

ANNUAL FINANCIAL REPORT

of the

CITY OF DICKINSON, TEXAS

**For the Year Ended
September 30, 2013**

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CITY OF DICKINSON, TEXAS

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CITY OF DICKINSON, TEXAS

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INTRODUCTORY SECTION

CITY OF DICKINSON, TEXAS

PRINCIPAL OFFICIALS

September 30, 2013



City Council

Julie Masters	Mayor
Charles Suderman	Position No. 1
Bruce Henderson	Position No. 2
Walter Wilson	Position No. 3 (Mayor Pro Tem)
Wally Deats	Position No. 4
Louis Decker	Position No. 5
William King III	Position No. 6

CITY OF DICKINSON, TEXAS

PRINCIPAL OFFICIALS (Continued)

September 30, 2013

Elected Officials	Position	Term Expires
Julie Masters	Mayor	05/2014
Charles Suderman	Council Member – Position 1	05/2014
Bruce Henderson	Council Member – Position 2	05/2015
Walter Wilson	Council Member – Position 3/ Mayor Pro Tem	05/2014
Wally Deats	Council Member – Position 4	05/2015
Louis Decker	Council Member – Position 5	05/2014
William King, III	Council Member – Position 6	05/2015

Appointed Officials	Position
Julie Robinson	City Administrator
Carolyn E. Anderson	City Secretary
Olson and Olson	City Attorney
Richard Cope	Municipal Court Judge
Ellis Ortego	Prosecuting Attorney
Ron Morales	Chief of Police

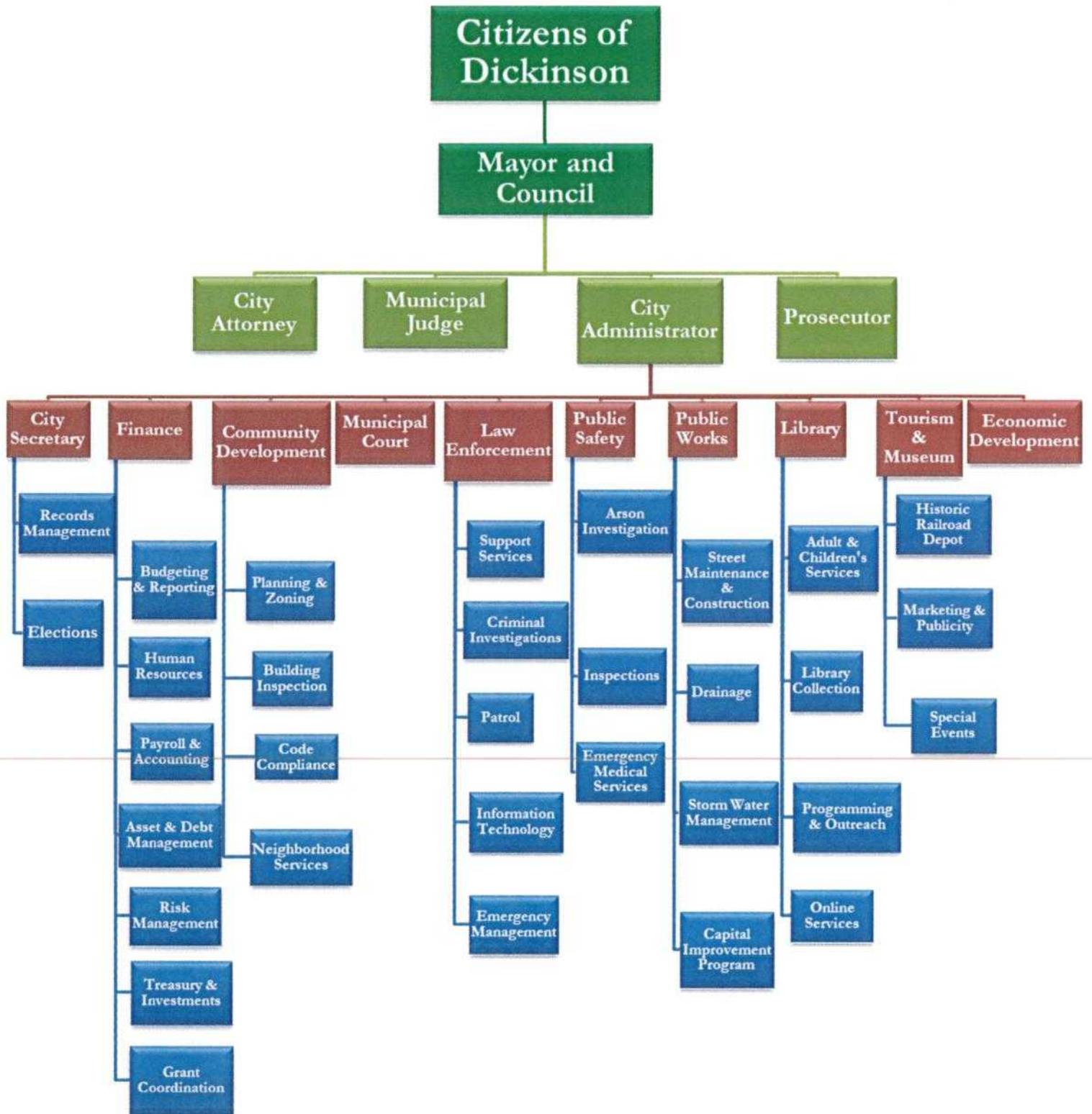
City Management	Position
Norman Hicks	Fire Marshal
Kevin Byal	Building Official
Irma Rivera	Court Administrator
Kellis George	Director of Public Works
Vicki McAllister	Library Director

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CITY OF DICKINSON, TEXAS

ORGANIZATION CHART

September 30, 2013



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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, 2013, 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.

Partners

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2014 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 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

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 31, 2014

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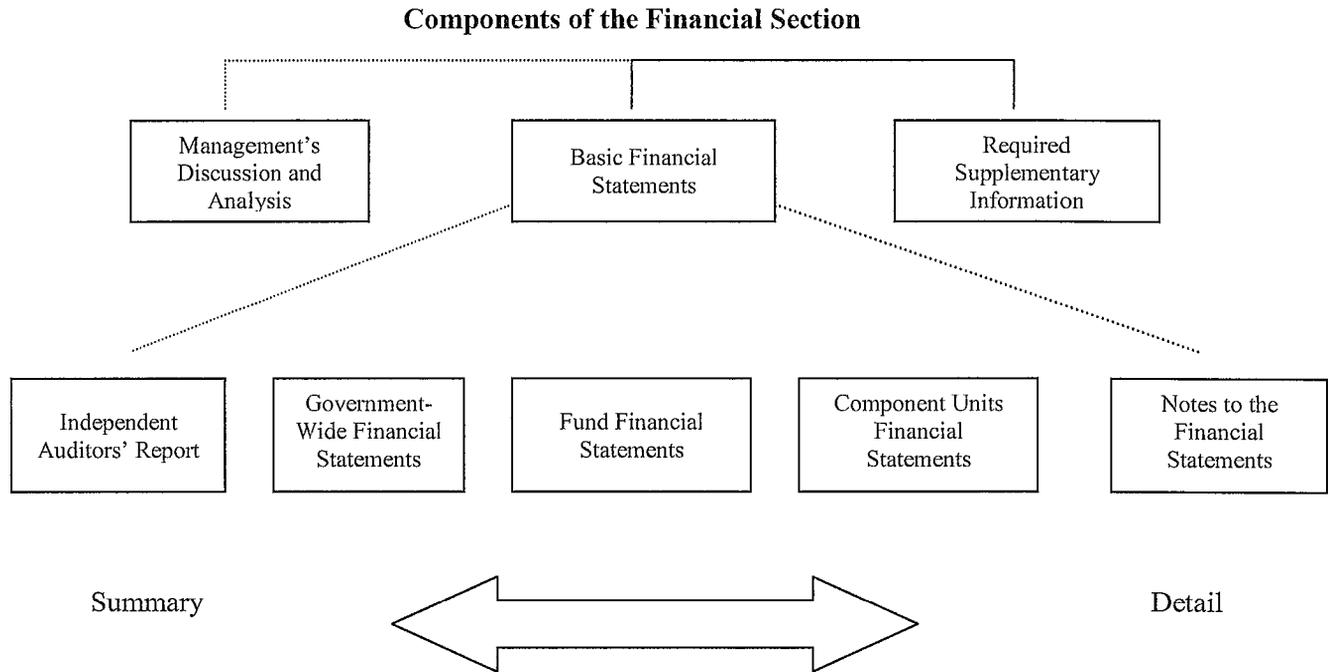
*MANAGEMENT'S DISCUSSION
AND ANALYSIS*

