

ANNUAL FINANCIAL REPORT

of the

CITY OF DICKINSON, TEXAS

For the Year Ended
September 30, 2012

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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, 2012



Charles Suderman, Walter Wilson, Kerry Neves, Louis Decker, William King III,
Mary Dunbaugh, Julie Masters, City Administrator Julie Johnston

City Council

Julie Masters	Mayor
Charles Suderman	Position No. 1
Mary Dunbaugh	Position No. 2
Walter Wilson	Position No. 3 (Mayor Pro Tem)
Kerry Neves	Position No. 4
Louis Decker	Position No. 5
William King III	Position No. 6

CITY OF DICKINSON, TEXAS

PRINCIPAL OFFICIALS (Continued)

September 30, 2012

Elected Officials	Position	Term Expires
Julie Masters	Mayor	05/2014
Charles Suderman	Council Member – Position 1	05/2014
Mary Dunbaugh	Council Member – Position 2	05/2013
Walter Wilson	Council Member – Position 3/ Mayor Pro Tem	05/2014
Kerry Neves	Council Member – Position 4	05/2013
Louis Decker	Council Member – Position 5	05/2014
William King, III	Council Member – Position 6	05/2013

Appointed Officials	Position
Julie M. Johnston	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

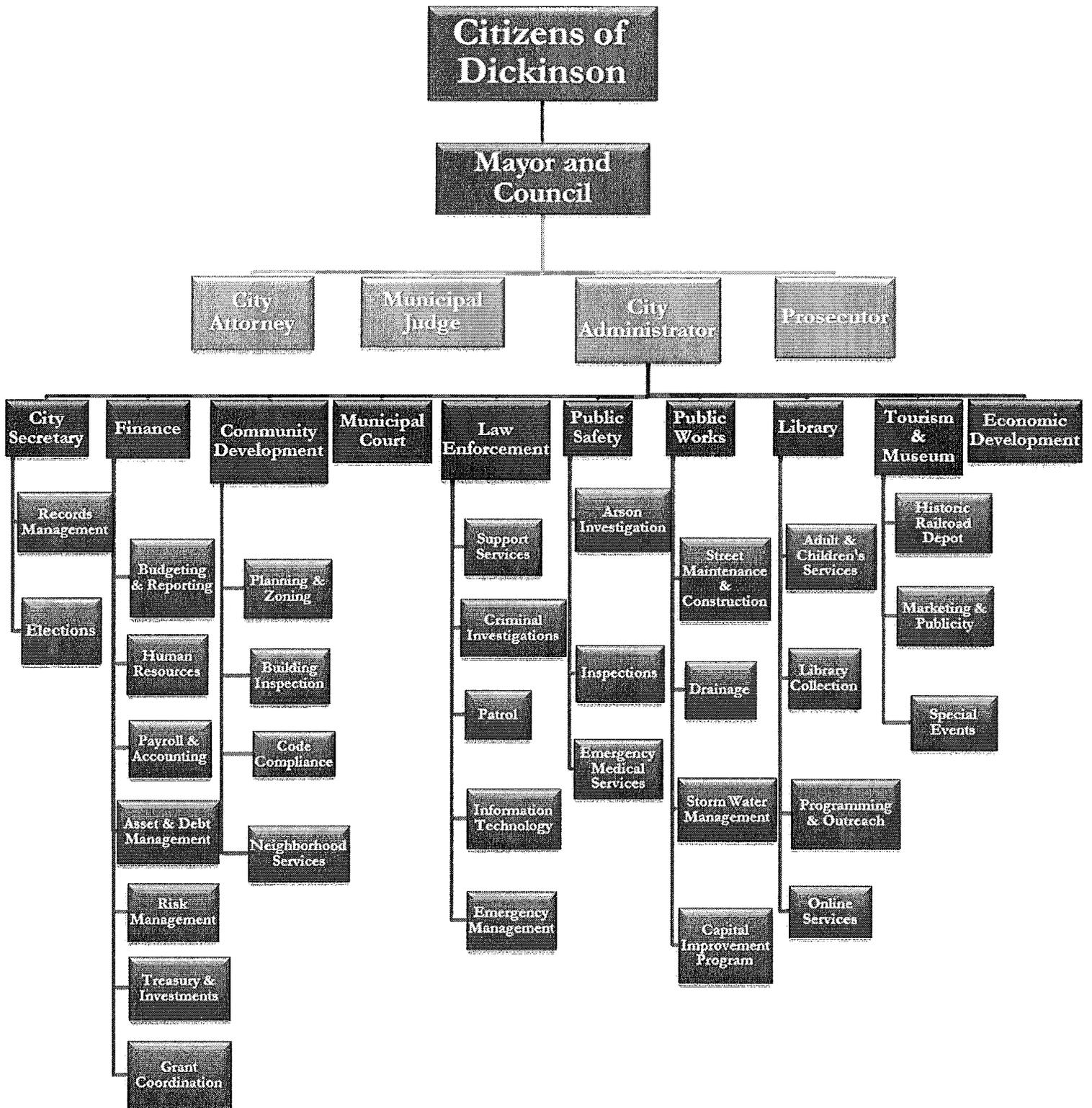
City Management	Position
Walter Thomas	Director of Finance
Norman Hicks	Fire Marshal
Kevin Byal	Building Official
Irma Rivera	Court Administrator
Kellis George	Director of Public Works
Vicki McAllister	Library Director

