hundred eighty (180) consecutive days;

- b. Be fully licensed and ready for highway use; or
- c. Meet the permit requirements, including elevation and anchoring requirements, for manufactured homes in this article.

A recreational vehicle is ready for highway use if it is on its wheels or jacking system, is attached to the site only by quick disconnect type utilities and security devices and has no permanently attached additions.

Sec. 14-43. – Standards for Subdivision Proposals

1. All subdivision proposals including manufactured home parks and subdivisions shall be consistent with sections 14-3 and 14-4.
2. All proposals for the development of subdivisions including manufactured home parks and subdivisions shall meet development permit requirements of section 14-24, section 14-25, and the provisions of this division.
3. Base flood elevation data shall be generated for subdivision proposals and other proposed development including manufactured home parks and subdivisions which is greater than 50 lots or 5 acres, whichever is lesser, if not otherwise provided pursuant to section 14-21 or section 14-25.
4. All subdivision proposals, including manufactured home parks and subdivisions, shall have adequate drainage provided to reduce exposure to flood hazards.
5. All subdivision proposals including manufactured home parks and subdivisions shall have public utilities and facilities such as sewer, gas, electrical and water systems located and constructed to minimize or eliminate flood damage.
6. The special flood hazard area (SFHA) boundary and any Base Flood Elevation for the building site(s) on each lot shall be clearly marked on all recorded subdivision plats and approved site development plans.

Sec. 14-44. – Standards for Areas of Shallow Flooding (AO/AH Zones).

Located within the areas of Special Flood Hazard established in section 14-21 are areas designated as shallow flooding. These areas have Special Flood Hazards associated with base flood depths of one (1) to three (3) feet where a clearly defined channel does not exist and where the path of flooding is unpredictable and where velocity flow may be evident. Such flooding is characterized by ponding or sheet flow; therefore, the following provisions apply:

1. All new construction and substantial improvements of residential structures have the lowest floor (including basement) elevated above the highest adjacent grade at least

eighteen (18) inches above the depth number specified in feet on the FIRM (at least two (2) feet if no depth number is specified).

2. All new construction and substantial improvements of nonresidential structures:
 - a. Have the lowest floor (including basement) elevated above the highest adjacent grade at least eighteen (18) inches above the depth number specified in feet on the FIRM (at least two (2) feet if no depth number is specified), or
 - b. Together with attendant utility and sanitary facilities be designed so that below the base specified flood depth in an AO Zone, the structure is watertight up to eighteen (18) inches above the **Base Flood Elevation – Regulatory** with walls substantially impermeable to the passage of water and with structural components having the capability of resisting hydrostatic and hydrodynamic loads of effects of buoyancy.
3. A registered professional engineer or architect shall submit a certification to the Floodplain Administrator that the standards of this section, as proposed in Section 14-25 are satisfied.
4. Require within Zones AH or AO adequate drainage paths around structures on slopes, to guide floodwaters around and away from proposed structures.

Sec. 14-45. – Floodways.

Floodways located within areas of Special Flood Hazard established in Section 14-21 are areas designated as Floodways. Since the Floodway is an extremely hazardous area due to the velocity of floodwaters, which carry debris, potential projectiles and erosion potential, Encroachments are prohibited, including fill, new construction, substantial improvements and other development within a flood hazard area.

Sec. 14-46. – Standards for Areas in Zone X (Shaded)

All new construction and substantial improvements of residential and nonresidential structures shall have the lowest floor (including basement) elevated at least eighteen (18) inches above the highest adjacent grade **or six (6) inches above the crown of the street, whichever is greater, when the street is in the path of water egress from the site.**

Sec. 14-47. – Standards for Areas in Approximate A Zones

All New construction and substantial improvement of any residential and nonresidential Structures in an Approximate A Zone shall have the lowest floor (including basement), elevated to a minimum of eighteen (18) inches above the **Base Flood Elevation – Regulatory** as determined by an Elevation Certificate provided by a registered engineer, architect, or surveyor.

Section 4. All provisions of the ordinances of the City of Dickinson in conflict with the provisions of this Ordinance are hereby repealed, and all other provisions of the Ordinances of the City of Dickinson not in conflict with the provisions of this Ordinance shall remain in full force and effect.

Section 5. The repeal of any ordinance or part of ordinances effectuated by the enactment of this Ordinance shall not be construed as abandoning any action now pending under or by virtue of such ordinance or as discontinuing, abating, modifying or altering any penalty accruing or to accrue, or as affecting any rights of the municipality under any section or provisions of any ordinance at the time of passage of this Ordinance.

Section 6. **No structure or land shall hereafter be constructed, located, extended, converted, or altered without full compliance with the terms of this Ordinance and other applicable regulations.** Any person who shall intentionally, knowingly, recklessly or with criminal negligence violate any provision contained in this Ordinance, or who shall commit or perform any act declared herein to be unlawful, shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall be fined in an amount of not less than one dollar (\$1.00) and not more than two thousand dollars (\$2,000.00). Each day a violation continues shall constitute a separate offense. **Nothing herein contained shall prevent City of Dickinson from taking such other lawful action as is necessary to prevent or remedy any violation.**

Section 7. In the event any clause, phrase, provision, sentence, or part of this Ordinance or the application of the same to any person or circumstance shall for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Ordinance as a whole or any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of the City of Dickinson, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any such part thus declared to be invalid or unconstitutional, whether there be one or more parts.