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CITY OF DICKINSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2013

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, 2013. 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 inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other 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, 2013

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 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 emergency medical services and 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, Dickinson Economic Development Corporation (the "Corporation"), a legally separate management district, Dickinson Management District No. 1 (the "District"), and a legally separate corporation, the Dickinson Education Finance Corporation (the "DEFC") for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The Bayou Lakes Public Improvement District No. 1, although also legally separate, functions for all practical purposes as a department of the City and, therefore, has been included as an integral part 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*.

CITY OF DICKINSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2013

The City maintains 12 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 the CDBG disaster recovery fund, which are considered to be major funds. The debt service fund did not meet the technical criteria but the City has elected to present it as major due to its significance. Data from the other seven governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for its general, street maintenance, debt service, VOCA, COPS 2010, and special revenue and grants funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with the budget.

Proprietary Funds

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

The 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 fund to account for an employee benefit program. 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 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 basic financial statements, MD&A, 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 a schedule of funding progress for the Texas Municipal Retirement System. RSI can be found after the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the City, assets exceed liabilities by \$27,163,516 as of year end in the primary government.

A comparative analysis of government-wide data has been presented as a component of the MD&A.

CITY OF DICKINSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2013

The largest portion of the City's net position, 76 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	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 8,551,596	\$ 6,863,420	\$ 70,748	\$ 264,332	\$ 8,622,344	\$ 7,127,752
Capital assets, net	30,941,967	29,971,088	69,216	112,352	31,011,183	30,083,440
Total Assets	39,493,563	36,834,508	139,964	376,684	39,633,527	37,211,192
Long-term liabilities	10,603,971	11,067,726	10,331	11,433	10,614,302	11,079,159
Other liabilities	1,784,133	1,488,473	71,576	70,186	1,855,709	1,558,659
Total Liabilities	12,388,104	12,556,199	81,907	81,619	12,470,011	12,637,818
Net Position:						
Net investment in capital						
assets	20,535,459	19,105,222	69,216	112,352	20,604,675	19,217,574
Restricted	2,446,306	1,898,364	-	-	2,446,306	1,898,364
Unrestricted	4,123,694	3,274,723	(11,159)	182,713	4,112,535	3,457,436
Total Net Position	\$ 27,105,459	\$ 24,278,309	\$ 58,057	\$ 295,065	\$ 27,163,516	\$ 24,573,374

A portion of the primary government's net position, \$2,446,306 or nine percent, represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net position, \$4,112,535, may be used to meet the City's ongoing obligation to citizens and creditors. The overall condition of the City improved this year as total net position increased by \$2,590,142.

CITY OF DICKINSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2013

Statement of Activities:

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues:						
Charges for services	\$ 2,596,712	\$ 2,536,252	\$ 935,692	\$ 971,261	\$ 3,532,404	\$ 3,507,513
Operating grants and contributions	1,431,698	2,256,236	197,807	225,130	1,629,505	2,481,366
Capital grants and contributions	1,455,289	283,601	-	-	1,455,289	283,601
General revenues:						
Property taxes	3,271,066	3,128,539	-	-	3,271,066	3,128,539
Sales taxes	5,464,349	4,092,182	-	-	5,464,349	4,092,182
Other taxes	1,003,257	1,004,151	-	-	1,003,257	1,004,151
Investment earnings	13,662	11,807	-	-	13,662	11,807
Other revenues	34,866	82,606	-	-	34,866	82,606
Total Revenues	15,270,899	13,395,374	1,133,499	1,196,391	16,404,398	14,591,765
Expenses						
General government	2,300,415	2,602,487	-	-	2,300,415	2,602,487
Public safety	4,194,651	5,571,045	-	-	4,194,651	5,571,045
Public works	2,171,367	1,545,286	-	-	2,171,367	1,545,286
Culture and recreation	375,443	355,323	-	-	375,443	355,323
Community development	340,414	396,381	-	-	340,414	396,381
Economic development	2,606,038	1,260,392	-	-	2,606,038	1,260,392
Interest on long-term debt	450,423	506,960	-	-	450,423	506,960
Emergency medical services	-	-	1,069,914	1,049,095	1,069,914	1,049,095
Municipal drainage utility	-	-	305,593	331,593	305,593	331,593
Total Expenses	12,438,749	12,237,874	1,375,507	1,380,688	13,814,256	13,618,562
Increase (Decrease) in Net Position Before Transfers	2,832,150	1,157,500	(242,008)	(184,297)	2,590,142	973,203
Transfers in (out)	(5,000)	(119,072)	5,000	119,072	-	-
Change in Net Position	2,827,150	1,038,428	(237,008)	(65,225)	2,590,142	973,203
Beginning net position	24,278,309	23,239,881	295,065	360,290	24,573,374	23,600,171
Ending Net Position	\$ 27,105,459	\$ 24,278,309	\$ 58,057	\$ 295,065	\$ 27,163,516	\$ 24,573,374

For the year ended, revenues from governmental activities totaled \$15,270,899. Revenues increased by 14 percent during the year mainly due to a large increase in sales tax revenue.

For the year ended, expenses for governmental activities totaled \$12,438,749. The total expenses increased by two percent from the prior year, which can be attributed primarily to an increase in grant and economic development related expenditures.

Business-type activities net position decreased by \$237,008. This deficit is mainly due to a decrease in charges for services revenue, operating grants and contributions, and transfers in from other funds. Revenues decreased by \$62,892 compared to the prior year. Expenses remained consistent with those reported in the prior year as the total expenses decreased by \$5,181.

CITY OF DICKINSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2013

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 \$6,564,293. Of this, \$21,616 is restricted for debt service, \$235,650 is restricted for enabling legislation, \$2,137,766 is restricted for capital projects, \$8,362 is nonspendable in the form of prepaids, and \$3,917,017 is unassigned.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,928,382, while total fund balance increased to \$4,180,626. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 41 percent of total general fund expenditures, while total fund balance represents approximately 43 percent of that same amount.

The general fund had an increase in fund balance of \$946,603 for the year due mainly to an increase in sales tax revenues.

The debt service fund had a decrease in fund balance of \$2,870 after interfund transfers from other funds.

The street maintenance fund had an increase in fund balance of \$554,897. This increase is due to an increase in sales tax revenues and a decrease in capital projects compared to the prior year.

The CDBG disaster recovery fund is a grant fund which recognizes revenues and expenditures as incurred. As a result, this fund will have minimal or zero change in fund balance from year to year.

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 \$39,802 during the year mainly due to higher than expected sales tax revenues offset by lower than expected intergovernmental revenues. General fund actual expenditures were lower than the final budgeted expenditures by \$1,160,871 mainly due to lower general government and public safety law enforcement expenditures than originally anticipated.

CITY OF DICKINSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2013

CAPITAL ASSETS

At the end of the year, the City's governmental activities funds had invested \$30,941,967 in a variety of capital assets. This represents a net increase of \$970,879.

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

- 11 street construction projects totaling \$505,810.
- Purchase of seven vehicles totaling \$229,552.
- Purchase of land totaling \$237,071.