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CITY OF DICKINSON, TEXAS

ORGANIZATION CHART

September 30, 2012



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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:

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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, the budgetary comparison information, and the schedule of funding progress are not required parts of the basic financial statements but are supplementary information required by generally accepted accounting principles in the United States of America. 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

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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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section and combining statements and schedules are presented for purposes of additional analysis and are not required parts of the financial statements. The combining 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 8, 2013

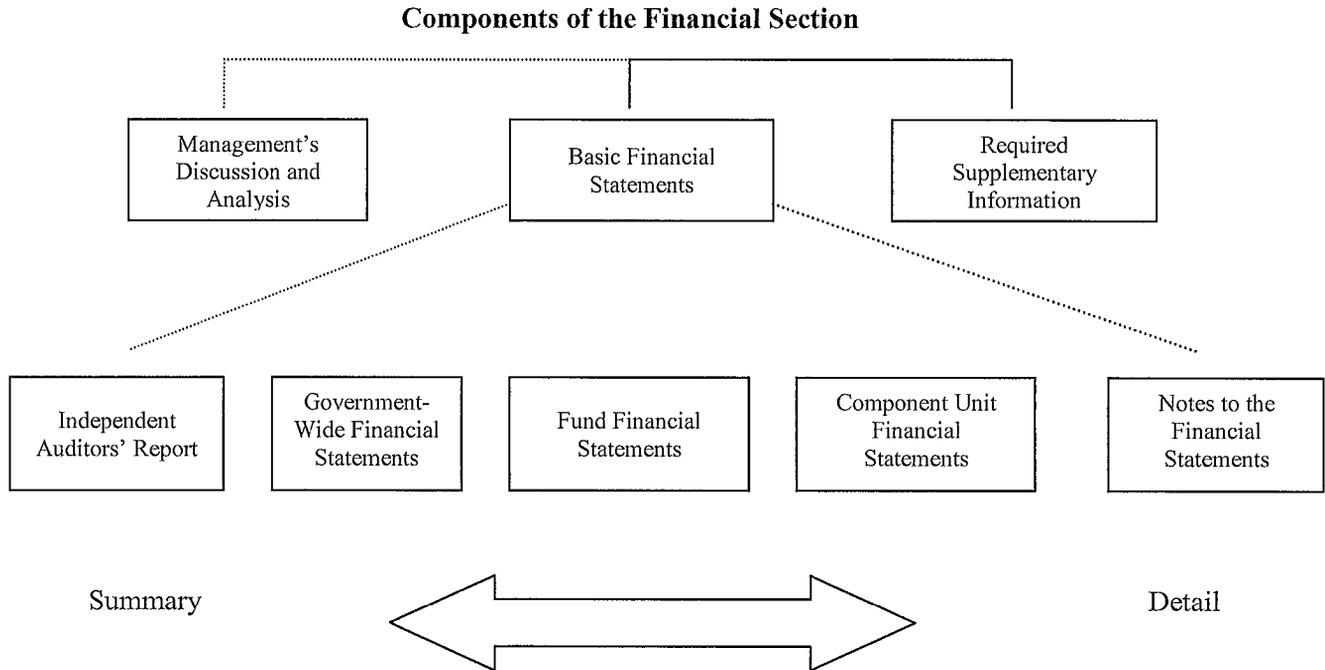
***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

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CITY OF DICKINSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2012

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, 2012. 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 annual financial report is presented as compliant with the financial reporting model in effect pursuant to GASB Statement No. 34. The 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 Assets 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.