Section 8. This Ordinance shall become effective upon final reading and adoption of this Ordinance, in accordance with law.

DULY PASSED AND APPROVED on first reading this the _____ day of July, 2019.

DULY PASSED, AND APPROVED on second reading this _____ day of _____, 2019.

DULY PASSED, APPROVED, AND ADOPTED on third and final reading this _____ day of _____, 2019.

Julie Masters, Mayor
City of Dickinson, Texas

ATTEST:

Alun W. Thomas, City Secretary
City of Dickinson, Texas

APPROVED AS TO FORM AND CONTENT:

David W. Olson, City Attorney
City of Dickinson, Texas

ITEM 12

**Dickinson City Council
Agenda Item Data Sheet**

MEETING DATE: June 9, 2020

TOPIC:	BRIEFING, DISCUSSION AND DIRECTION CONCERNING: Proposed Calendar and Process for Creating the FY2021 Budget
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BACKGROUND:	<p>As required by the City Charter and State Law, the City will prepare a financial budget for the upcoming fiscal year. This budget will encompass all operating funds of the City and a plan for Capital Improvements in upcoming years. The budget will give realistic forecasts of revenues and anticipated expenditures.</p> <p>At this time, there does not appear to be reason to anticipate major fluctuations in the revenue sources. As a result, the departments generally will be asked to maintain operations at or near the current level. Requests for new programs or new personnel will be considered but will need to include funding sources.</p> <p>The Council will be briefed on all department budgets and given an opportunity to ask questions and give input for the coming year before being asked to vote on the proposed budget in September.</p>
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RECOMMENDATION:	Staff requests Council Members review their personal plans in relation to the proposed Budget Calendar and communicate conflicts to the Mayor or City Administrator.
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ATTACHMENTS:	<ul style="list-style-type: none"> • Proposed Budget Calendar • Proposed Budget Process
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FUNDING ISSUES:	<input checked="" type="checkbox"/> Not applicable – no dollars are being spent or received. <input type="checkbox"/> Full amount already budgeted in Acct/Project# _____ <input type="checkbox"/> Not budgeted, if approved, the following will be included in the next Budget Amendment:
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FINANCE VERIFICATION OF FUNDING:	
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SUBMITTING STAFF MEMBER: Kerilyn Bascle on behalf of Chris Heard	CITY ADMINISTRATOR APPROVAL:
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ACTIONS TAKEN		
APPROVAL <input type="checkbox"/> YES <input type="checkbox"/> NO	READINGS PASSED <input type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input type="checkbox"/> 3 rd	OTHER



BUDGET CALENDAR FISCAL YEAR 2020-2021

June 4	Draft budget format sent to Department Heads
June 18	Department Heads return first departmental drafts
Jun 24	Departmental Meeting with City Administrator regarding budget requests
Jul 14	Budget Workshop with City Council
Jul 25	Deadline for Chief Appraiser to Certify Tax Rolls to Taxing Units
Jul 28	Budget Workshop with City Council
Jul 31	Completed Tax Rate Calculation Worksheets from Tax Assessor-Collector
Aug 4	Budget Workshop with City Council
Aug 10	Propose Tax Rate for Tax Year 2020 (Special Meeting)
Aug 25	Public Hearing for Proposed 2020 Tax Rate (if required)
Sep 7	Public Hearing on Proposed Budget (Special Meeting)
Sep 8	Council Adopts FY20-21 Budget and 2020 Tax Rate (First Reading)
Sep 22	Council Adopts FY20-21 Budget and 2020 Tax Rate (Second Reading)
Sep 30	Filing and Distribution of Adopted Budget
Oct 1	Begin New Fiscal Year



Proposed Budget Process

Fiscal Year 2020-2021

June 3 - 4	Draft budget format sent to Department Heads
June 18	Department Heads return first departmental drafts
June 24	Departmental Meeting with City Administrator regarding budget requests
July 14	Budget Workshop with City Council
July 25	Deadline for Chief Appraiser to Certify Appraisal Roll
July 28	Budget Workshop with City Council (as necessary)
July 31	Completed Tax Rate Calculation Worksheets from Tax Assessor-Collector
August 4	Budget Workshop with City Council (as necessary)
August 10	Propose Tax Rate for Tax Year 2021 (Special Meeting)
August 25	Public Hearing for Proposed 2021 Tax Rate (if required)
September 7	Public Hearing on Proposed Budget (Special Meeting)
September 8	Council Adopts FY20-21 Budget and 2020 Tax Rate (First Reading)
September 22	Council Adopts FY20-21 Budget and 2020 Tax Rate (Second Reading)
September 30	Filing and Distribution of Adopted Budget
October 1	Begin New Fiscal Year

ITEM 13

Executive Session

ITEM 14

Reconvene

ITEM 15

**Matters Discussed in
Executive Session**

ITEM 16

Adjourn