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 \$10,410,000. Of this amount, \$8,450,000 represents certificates of obligation and \$1,960,000 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

The Dickinson City Council approved a \$12.2 million general fund budget for the 2013-2014 fiscal year. This is a two percent decrease from the prior year amended budget. The total tax rate adopted for the fiscal year 2013-2014 budget will remain unchanged at \$0.4086.

The Council approved a \$916,005 debt service budget for the 2013-2014 fiscal year. This is a one half of one percent increase from the prior year. Budgeted property tax receipts comprise 69.6 percent of all debt service fund revenue. The fiscal year 2013-2014 debt service tax rate increased from \$0.07854 to \$0.07877.

Enterprise fund expenses are budgeted at \$1,120,101 for the fiscal year 2013-2014, a decrease of \$310,155 from the prior year amended budget.

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, 2013

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and cash equivalents	\$ 4,809,780	\$ 138,250	\$ 4,948,030	\$ 1,540,510
Investments	1,089,442	-	1,089,442	500,000
Receivables, net	1,768,672	67,142	1,835,814	611,601
Internal balances	304,261	(304,261)	-	-
Due from component units	571,079	169,617	740,696	-
Due from primary government	-	-	-	303,169
Prepaid items	8,362	-	8,362	-
	8,551,596	70,748	8,622,344	2,955,280
Capital assets:				
Non-depreciable	2,665,522	-	2,665,522	-
Net depreciable	28,276,445	69,216	28,345,661	-
	30,941,967	69,216	31,011,183	-
Total Assets	39,493,563	139,964	39,633,527	2,955,280
Liabilities				
Accounts payable and accrued liabilities	1,445,956	71,576	1,517,532	298,706
Accrued interest payable	35,008	-	35,008	-
Due to component unit	303,169	-	303,169	-
Due to primary government	-	-	-	740,696
	1,784,133	71,576	1,855,709	1,039,402
Noncurrent liabilities:				
Long-term liabilities due within one year	662,717	9,298	672,015	-
Long-term liabilities due in more than one year	9,941,254	1,033	9,942,287	-
	10,603,971	10,331	10,614,302	-
Total Liabilities	12,388,104	81,907	12,470,011	1,039,402
Net Position				
Net investment in capital assets	20,535,459	69,216	20,604,675	-
Restricted for:				
Debt service	72,890	-	72,890	-
Enabling legislation	235,650	-	235,650	-
Capital projects	2,137,766	-	2,137,766	-
Economic development	-	-	-	1,915,878
Unrestricted	4,123,694	(11,159)	4,112,535	-
Total Net Position	\$ 27,105,459	\$ 58,057	\$ 27,163,516	\$ 1,915,878

See Notes to Financial Statements.

CITY OF DICKINSON, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 2,300,415	\$ 1,299,946	\$ 456,727	\$ -
Public safety	4,194,651	801,246	540,925	-
Public works	2,171,367	495,520	434,046	1,455,289
Culture and recreation	375,443	-	-	-
Community development	340,414	-	-	-
Economic development	2,606,038	-	-	-
Interest and fiscal agent fees on long-term debt	450,423	-	-	-
Total Governmental Activities	<u>12,438,749</u>	<u>2,596,712</u>	<u>1,431,698</u>	<u>1,455,289</u>
Business-Type Activities				
Emergency medical services	1,069,914	566,155	197,807	-
Municipal drainage utility	305,593	369,537	-	-
Total Business-Type Activities	<u>1,375,507</u>	<u>935,692</u>	<u>197,807</u>	<u>-</u>
Total Primary Government	<u>\$ 13,814,256</u>	<u>\$ 3,532,404</u>	<u>\$ 1,629,505</u>	<u>\$ 1,455,289</u>
Component Units				
Dickinson Economic Development Corp.	\$ 799,119	\$ 107,869	\$ -	\$ -
Dickinson Management District No. 1	1,999,868	-	-	-
Total Component Units	<u>\$ 2,798,987</u>	<u>\$ 107,869</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

- Taxes
 - Property taxes
 - Sales taxes
 - Other taxes
- Investment earnings
- Other revenues
- Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning net position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (543,742)	\$ -	\$ (543,742)	\$ -
(2,852,480)	-	(2,852,480)	-
213,488	-	213,488	-
(375,443)	-	(375,443)	-
(340,414)	-	(340,414)	-
(2,606,038)	-	(2,606,038)	-
(450,423)	-	(450,423)	-
(6,955,050)	-	(6,955,050)	-
-	(305,952)	(305,952)	-
-	63,944	63,944	-
-	(242,008)	(242,008)	-
(6,955,050)	(242,008)	(7,197,058)	-
-	-	-	(691,250)
-	-	-	(1,999,868)
-	-	-	(2,691,118)
3,271,066	-	3,271,066	-
5,464,349	-	5,464,349	3,211,579
1,003,257	-	1,003,257	-
13,662	-	13,662	6,093
34,866	-	34,866	-
(5,000)	5,000	-	-
9,782,200	5,000	9,787,200	3,217,672
2,827,150	(237,008)	2,590,142	526,554
24,278,309	295,065	24,573,374	1,389,324
<u>\$ 27,105,459</u>	<u>\$ 58,057</u>	<u>\$ 27,163,516</u>	<u>\$ 1,915,878</u>

CITY OF DICKINSON, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2013

	General	Debt Service	Street Maintenance	CDBG Disaster Recovery
<u>Assets</u>				
Cash and cash equivalents	\$ 2,396,181	\$ 242,387	\$ 1,197,902	\$ -
Investments	718,006	-	-	371,436
Receivables, net	1,465,780	49,845	200,636	-
Due from other funds	1,193,042	15,175	-	290,440
Due from component units	375,586	-	-	-
Prepaid items	8,362	-	-	-
Total Assets	\$ 6,156,957	\$ 307,407	\$ 1,398,538	\$ 661,876
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 979,173	\$ -	\$ 94,638	\$ 263,707
Due to other funds	505,664	235,946	-	398,169
Due to component unit	303,169	-	-	-
Total Liabilities	1,788,006	235,946	94,638	661,876
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	188,325	49,845	-	-
<u>Fund Balances</u>				
Nonspendable:				
Prepays	8,362	-	-	-
Assigned:				
Disaster	227,382	-	-	-
Tree replacements	16,500	-	-	-
Restricted for:				
Debt service	-	21,616	-	-
Enabling legislation	-	-	-	-
Capital projects	-	-	1,303,900	-
Unassigned	3,928,382	-	-	-
Total Fund Balances	4,180,626	21,616	1,303,900	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,156,957	\$ 307,407	\$ 1,398,538	\$ 661,876

See Notes to Financial Statements.

<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$ 973,302	\$ 4,809,772
-	1,089,442
52,411	1,768,672
337,035	1,835,692
195,493	571,079
-	8,362
<u>\$ 1,558,241</u>	<u>\$ 10,083,019</u>

\$ 108,438	\$ 1,445,956
391,652	1,531,431
-	303,169
<u>500,090</u>	<u>3,280,556</u>

<u>-</u>	<u>238,170</u>
----------	----------------

-	8,362
-	227,382
-	16,500
-	21,616
235,650	235,650
833,866	2,137,766
(11,365)	3,917,017
<u>1,058,151</u>	<u>\$ 6,564,293</u>
<u>\$ 1,558,241</u>	<u>\$ 10,083,019</u>

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CITY OF DICKINSON, TEXAS
RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
September 30, 2013

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

Total fund balances - total governmental funds	\$	6,564,293
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in governmental funds.		
Capital assets, non-depreciable		2,665,522
Capital assets, net depreciable		28,276,445
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		
		238,170
An internal service fund is used by management to charge costs of insurance to individual funds. The assets of the internal service fund are included in the governmental activities in the Statement of Net Position.		
		8
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Accrued interest payable		(35,008)
Non-current liabilities due in one year		(662,717)
Non-current liabilities due in more than one year		(9,941,254)
		(10,608,981)
Net Position of Governmental Activities	\$	<u>27,105,459</u>

See Notes to Financial Statements.