CITY OF DICKINSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2012

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

The Statement of Activities presents information showing how the City's net assets changed during the most recent year. All changes in the net assets 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 Assets and the Statement of Activities divide the City into three 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.
3. Component Units – The City itself is the primary government. Dickinson Economic Development Corporation (the "Corporation") and Dickinson Management District No. 1 (the "District") are established as separate legal entities. The City maintains financial accountability; thus, the Corporation and the District are reported as *component units*, separate from the financial transactions of the City. In addition, the City also maintains one blended component unit, the Bayou Lakes Public Improvement District No. 1.

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

CITY OF DICKINSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2012

sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains twelve 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, capital projects fund, street maintenance fund, and the FEMA-Hurricane Ike fund, which are considered to be major funds. 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 this budget.

Proprietary Funds

The City maintains one type of proprietary fund, an enterprise 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 the enterprise fund 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.

Combining Component Unit Financial Statements

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

Notes to Financial Statements

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

Other Information

In addition to basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI) as well as combining and individual fund statements and schedules that further support the information in the financial statements. The RSI can be found after the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. For the City, assets exceed liabilities by \$24,695,597 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, 2012

The largest portion of the City's net assets, 78 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 Assets:

The following table reflects the condensed Statement of Net Assets:

CONDENSED STATEMENT OF NET ASSETS

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 6,863,420	\$ 7,595,621	\$ 264,332	\$ 350,736	\$ 7,127,752	\$ 7,946,357
Capital assets, net	29,971,088	29,287,739	112,352	158,174	30,083,440	29,445,913
Total Assets	36,834,508	36,883,360	376,684	508,910	37,211,192	37,392,270
Long-term liabilities	11,067,726	11,520,215	11,433	148,620	11,079,159	11,668,835
Other liabilities	1,366,250	2,001,041	70,186	-	1,436,436	2,001,041
Total Liabilities	12,433,976	13,521,256	81,619	148,620	12,515,595	13,669,876
Net Assets:						
Invested in capital assets, net of related debt	19,105,222	19,655,321	112,352	158,174	19,217,574	19,813,495
Restricted	1,898,364	247,081	-	-	1,898,364	247,081
Unrestricted	3,396,946	3,459,702	182,713	202,116	3,579,659	3,661,818
Total Net Assets	\$ 24,400,532	\$ 23,362,104	\$ 295,065	\$ 360,290	\$ 24,695,597	\$ 23,722,394

A portion of the primary government's net assets, \$1,898,364 or eight percent, represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net assets, \$3,579,659, 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 assets increased by \$973,203.

CITY OF DICKINSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2012

Statement of Activities:

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

CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues:						
Charges for services	\$ 2,536,252	\$ 2,211,757	\$ 971,261	\$ 948,135	\$ 3,507,513	\$ 3,159,892
Operating grants and contributions	2,256,236	1,788,493	225,130	99,557	2,481,366	1,888,050
Capital grants and contributions	283,601	-	-	-	283,601	-
General revenues:						
Property taxes	3,128,539	3,260,248	-	-	3,128,539	3,260,248
Sales taxes	4,092,182	2,576,873	-	-	4,092,182	2,576,873
Other taxes	1,004,151	991,253	-	-	1,004,151	991,253
Grants and contributions not restricted	-	462,227	-	-	-	462,227
Investment earnings	11,807	41,880	-	-	11,807	41,880
Other revenues	82,606	93,298	-	7,877	82,606	101,175
Gain (loss) on sale of capital assets	-	(1,379,362)	-	-	-	(1,379,362)
Total Revenues	<u>13,395,374</u>	<u>10,046,667</u>	<u>1,196,391</u>	<u>1,055,569</u>	<u>14,591,765</u>	<u>11,102,236</u>
Expenses						
General government	2,602,487	1,209,816	-	-	2,602,487	1,209,816
Public safety	5,571,045	4,856,934	-	-	5,571,045	4,856,934
Public works	1,545,286	275,152	-	-	1,545,286	275,152
Culture and recreation	355,323	490,924	-	-	355,323	490,924
Economic development	396,381	2,582,870	-	-	396,381	2,582,870
Community development	1,260,392	345,540	-	-	1,260,392	345,540
Interest on long-term debt	506,960	502,922	-	-	506,960	502,922
Emergency medical services	-	-	1,049,095	1,013,542	1,049,095	1,013,542
Municipal drainage utility	-	-	331,593	391,442	331,593	391,442
Total Expenses	<u>12,237,874</u>	<u>10,264,158</u>	<u>1,380,688</u>	<u>1,404,984</u>	<u>13,618,562</u>	<u>11,669,142</u>
Increase (Decrease) in Net Assets						
Before Transfers	1,157,500	(217,491)	(184,297)	(349,415)	973,203	(566,906)
Transfers	(119,072)	(159,035)	119,072	159,035	-	-
Change in Net Assets	1,038,428	(376,526)	(65,225)	(190,380)	973,203	(566,906)
Beginning net assets	23,362,104	23,738,630	360,290	550,670	23,722,394	24,289,300
Ending Net Assets	<u>\$ 24,400,532</u>	<u>\$ 23,362,104</u>	<u>\$ 295,065</u>	<u>\$ 360,290</u>	<u>\$ 24,695,597</u>	<u>\$ 23,722,394</u>

For the year ended, revenues from governmental activities totaled \$13,395,374. Revenues increased by 33 percent during the year mainly due to a large increase in sales tax revenue. This increase was due to sales tax rate changes effective October 1, 2011. The City's rate increased approximately 17 percent while the Corporation's sales tax rate decreased by the same percentage.

For the year ended, expenses for governmental activities totaled \$12,237,874. The total expenses increased by 19 percent from the prior year, which can be attributed primarily to an increase in grant related expenditures as a result of six additional grants in the current year.

CITY OF DICKINSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2012

Business-type activities net assets decreased by \$65,225, an improvement over the prior year by \$125,155. Revenues increased by \$140,822 compared to the prior year. This increase was mainly due to an increase in operating grants and contributions. Expenses remained consistent with those reported in the prior year as the total expenses decreased by \$24,296.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

The City's governmental funds reflect a combined fund balance of \$5,131,228. Of this, \$24,486 is restricted for debt service, \$181,973 is restricted for enabling legislation, \$1,676,973 is restricted for capital projects, \$13,773 is restricted for special projects, \$16,725 is nonspendable in the form of prepaids, \$366,750 is assigned, and \$2,850,548 is unassigned.

The general fund had a decrease in fund balance of \$98,136 for the year due mainly to a decrease in interfund transfers from other funds compared to the prior year. Ending fund balance as a percentage of total expenditures was 33 percent as of fiscal year end.

The debt service fund increased fund balance by \$15,862 as a result of current year interfund transfers from other funds.

The capital projects fund decreased fund balance by \$555,312 as a result of current year project costs in excess of intergovernmental revenues.

The street maintenance fund had an increase in fund balance of \$749,003. The street maintenance fund is a new fund created to account for the activity related to street maintenance and repairs. This fund is funded by sales tax revenues.

The FEMA – Hurricane Ike 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

Actual revenues exceeded budgeted revenues by \$439,300 during the year due mainly to higher than expected sales tax revenues, franchise fees, licenses and permits, fines and forfeitures, and other revenues. General fund actual expenditures were higher than the final budgeted expenditures by \$538,538 due mainly to larger economic development expenditures than originally anticipated.

CITY OF DICKINSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2012

CAPITAL ASSETS

At the end of the year, the City's governmental activities funds had invested \$29,971,088 in a variety of capital assets. This represents a net increase of \$683,349.

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

- Completion of the Lovers Lane, Birch Drive, Elm Drive, and Timber Drive projects totaling \$597,081.
- Construction of Country Club Lane totaling \$407,501.
- Purchase/construction of marquee signs for \$100,111.
- Purchase of four vehicles and a tractor totaling \$121,643.
- Purchase of land totaling \$746,566.