CITY OF DICKINSON, TEXAS

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

For the Year Ended September 30, 2013

	General	Debt Service	Street Maintenance	CDBG Disaster Recovery
Revenues				
Property taxes	\$ 2,640,949	\$ 629,103	\$ -	\$ -
Sales taxes	4,371,557	-	1,092,792	-
Special assessments	-	-	-	-
Franchise fees	920,322	-	-	-
Other taxes	82,935	-	-	-
Licenses and permits	278,813	-	-	-
Fines and forfeitures	768,268	-	-	-
Charges for services	1,299,946	-	-	-
Intergovernmental	261,234	-	-	1,455,289
Contributions	-	151,383	-	-
Investment earnings	12,413	273	507	-
Other revenues	34,866	-	-	-
Total Revenues	10,671,303	780,759	1,093,299	1,455,289
Expenditures				
Current:				
General government	2,072,344	-	-	-
Public safety	3,720,606	-	-	-
Public works	529,555	-	538,402	1,455,289
Culture and recreation	372,002	-	-	-
Community development	333,340	-	-	-
Economic development	2,606,038	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	460,000	-	-
Interest and fiscal charges	-	451,210	-	-
Total Expenditures	9,633,885	911,210	538,402	1,455,289
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,037,418	(130,451)	554,897	-
Other Financing Sources (Uses)				
Transfers in	21,221	127,581	-	-
Transfers (out)	(112,036)	-	-	-
Total Other Financing Sources (Uses)	(90,815)	127,581	-	-
Net Change in Fund Balances	946,603	(2,870)	554,897	-
Beginning fund balances	3,234,023	24,486	749,003	-
Ending Fund Balances	\$ 4,180,626	\$ 21,616	\$ 1,303,900	\$ -

See Notes to Financial Statements.

<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ 3,270,052
-	5,464,349
216,707	216,707
-	920,322
-	82,935
-	278,813
32,978	801,246
-	1,299,946
1,019,081	2,735,604
-	151,383
461	13,654
-	34,866
<u>1,269,227</u>	<u>15,269,877</u>
229,756	2,302,100
266,808	3,987,414
520,605	3,043,851
-	372,002
-	333,340
-	2,606,038
318,857	318,857
-	460,000
-	451,210
<u>1,336,026</u>	<u>13,874,812</u>
<u>(66,799)</u>	<u>1,395,065</u>
107,036	255,838
<u>(148,802)</u>	<u>(260,838)</u>
<u>(41,766)</u>	<u>(5,000)</u>
(108,565)	1,390,065
1,166,716	5,174,228
<u>\$ 1,058,151</u>	<u>\$ 6,564,293</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, 2013

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

Net changes in fund balances - total governmental funds	\$	1,390,065
<p>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.</p>		
Capital outlay		2,426,949
Depreciation expense		(1,402,120)
<p>The Statement of Activities reports losses arising from the trade-in or sale of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gains or loss on trade-ins of capital assets.</p>		
		(53,950)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		1,014
<p>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.</p>		
Principal expenditures		460,000
Amortization of discounts and premiums		(642)
<p>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.</p>		
Accrued interest		1,429
Compensated absences		4,397
<p>An internal service fund is used by management to charge the costs of insurance to individual funds. The net revenue is reported with governmental activities.</p>		
		8
Change in Net Position of Governmental Activities	\$	<u>2,827,150</u>

See Notes to Financial Statements.

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CITY OF DICKINSON, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2013

	Emergency Medical Services	Municipal Drainage Utility	Business-Type Activities Total Proprietary Funds	Internal Service Fund Employee Benefit
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ -	\$ 138,250	\$ 138,250	\$ 8
Receivables, net	37,156	29,986	67,142	-
Due from component unit	169,617	-	169,617	-
Due from other funds	-	202,603	202,603	-
Total Current Assets	206,773	370,839	577,612	8
Capital assets:				
Vehicles and heavy equipment	228,482	-	228,482	-
Less: accumulated depreciation	(159,266)	-	(159,266)	-
Total Capital Assets, Net of Accumulated Depreciation	69,216	-	69,216	-
Total Assets	275,989	370,839	646,828	8
<u>Liabilities</u>				
Current liabilities:				
Accounts payable and accrued liabilities	57,353	14,223	71,576	-
Due to other funds	506,864	-	506,864	-
Compensated absences due in one year	9,298	-	9,298	-
Total Current Liabilities	573,515	14,223	587,738	-
Noncurrent liabilities:				
Compensated absences due in more than one year	1,033	-	1,033	-
Total Noncurrent Liabilities	1,033	-	1,033	-
Total Liabilities	574,548	14,223	588,771	-
<u>Net Position</u>				
Net investment in capital assets	69,216	-	69,216	-
Unrestricted	(367,775)	356,616	(11,159)	8
Total Net Position	\$ (298,559)	\$ 356,616	\$ 58,057	\$ 8

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, 2013

	Emergency Medical Services	Municipal Drainage Utility	Business-Type Activities Total Proprietary Funds	Internal Service Fund Employee Benefit
<u>Operating Revenues</u>				
Charges for services	\$ 566,155	\$ 369,537	\$ 935,692	\$ 720,192
Operating grants and contributions	197,807	-	197,807	-
Total Operating Revenues	763,962	369,537	1,133,499	720,192
<u>Operating Expenses</u>				
General and administrative	793,939	173,714	967,653	720,192
Supplies and materials	107,911	16,438	124,349	-
Contractual and professional services	59,802	64,718	124,520	-
Repairs and maintenance	25,420	43,448	68,868	-
Insurance claims and expenses	5,843	-	5,843	-
Other operating expenses	33,863	7,275	41,138	-
Depreciation	43,136	-	43,136	-
Total Operating Expenses	1,069,914	305,593	1,375,507	720,192
Operating Income (Loss)	(305,952)	63,944	(242,008)	-
<u>Nonoperating Revenues</u>				
Investment earnings	-	-	-	8
Total Nonoperating Revenues	-	-	-	8
Income (Loss) Before Transfers	(305,952)	63,944	(242,008)	8
Transfers in	5,000	-	5,000	-
Change in Net Position	(300,952)	63,944	(237,008)	8
Beginning net position	2,393	292,672	295,065	-
Ending Net Position	\$ (298,559)	\$ 356,616	\$ 58,057	\$ 8

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, 2013

	Emergency Medical Services	Municipal Drainage Utility	Business-Type Activities Total Proprietary Funds	Internal Service Fund Employee Benefit
<u>Cash Flows from Operating Activities</u>				
Receipts from customers and users	\$ 837,623	\$ 446,120	\$ 1,283,743	\$ 720,192
Payments to suppliers	(47,582)	(134,156)	(181,738)	-
Payments to employees	(795,041)	(173,714)	(968,755)	(720,192)
Net Cash Provided (Used) by Operating Activities	(5,000)	138,250	133,250	-
<u>Cash Flows from Noncapital Financing Activities</u>				
Transfers in from other funds	5,000	-	5,000	-
Net Cash Provided by Noncapital Financing Activities	5,000	-	5,000	-
<u>Cash Flows from Investing Activities</u>				
Interest on investments	-	-	-	8
Net Cash Provided by Investing Activities	-	-	-	8
Net Increase in Cash and Cash Equivalents	-	138,250	138,250	8
Beginning cash and cash equivalents	-	-	-	-
Ending Cash and Cash Equivalents	\$ -	\$ 138,250	\$ 138,250	\$ 8
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>				
Operating income (loss)	\$ (305,952)	\$ 63,944	\$ (242,008)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	43,136	-	43,136	-
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in:				
Accounts receivable	42,810	(2,883)	39,927	-
Due from component units	30,851	-	30,851	-
Due from other funds	-	79,466	79,466	-
Increase (Decrease) in:				
Accounts payable and accrued liabilities	3,666	(2,277)	1,389	-
Due to other funds	181,591	-	181,591	-
Compensated absences	(1,102)	-	(1,102)	-
Net Cash Provided (Used) by Operating Activities	(5,000)	138,250	133,250	-

See Notes to Financial Statements.

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

September 30, 2013

	Dickinson Economic Development Corporation	Dickinson Management District No. 1	Dickinson Education Finance Corporation	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 1,129,260	\$ 411,250	\$ -	\$ 1,540,510
Investments	500,000	-	-	500,000
Due from primary government	303,169	-	-	303,169
Receivables, net	205,136	406,465	-	611,601
Total Assets	2,137,565	817,715	-	2,955,280
<u>Liabilities</u>				
Accounts payable and accrued liabilities	10,524	288,182	-	298,706
Due to primary government	290,897	449,799	-	740,696
Total Liabilities	301,421	737,981	-	1,039,402
<u>Net Position</u>				
Restricted	1,836,144	79,734	-	1,915,878
Total Net Position	\$ 1,836,144	\$ 79,734	\$ -	\$ 1,915,878

See Notes to Financial Statements.

CITY OF DICKINSON, TEXAS
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
For the Year Ended September 30, 2013

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position	
			Dickinson Economic Development Corporation	Dickinson Management District No. 1
Component Units				
Dickinson Economic Development Corporation	\$ 799,119	\$ 107,869	\$ (691,250)	\$ -
Dickinson Management District No. 1	1,999,868	-	-	(1,999,868)
Dickinson Education Finance Corporation	-	-	-	-
Total Component Units	<u>\$ 2,798,987</u>	<u>\$ 107,869</u>	<u>(691,250)</u>	<u>(1,999,868)</u>
General Revenues:				
Taxes				
Sales taxes			1,092,792	2,118,787
Investment earnings			5,992	101
Total General Revenues			<u>1,098,784</u>	<u>2,118,888</u>
Change in Net Position			<u>407,534</u>	<u>119,020</u>
Beginning net position			1,428,610	(39,286)
Ending Net Position			<u>\$ 1,836,144</u>	<u>\$ 79,734</u>

See Notes to Financial Statements.

<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Total</u>
<u>Dickinson Education Finance Corporation</u>		
\$ -	\$	(691,250)
-		(1,999,868)
-		-
<u>-</u>		<u>(2,691,118)</u>
-		3,211,579
-		6,093
<u>-</u>		<u>3,217,672</u>
-		526,554
-		1,389,324
<u>\$ -</u>	<u>\$</u>	<u>1,915,878</u>

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CITY OF DICKINSON, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2013

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, emergency medical services, drainage, and general government administration. Fire protection is provided through a volunteer department and supplemented with paid firefighters/paramedics.

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, 2013

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.

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 Unit

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 that has undertaken 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.

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

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds, including its blended component unit. 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:

General Fund

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

Debt Service Fund

The debt service fund is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of the City. The primary source of revenue for debt service is local property taxes. The debt service fund is not considered a major fund for reporting purposes, but the City has elected to present it as major due to its significance.

Capital Projects Funds

The capital projects funds are used to account for the expenditures of resources accumulated from the sale of bonds, other debt instruments, contributions, and auction proceeds, as well as related interest earnings for capital improvement projects. The capital projects funds are considered nonmajor funds for reporting purposes.

Special Revenue Funds

The special revenue funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Major special revenue funds include street maintenance and CDBG disaster recovery. Nonmajor special revenue funds include CDBG, special revenue and grants, VOCA, COPS 2010, FEMA – Hurricane Ike, and Bayou Lakes public improvement district number one.

The City reports the following enterprise funds:

Enterprise Fund

The enterprise funds are used to account for the operations that provide emergency medical services and 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

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

continuing basis will be financed or recovered primarily through user charges. The enterprise funds are considered major funds 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.

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

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

2. Investments

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

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

- 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

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

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, vehicle, 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 estimated fair market 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.

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. The City has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

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. 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 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

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

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

8. Net Position Flow Assumption

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

9. Fund Balance Flow Assumptions

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

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

10. Fund Balance Policies

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

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

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of 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 and 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.

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.

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

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.

B. Budget/GAAP Reconciliation

The City prepares its annual budget on a basis which differs from generally accepted accounting principles (GAAP basis). Therefore, the actual column presented in the budget to actual comparison has been adjusted to the City's budget basis of accounting to provide a meaningful comparison of actual results with the budget. The City's budget basis of accounting differs from GAAP basis because of perspective differences. Perspective differences result from the City's intentional use of fund balance which appears as a revenue source when shown under budget basis. For budgeting purposes, the City prefers to show the draw downs on fund balance as a revenue source to reflect their intentional use. Adjustments necessary to convert results of operations for the general fund for the year ended September 30, 2013 from budget basis to GAAP basis are presented in the notes to RSI.

C. Expenditures in Excess of Appropriations

Debt service fund	
Interest and fiscal charges	\$901
Special revenue and grants fund	
Public works	\$285,577
COPS 2010 fund	
Public safety	\$1,852

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

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>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
External investment pools	\$ 1,004,433	0.00
Certificates of deposit	717,305	0.30
Total Fair Value	\$ 1,721,738	
Portfolio weighted average maturity		0.13

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, 2013, the City’s investment in TexPool was rated “AAAm” by Standard & Poor’s. All other investments are guaranteed (either express or implied) by the full faith and credit of the United States government or the issuing U.S. agency. More specifically, the U.S. agency securities held by the City as of September 30, 2013 consist of a variety of bonds and discount notes issued by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and the Federal Farm Credit Bank. These investments were rated “AA+” 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, 2013, the bank balances were \$5,308,956, of which \$1,369,848 was insured by FDIC. The market values of pledged securities were \$5,812,439.

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

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool "AAAm." As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

B. Receivables

The following comprise receivable balances at year end:

Governmental Funds					
	General	Debt Service	Street Maintenance	Nonmajor Governmental	Total Governmental Funds
Property taxes	\$ 198,237	\$ 52,468	\$ -	\$ -	\$ 250,705
Sales taxes	802,545	-	200,636	-	1,003,181
Other	474,910	-	-	3,900	478,810
Grants	-	-	-	48,511	48,511
Less allowance	(9,912)	(2,623)	-	-	(12,535)
	<u>\$ 1,465,780</u>	<u>\$ 49,845</u>	<u>\$ 200,636</u>	<u>\$ 52,411</u>	<u>\$ 1,768,672</u>
Proprietary Funds					
	Emergency Medical Services	Municipal Drainage Utility	Total Proprietary Funds		
Accounts	\$ 870,100	\$ 29,986	\$ 900,086		
Less allowance	(832,944)	-	(832,944)		
	<u>\$ 37,156</u>	<u>\$ 29,986</u>	<u>\$ 67,142</u>		
Component Units					
	Dickinson Economic Development Corporation	Dickinson Management District No. 1	Total Component Units		
Accounts	\$ 4,500	\$ -	\$ 4,500		
Sales taxes	200,636	406,465	607,101		
	<u>\$ 205,136</u>	<u>\$ 406,465</u>	<u>\$ 611,601</u>		