More detailed information about the City's capital assets is presented in the notes 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 \$10,870,000. Of this amount, \$8,805,000 represents certificates of obligation and \$2,065,000 represents general obligation bonds.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Dickinson City Council approved a \$10.9 million general fund budget for the 2012-2013 fiscal year. This is a .05 percent increase from the prior year. The total tax rate adopted for the fiscal year 2012-2013 budget will remain unchanged at \$0.4086. Budgeted property tax receipts comprise 24.1 percent of all general fund revenue. The fiscal year 2012-2013 maintenance and operations tax rate decreased from \$0.33310 to \$0.33007.

The Council approved a \$911,233 debt service budget for the 2012-2013 fiscal year. This is a four percent decrease from the prior year. Budgeted property tax receipts comprise 68.3 percent of all debt service fund revenue. The fiscal year 2012-2013 debt service tax rate increased from \$0.07551 to \$0.07854.

Enterprise fund revenues and expenses are anticipated to remain consistent with those reported in fiscal year 2011-2012. The City will not be issuing long-term debt for fiscal year 2012-2013. Existing revenue sources for the City are expected to maintain their fiscal year 2011-2012 levels or increase slightly. Expenses are expected to increase slightly during fiscal year 2012-2013.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City of Dickinson's finances. Questions concerning this report or requests for additional financial information should be directed to the City Administrator or the Director of Finance 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 ASSETS

September 30, 2012

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and cash equivalents	\$ 2,660,140	\$ -	\$ 2,660,140	\$ 860,091
Investments	1,711,691	-	1,711,691	713,232
Receivables, net	2,045,543	107,069	2,152,612	494,679
Internal balances	43,205	(43,205)	-	-
Due from component unit	220,893	200,468	421,361	-
Due from primary government	-	-	-	78,266
Prepaid items	16,725	-	16,725	-
Deferred charges	165,223	-	165,223	-
	6,863,420	264,332	7,127,752	2,146,268
Capital assets:				
Non-depreciable	3,512,797	-	3,512,797	-
Net depreciable	26,458,291	112,352	26,570,643	-
	29,971,088	112,352	30,083,440	-
Total Assets	36,834,508	376,684	37,211,192	2,146,268
Liabilities				
Accounts payable and accrued liabilities	1,251,547	70,186	1,321,733	335,583
Accrued interest payable	36,437	-	36,437	-
Due to component unit	78,266	-	78,266	-
Due to primary government	-	-	-	421,361
	1,366,250	70,186	1,436,436	756,944
Noncurrent liabilities:				
Long-term liabilities due within one year	641,674	10,290	651,964	-
Long-term liabilities due in more than one year	10,426,052	1,143	10,427,195	-
	11,067,726	11,433	11,079,159	-
Total Liabilities	12,433,976	81,619	12,515,595	756,944
Net Assets				
Invested in capital assets, net of related debt	19,105,222	112,352	19,217,574	-
Restricted for:				
Debt service	25,645	-	25,645	-
Enabling legislation	181,973	-	181,973	-
Special projects	13,773	-	13,773	-
Capital projects	1,676,973	-	1,676,973	-
Economic development	-	-	-	1,389,324
Unrestricted	3,396,946	182,713	3,579,659	-
Total Net Assets	\$ 24,400,532	\$ 295,065	\$ 24,695,597	\$ 1,389,324

See Notes to Financial Statements.

CITY OF DICKINSON, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 2,602,487	\$ 1,137,114	\$ 534,731	\$ -
Public safety	5,571,045	910,693	245,143	-
Public works	1,545,286	488,445	1,476,362	283,601
Culture and recreation	355,323	-	-	-
Economic development	396,381	-	-	-
Community development	1,260,392	-	-	-
Interest and fiscal agent fees on long-term debt	506,960	-	-	-
Total Governmental Activities	<u>12,237,874</u>	<u>2,536,252</u>	<u>2,256,236</u>	<u>283,601</u>
Business-Type Activities				
Emergency medical services	1,049,095	610,549	225,130	-
Municipal drainage utility	331,593	360,712	-	-
Total Business-Type Activities	<u>1,380,688</u>	<u>971,261</u>	<u>225,130</u>	<u>-</u>
Total Primary Government	<u>\$ 13,618,562</u>	<u>\$ 3,507,513</u>	<u>\$ 2,481,366</u>	<u>\$ 283,601</u>
Component Units				
Dickinson Economic Development Corp.	\$ 1,336,733	\$ 8,209	\$ -	\$ -
Dickinson Management District No. 1	1,635,226	-	-	-
Total Component Units	<u>\$ 2,971,959</u>	<u>\$ 8,209</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 Assets