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 2,295,350	\$ 237,071	\$ -	\$ 2,532,421
Construction in progress	1,217,447	505,810	(1,590,156)	133,101
Total Capital Assets Not Being Depreciated	3,512,797	742,881	(1,590,156)	2,665,522
Other capital assets:				
Buildings and improvements	12,823,159	-	-	12,823,159
Vehicles and heavy equipment	2,185,588	235,494	(105,513)	2,315,569
Furniture and fixtures	1,084,847	11,872	-	1,096,719
Infrastructure	30,420,144	3,026,858	(163,538)	33,283,464
Total Other Capital Assets	46,513,738	3,274,224	(269,051)	49,518,911
Less accumulated depreciation for:				
Buildings and improvements	(1,637,457)	(321,654)	-	(1,959,111)
Vehicles and heavy equipment	(1,328,720)	(181,617)	63,145	(1,447,192)
Furniture and fixtures	(517,961)	(82,266)	-	(600,227)
Infrastructure	(16,571,309)	(816,583)	151,956	(17,235,936)
Total Accumulated Depreciation	(20,055,447)	(1,402,120)	215,101	(21,242,466)
Other capital assets, net	26,458,291	1,872,104	(53,950)	28,276,445
Governmental Activities Capital Assets, Net	\$ 29,971,088	\$ 2,614,985	\$ (1,644,106)	30,941,967
			Less associated debt	(10,406,508)
			Net Investment in Capital Assets	\$ 20,535,459

Depreciation was charged to governmental functions as follows:

General government	\$ 236,265
Public safety	165,748
Public works	987,834
Culture and recreation	4,320
Community development	7,953
Total Governmental Activities Depreciation Expense	\$ 1,402,120

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

The City has active governmental activities construction projects as of September 30, 2013. The projects include:

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Total in Progress</u>	<u>Remaining Commitment</u>
47th Street	\$ 91,247	\$ 32,864	\$ 58,383
29th Street	138,304	13,947	124,357
36th Street	230,986	27,456	203,530
Avenue G	66,081	7,012	59,069
Avenue H	74,083	8,646	65,437
Imite Street	74,082	8,465	65,617
Pine Oak Drive	195,170	21,576	173,594
	<u>\$ 869,953</u>	<u>\$ 119,966</u>	<u>\$ 749,987</u>

The following is a summary of changes in capital assets for business-type activities for the year ended September 30, 2013:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balance</u>
Business-Type Activities:				
Other capital assets:				
Vehicles and heavy equipment	\$ 228,482	\$ -	\$ -	\$ 228,482
Total Other Capital Assets	<u>228,482</u>	<u>-</u>	<u>-</u>	<u>228,482</u>
Less accumulated depreciation for:				
Vehicles and heavy equipment	(116,130)	(43,136)	-	(159,266)
Total Accumulated Depreciation	<u>(116,130)</u>	<u>(43,136)</u>	<u>-</u>	<u>(159,266)</u>
Other capital assets, net	112,352	(43,136)	-	69,216
Business-Type Activities Capital Assets, Net	<u>\$ 112,352</u>	<u>\$ (43,136)</u>	<u>\$ -</u>	<u>\$ 69,216</u>

Depreciation was charged to business-type functions as follows:

Emergency medical services	\$ 43,136
Total Business-Type Activities Depreciation Expense	<u>\$ 43,136</u>

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

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, 2013. In general, the City uses the general and debt service funds to liquidate long-term liabilities.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 2,065,000	\$ -	\$ 105,000	\$ 1,960,000 *	\$ 110,000
Certificates of obligation	8,805,000	-	355,000	8,450,000 *	375,000
Discount/premium	(4,134)	-	642	(3,492) *	-
Total Bonds Payable	10,865,866	-	460,642	10,406,508	485,000
Compensated absences	201,860	202,824	207,221	197,463	177,717
Total Governmental Activities	\$ 11,067,726	\$ 202,824	\$ 667,863	\$ 10,603,971	\$ 662,717
Long-Term Liabilities Due In More Than One Year				\$ 9,941,254	
*Debt associated with capital assets				\$ 10,406,508	
Business-Type Activities:					
Compensated absences	\$ 11,433	\$ 12,525	\$ 13,627	\$ 10,331	\$ 9,298
Total Business-Type Activities	\$ 11,433	\$ 12,525	\$ 13,627	\$ 10,331	\$ 9,298
Long-Term Liabilities Due In More Than One Year				\$ 1,033	

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.

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

Long-term governmental debt at year end was comprised of the following debt issues:

Description	Interest Rates (%)	Balance
Governmental Activities		
General obligation bonds:		
Series 2009 refunding	3.000-4.900	\$ 1,960,000
 Certificates of obligation:		
Series 2006	4.125-5.000	\$ 2,245,000
Series 2007	3.750-5.250	5,150,000
Series 2009	3.000-4.900	1,055,000
Total Certificates of Obligation		8,450,000
Total General Long-Term Debt		\$ 10,410,000

The annual requirements to amortize 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
2014	\$ 110,000	\$ 82,370	\$ 375,000	\$ 343,272	\$ 485,000	\$ 425,642
2015	110,000	79,070	395,000	323,353	505,000	402,423
2016	120,000	75,320	410,000	305,212	530,000	380,532
2017	120,000	71,120	430,000	289,131	550,000	360,251
2018	110,000	66,958	460,000	872,161	570,000	939,119
2019-2023	320,000	279,685	2,665,000	1,065,322	2,985,000	1,345,007
2024-2028	365,000	243,435	2,985,000	467,260	3,350,000	710,695
2029-2030	705,000	34,493	730,000	36,330	1,435,000	70,823
Total	\$ 1,960,000	\$ 932,451	\$ 8,450,000	\$ 3,702,041	\$ 10,410,000	\$ 4,634,492

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.

Dickinson Economic Development Corporation agreed to pay a portion of the series 2000 certificates of obligation (subsequently refunded with the Series 2009 refunding general obligation bonds). During the fiscal year ending September 30, 2013, \$64,418 was remitted by the Dickinson Economic Development Corporation to the debt service fund. The agreement extends through fiscal year 2021.

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

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 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 funds	General fund	\$ 21,221
Nonmajor governmental funds	Debt service fund	127,581
General fund	Nonmajor governmental funds	107,036
General fund	Emergency medical services fund	5,000
		<u>\$ 260,838</u>

Amounts transferred between funds related to amounts collected by 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	Emergency medical services	\$ 506,864
General	CDBG disaster recovery	398,169
General	Debt service	235,946
General	Nonmajor governmental	52,063
Debt service	General	15,175
CDBG disaster recovery	General	290,440
Municipal drainage utility	Nonmajor governmental	202,603
Nonmajor governmental	Nonmajor governmental	136,986
Nonmajor governmental	General	200,049
		<u>\$ 2,038,295</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, 2013, \$235,650 of the City’s total fund balance is restricted by enabling legislation.

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

Change in Beginning Fund Balance/Net Position Restatement

In the fiscal year ending September 30, 2013, the City implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. In accordance with this statement, beginning net position of the governmental activities has been reduced to remove previously capitalized bond issuance costs. In addition, the beginning fund balance of the special revenues and grants fund was restated due to the understatement of cash and cash equivalents. The FEMA – Hurricane Ike fund was restated due to the understatement of receivables.

	Special Revenue & Grants	FEMA- Hurricane Ike	Governmental Activities
Beginning fund balance/net position	\$ 181,973	\$ 13,773	\$ 24,400,532
Restatement - understated cash and cash equivalents	25,000	-	25,000
Restatement - bond issuance cost	-	-	(165,223)
Restatement - recognize FEMA receivable	-	18,000	18,000
Restated beginning fund balance/net position	\$ 206,973	\$ 31,773	\$ 24,278,309

Negative Fund Balance/Net Position

As of September 30, 2013, the vehicle acquisition fund has a negative fund balance in the amount of \$11,365. The emergency medical services fund had a negative net position balance in the amount of \$298,559.

IV. OTHER INFORMATION

A. Risk Management

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

B. Contingent Liabilities

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

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

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

C. Pension Plans

Texas Municipal Retirement System

Plan Description

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

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

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>2013</u>	<u>2012</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	0% of CPI

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 30-year amortization period. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits such as Updated Service Credits and Annuity Increases.