Beginning net assets

Ending Net Assets

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (930,642)	\$ -	\$ (930,642)	\$ -
(4,415,209)	-	(4,415,209)	-
703,122	-	703,122	-
(355,323)	-	(355,323)	-
(396,381)	-	(396,381)	-
(1,260,392)	-	(1,260,392)	-
<u>(506,960)</u>	<u>-</u>	<u>(506,960)</u>	<u>-</u>
<u>(7,161,785)</u>	<u>-</u>	<u>(7,161,785)</u>	<u>-</u>
-	(213,416)	(213,416)	-
-	29,119	29,119	-
<u>-</u>	<u>(184,297)</u>	<u>(184,297)</u>	<u>-</u>
<u>(7,161,785)</u>	<u>(184,297)</u>	<u>(7,346,082)</u>	<u>-</u>
-	-	-	(1,328,524)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,635,226)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,963,750)</u>
3,128,539	-	3,128,539	-
4,092,182	-	4,092,182	2,351,291
1,004,151	-	1,004,151	-
11,807	-	11,807	8,563
82,606	-	82,606	510
(119,072)	119,072	-	-
<u>8,200,213</u>	<u>119,072</u>	<u>8,319,285</u>	<u>2,360,364</u>
1,038,428	(65,225)	973,203	(603,386)
23,362,104	360,290	23,722,394	1,992,710
<u>\$ 24,400,532</u>	<u>\$ 295,065</u>	<u>\$ 24,695,597</u>	<u>\$ 1,389,324</u>

CITY OF DICKINSON, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2012

	General	Debt Service	Capital Projects	Street Maintenance
<u>Assets</u>				
Cash and cash equivalents	\$ 1,001,748	\$ 258,444	\$ 661,645	\$ 598,322
Investments	1,711,691	-	-	-
Receivables, net	1,367,383	52,048	-	167,104
Due from other funds	547,207	2,232	99,125	-
Due from component unit	63,234	-	157,659	-
Prepaid items	16,725	-	-	-
Total Assets	\$ 4,707,988	\$ 312,724	\$ 918,429	\$ 765,426
 <u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 1,183,482	\$ 3,500	\$ 4,975	\$ 16,423
Due to other funds	23,853	235,946	-	-
Due to component unit	78,266	-	-	-
Deferred revenue	188,364	48,792	-	-
Total Liabilities	1,473,965	288,238	4,975	16,423
 <u>Fund Balances</u>				
Nonspendable:				
Prepays	16,725	-	-	-
Assigned:				
Disaster	227,382	-	-	-
Tree replacements	121,885	-	-	-
Drilling bond	17,483	-	-	-
Restricted for:				
Debt service	-	24,486	-	-
Enabling legislation	-	-	-	-
Capital projects	-	-	913,454	749,003
Special projects	-	-	-	-
Unassigned	2,850,548	-	-	-
Total Fund Balances	3,234,023	24,486	913,454	749,003
Total Liabilities and Fund Balances	\$ 4,707,988	\$ 312,724	\$ 918,429	\$ 765,426

See Notes to Financial Statements.