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

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

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

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution Made</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2011	\$ 450,093	\$ 450,093	100.00%	\$ -
2012	\$ 402,735	\$ 402,735	100.00%	\$ -
2013	\$ 362,154	\$ 362,154	100.00%	\$ -

The required contribution rates for fiscal year 2013 were determined as part of the December 31, 2010 and 2011 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2012, also follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarial Valuation Date	12/31/2012	12/31/2011	12/31/2010
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level % of Payroll	Level % of Payroll	Level % of Payroll
Remaining Amortization Period	20.8 Years - Closed period	21.8 Years - Closed period	22.8 Years - Closed period
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Investment Rate of Return	7.0%	7.0%	7.0%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Includes Inflation at	3.00%	3.00%	3.00%
Cost of Living Adjustments	0.0%	0.0%	0.0%

The funded status as of December 31, 2012, the most recent valuation date, is as follows:

	<u>2013</u>
Actuarial Valuation Date	12/31/2012
Actuarial Value of Assets	\$ 10,124,208
Actuarial Accrued Liability	\$ 11,109,709
Percentage Funded	91.1%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 985,501
Annual Covered Payroll	\$ 4,511,467
UAAL as a Percentage of Covered Payroll	21.8%

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

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability benefits.

D. Other Post Employment Benefits

TMRS Supplemental Death Benefit Fund

Plan Description

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other post employment benefit," or OPEB. The obligations of this plan are payable only from the SDBF and are not an obligation of, or a claim against, the Pension Trust Fund. For the year ended September 30, 2013, the City offered the supplemental death benefit to both active and retired employees.

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to ensure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the fiscal years ending 2013 and 2012 were \$437 and \$448, respectively. The City's contribution rates for the past three years are shown below:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Annual Req. Contrib. (Rate)	0.01%	0.01%	0.01%
Actual Contribution Made	0.01%	0.01%	0.01%
Percentage of ARC Contrib.	100.00%	100.00%	100.00%

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

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 Dickinson Education Finance Corporation (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 agreements and bonds payable have not been recorded in the financial statements of the City. As of September 30, 2013, the total amount of outstanding conduit debt is \$19,957,525.

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 with six large 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. During the current fiscal year, the City collected \$3,841,948 in sales taxes from the sales of these businesses and recorded expenditures of \$2,156,230.

H. Subsequent Event

On September 25, 2013 the City entered into an equipment lease-purchase agreement in the amount of \$287,058. The commencement date of the financing was October 1, 2013. The City did not receive the dispatch console equipment until fiscal year 2014. The term of the lease is seven years at an interest rate of 3.48 percent.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DICKINSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Page 1 of 2)
GENERAL FUND (BUDGET BASIS)
For the Year Ended September 30, 2013

	<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>				
Property taxes	\$ 2,649,634	\$ 2,657,634	\$ 2,640,949	\$ (16,685)
Sales taxes	3,025,534	4,095,482	4,371,557	276,075
Franchise fees	915,073	915,073	920,322	5,249
Other taxes	82,400	69,900	82,935	13,035
Licenses and permits	276,850	293,361	278,813	(14,548)
Fines and forfeitures	778,400	778,400	768,268	(10,132)
Charges for services	1,126,115	1,301,425	1,299,946	(1,479)
Intergovernmental	355,850	481,384	261,234	(220,150)
Investment income	11,000	10,800	12,413	1,613
Other revenues	15,600	28,042	34,866	6,824
Total Revenues	<u>9,236,456</u>	<u>10,631,501</u>	<u>10,671,303</u>	<u>39,802</u>
<u>Use of Fund Balance</u>				
Tree replacement reserve	105,385	105,385	105,385	-
Drilling bond reserve	17,483	17,483	17,483	-
Total Use of Fund Balance	<u>122,868</u>	<u>122,868</u>	<u>122,868</u>	<u>-</u>
<u>Expenditures</u>				
General government:				
General government	1,836,106	2,356,701	1,673,405	683,296
Finance	205,752	172,097	156,704	15,393
Information technology	267,609	267,609	242,235	25,374
Public safety:				
Municipal court	259,276	258,876	247,275	11,601
Law enforcement	3,457,130	3,444,877	3,221,659	223,218
Public safety	194,921	195,219	181,911	13,308
Emergency management	72,171	74,059	69,761	4,298
Public works	600,423	604,010	529,555	74,455
Culture and recreation:				
Library	300,376	310,408	298,030	12,378
Tourism and museum	83,616	84,258	73,972	10,286
Community development	382,342	387,053	333,340	53,713
Economic development	1,605,240	2,639,589	2,606,038	33,551
Total Expenditures	<u>9,264,962</u>	<u>10,794,756</u>	<u>9,633,885</u>	<u>1,160,871</u>
Excess of Revenues Over Expenditures	<u>94,362</u>	<u>(40,387)</u>	<u>1,160,286</u>	<u>1,200,673</u>

CITY OF DICKINSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Page 2 of 2)
GENERAL FUND (BUDGET BASIS)
For the Year Ended September 30, 2013

	<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</u>				
<u>Sources (Uses)</u>				
Transfers in	19,500	320,644	21,221	(299,423)
Transfers out	(113,862)	(113,862)	(112,036)	1,826
Total Other Financing (Uses)	<u>(94,362)</u>	<u>206,782</u>	<u>(90,815)</u>	<u>(297,597)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 166,395</u>	1,069,471	<u>\$ 903,076</u>

Notes to Required Supplementary Information:

1. Reconciliation of Net Change in Fund Balance (GAAP Basis)

Perspective differences:

Tree replacement reserve	(105,385)
Drilling bond reserve	<u>(17,483)</u>

Net Change in Fund Balance (GAAP Basis) \$ 946,603

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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, 2013

	<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	\$ 756,321	\$ 1,023,790	\$ 1,092,792	\$ 69,002
Investment earnings	40	200	507	307
Total Revenues	<u>756,361</u>	<u>1,023,990</u>	<u>1,093,299</u>	<u>69,309</u>
<u>Use of Fund Balance</u>				
Use of beginning fund balance	52,346	-	-	-
Total Use of Fund Balance	<u>52,346</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Expenditures</u>				
Current:				
Public works	808,707	814,461	538,402	276,059
Total Expenditures	<u>808,707</u>	<u>814,461</u>	<u>538,402</u>	<u>276,059</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 209,529</u>	554,897	<u>\$ 345,368</u>
Beginning fund balance			<u>749,003</u>	
Ending Fund Balance			<u>\$ 1,303,900</u>	

Notes to Required Supplementary Information:

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

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CITY OF DICKINSON, TEXAS
SCHEDULE OF FUNDING PROGRESS
TEXAS MUNICIPAL RETIREMENT SYSTEM
September 30, 2013

The City's annual covered payroll and pension costs are actuarially valued on a calendar year basis. Because the City makes all the annually required contributions, no net pension obligation (NPO) exists. The information presented below represents the City's schedule of funding progress.

Fiscal Year	2013	2012	2011
Actuarial Valuation Date	12/31/2012	12/31/2011	12/31/2010
Actuarial Value of Assets	\$ 10,124,208	\$ 8,957,019	\$ 7,954,201
Actuarial Accrued Liability	\$ 11,109,709	\$ 10,110,559	\$ 9,178,419
Percentage Funded	91.1%	88.6%	86.7%
Unfunded Actuarial			
Accrued Liability (UAAL)	\$ 985,501	\$ 1,153,540	\$ 1,224,218
Annual Covered Payroll	\$ 4,511,467	\$ 4,398,735	\$ 4,052,309
UAAL % of Covered Payroll	21.8%	26.2%	30.2%
Net Pension Obligation (NPO)			
at the Beginning of Period	\$ -	\$ -	\$ -
Annual Req. Contrib. (ARC)	362,154	402,735	450,093
Contributions Made	362,154	402,735	450,093
NPO at the End of Period	\$ -	\$ -	\$ -

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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, 2013

	<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>				
Property taxes	\$ 632,169	\$ 632,669	\$ 629,103	\$ (3,566)
Contributions	151,383	151,383	151,383	-
Investment earnings	100	200	273	73
Total Revenues	<u>783,652</u>	<u>784,252</u>	<u>780,759</u>	<u>(3,493)</u>
<u>Expenditures</u>				
Current:				
Principal	455,000	460,000	460,000	-
Interest and fiscal charges	455,684	450,309	451,210	(901) *
Total Expenditures	<u>910,684</u>	<u>910,309</u>	<u>911,210</u>	<u>(901)</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(127,032)</u>	<u>(126,057)</u>	<u>(130,451)</u>	<u>(4,394)</u>
<u>Other Financing Sources</u>				
Transfers in	127,581	127,581	127,581	-
Total Other Financing Sources	<u>127,581</u>	<u>127,581</u>	<u>127,581</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 549</u>	<u>\$ 1,524</u>	<u>(2,870)</u>	<u>\$ (4,394)</u>
Beginning fund balance			<u>24,486</u>	
Ending Fund Balance			<u>\$ 21,616</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.

CITY OF DICKINSON, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2013

Special Revenue Funds

	CDBG	Special Revenue and Grants	VOCA	COPS 2010
<u>Assets</u>				
Cash	\$ -	\$ 250,987	\$ -	\$ -
Receivables, net	-	-	11,593	18,918
Due from other funds	177,726	22,323	-	-
Due from component units	-	-	-	-
Total Assets	\$ 177,726	\$ 273,310	\$ 11,593	\$ 18,918
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ -	\$ 32,730	\$ 1,818	\$ 3,779
Due to other funds	177,726	7,000	9,775	15,139
Total Liabilities	177,726	39,730	11,593	18,918
<u>Fund Balances</u>				
Restricted for:				
Capital projects	-	-	-	-
Enabling legislation	-	233,580	-	-
Unassigned	-	-	-	-
Total Fund Balances	-	233,580	-	-
Total Liabilities and Fund Balances	\$ 177,726	\$ 273,310	\$ 11,593	\$ 18,918

<u>Special Revenue Funds</u>		<u>Capital Projects Funds</u>		<u>Total Nonmajor Governmental Funds</u>
<u>FEMA- Hurricane Ike</u>	<u>Bayou Lakes Public Improvement District No. 1</u>	<u>Vehicle Acquisition</u>	<u>Capital Projects</u>	
\$ -	\$ 25,435	\$ -	\$ 696,880	\$ 973,302
18,000	3,900	-	-	52,411
-	-	-	136,986	337,035
-	-	195,493	-	195,493
<u>\$ 18,000</u>	<u>\$ 29,335</u>	<u>\$ 195,493</u>	<u>\$ 833,866</u>	<u>\$ 1,558,241</u>
\$ -	\$ 239	\$ 69,872	\$ -	\$ 108,438
18,000	27,026	136,986	-	391,652
18,000	27,265	206,858	-	500,090
-	-	-	833,866	833,866
-	2,070	-	-	235,650
-	-	(11,365)	-	(11,365)
-	2,070	(11,365)	833,866	1,058,151
<u>\$ 18,000</u>	<u>\$ 29,335</u>	<u>\$ 195,493</u>	<u>\$ 833,866</u>	<u>\$ 1,558,241</u>

CITY OF DICKINSON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2013

	Special Revenue Funds			
	CDBG	Special Revenue and Grants	VOCA	COPS 2010
Revenues				
Special assessments	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	32,978	-	-
Intergovernmental	235,028	405,727	38,213	96,985
Investment earnings	-	36	-	-
Total Revenues	<u>235,028</u>	<u>438,741</u>	<u>38,213</u>	<u>96,985</u>
Expenditures				
General government	-	-	-	-
Public safety	-	122,057	47,766	96,985
Public works	235,028	285,577	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>235,028</u>	<u>407,634</u>	<u>47,766</u>	<u>96,985</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>31,107</u>	<u>(9,553)</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers in	-	-	9,553	-
Transfers out	-	(4,500)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(4,500)</u>	<u>9,553</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>26,607</u>	<u>-</u>	<u>-</u>
Beginning fund balances	-	206,973	-	-
Ending Fund Balances	<u>\$ -</u>	<u>\$ 233,580</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds		Capital Projects Funds		Total Nonmajor Governmental Funds
FEMA- Hurricane Ike	Bayou Lakes Public Improvement District No. 1	Vehicle Acquisition	Capital Projects	
\$ -	\$ 216,707	\$ -	\$ -	\$ 216,707
-	-	-	-	32,978
-	-	195,493	47,635	1,019,081
-	67	-	358	461
-	216,774	195,493	47,993	1,269,227
30,052	199,704	-	-	229,756
-	-	-	-	266,808
-	-	-	-	520,605
-	-	318,857	-	318,857
30,052	199,704	318,857	-	1,336,026
(30,052)	17,070	(123,364)	47,993	(66,799)
-	-	97,483	-	107,036
(1,721)	(15,000)	-	(127,581)	(148,802)
(1,721)	(15,000)	97,483	(127,581)	(41,766)
(31,773)	2,070	(25,881)	(79,588)	(108,565)
31,773	-	14,516	913,454	1,166,716
\$ -	\$ 2,070	\$ (11,365)	\$ 833,866	\$ 1,058,151

CITY OF DICKINSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Page 1 of 2)
For the Year Ended September 30, 2013

	Special Revenue and Grants Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original Budget	Budget as Amended		
Revenues				
Fines and forfeitures	\$ 43,910	\$ 40,142	\$ 32,978	\$ (7,164)
Intergovernmental	35,605	76,305	405,727	329,422
Investment earnings	-	-	36	36
Total Revenues	<u>79,515</u>	<u>116,447</u>	<u>438,741</u>	<u>322,294</u>
Expenditures				
Current:				
Public safety	121,944	168,529	122,057	46,472
Public works	-	-	285,577	(285,577) *
Total Expenditures	<u>121,944</u>	<u>168,529</u>	<u>407,634</u>	<u>(239,105)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(42,429)</u>	<u>(52,082)</u>	<u>31,107</u>	<u>83,189</u>
Other Financing (Uses)				
Transfers (out)	-	-	(4,500)	(4,500)
Total Other Financing (Uses)	<u>-</u>	<u>-</u>	<u>(4,500)</u>	<u>(4,500)</u>
Net Change in Fund Balance	<u>\$ (42,429)</u>	<u>\$ (52,082)</u>	26,607	<u>\$ 83,189</u>
Beginning fund balance			<u>206,973</u>	
Ending Fund Balance			<u>\$ 233,580</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.

CITY OF DICKINSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Page 2 of 2)
For the Year Ended September 30, 2013

VOCA Fund				
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended		
Revenues				
Intergovernmental	\$ 40,418	\$ 40,418	\$ 38,213	\$ (2,205)
Total Revenues	40,418	40,418	38,213	(2,205)
Expenditures				
Current:				
Public safety	51,797	51,797	47,766	4,031
Total Expenditures	51,797	51,797	47,766	4,031
(Deficiency) of Revenues (Under) Expenditures	(11,379)	(11,379)	(9,553)	1,826
Other Financing Sources				
Transfers in	11,379	11,379	9,553	1,826
Total Other Financing Sources	11,379	11,379	9,553	1,826
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Beginning fund balance			-	
Ending Fund Balance			\$ -	

COPS 2010 Fund				
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended		
Revenues				
Intergovernmental	\$ 95,639	\$ 95,133	\$ 96,985	\$ 1,852
Total Revenues	95,639	95,133	96,985	1,852
Expenditures				
Current:				
Public safety	95,639	95,133	96,985	(1,852) *
Total Expenditures	95,639	95,133	96,985	(1,852)
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Beginning fund balance			-	
Ending Fund Balance			\$ -	

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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