<u>FEMA - Hurricane Ike</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 139,981	\$ 2,660,140
-	-	1,711,691
285,943	173,065	2,045,543
-	30,047	678,611
-	-	220,893
-	-	16,725
<u>\$ 285,943</u>	<u>\$ 343,093</u>	<u>\$ 7,333,603</u>

\$ -	\$ 43,167	\$ 1,251,547
272,170	103,437	635,406
-	-	78,266
-	-	237,156
<u>272,170</u>	<u>146,604</u>	<u>2,202,375</u>

-	-	16,725
-	-	227,382
-	-	121,885
-	-	17,483
-	-	24,486
-	181,973	181,973
-	14,516	1,676,973
13,773	-	13,773
-	-	2,850,548
<u>13,773</u>	<u>196,489</u>	<u>\$ 5,131,228</u>
<u>\$ 285,943</u>	<u>\$ 343,093</u>	<u>\$ 7,333,603</u>

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CITY OF DICKINSON, TEXAS
RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
September 30, 2012

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

Total fund balances - total governmental funds	\$	5,131,228
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in governmental funds.		
Capital assets, non-depreciable		3,512,797
Capital assets, net depreciable		26,458,291
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		
		237,156
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Accrued interest payable		(36,437)
Non-current liabilities due in one year		(641,674)
Non-current liabilities due in more than one year		(10,426,052)
Deferred charges for issuance costs		165,223
		165,223
Net Assets of Governmental Activities	\$	<u>24,400,532</u>

See Notes to Financial Statements.

CITY OF DICKINSON, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2012

	General	Debt Service	Capital Projects	Street Maintenance
Revenues				
Property taxes	\$ 2,612,483	\$ 593,148	\$ -	\$ -
Sales taxes	3,273,799	-	-	818,383
Special assessments	-	-	-	-
Franchise fees	912,401	-	-	-
Other taxes	91,750	-	-	-
Licenses and permits	296,420	-	-	-
Fines and forfeitures	863,425	-	-	-
Charges for services	1,137,114	-	-	-
Intergovernmental	430,463	-	518,295	-
Contributions	-	151,382	-	-
Investment earnings	11,173	113	302	109
Other revenues	74,956	-	-	-
Total Revenues	9,703,984	744,643	518,597	818,492
Expenditures				
Current:				
General government	2,204,676	-	-	-
Public safety	4,128,274	-	-	-
Public works	590,472	-	-	69,489
Culture and recreation	353,609	-	-	-
Community development	391,788	-	-	-
Economic development	2,006,958	-	-	-
Capital outlay	-	-	894,030	-
Debt service:				
Principal	-	440,000	-	-
Interest and fiscal charges	-	468,660	-	-
Total Expenditures	9,675,777	908,660	894,030	69,489
Excess (Deficiency) of Revenues Over (Under) Expenditures	28,207	(164,017)	(375,433)	749,003
Other Financing Sources (Uses)				
Transfers in	2,500	179,879	-	-
Transfers (out)	(128,843)	-	(179,879)	-
Sale of capital assets	-	-	-	-
Total Other Financing Sources (Uses)	(126,343)	179,879	(179,879)	-
Net Change in Fund Balances	(98,136)	15,862	(555,312)	749,003
Beginning fund balances	3,332,159	8,624	1,468,766	-
Ending Fund Balances	\$ 3,234,023	\$ 24,486	\$ 913,454	\$ 749,003

See Notes to Financial Statements.

<u>FEMA - Hurricane Ike</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 3,205,631
-	-	4,092,182
-	192,025	192,025
-	-	912,401
-	-	91,750
-	-	296,420
-	47,268	910,693
-	-	1,137,114
-	1,439,697	2,388,455
-	-	151,382
-	110	11,807
-	7,650	82,606
-	<u>1,686,750</u>	<u>13,472,466</u>
-	218,340	2,423,016
-	347,116	4,475,390
-	1,088,585	1,748,546
-	-	353,609
-	-	391,788
-	-	2,006,958
-	164,146	1,058,176
-	-	440,000
-	-	468,660
-	<u>1,818,187</u>	<u>13,366,143</u>
-	<u>(131,437)</u>	<u>106,323</u>
-	9,771	192,150
-	(2,500)	(311,222)
-	30,089	30,089
-	37,360	(88,983)
-	(94,077)	17,340
13,773	290,566	5,113,888
<u>\$ 13,773</u>	<u>\$ 196,489</u>	<u>\$ 5,131,228</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, 2012

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

Net changes in fund balances - total governmental funds	\$	17,340
<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		2,091,386
Depreciation expense		(1,369,216)
<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>		
		(38,821)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(77,092)
<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 assets. Also, governmental funds report the effect of issuance costs, 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		440,000
Amortization of discounts and premiums		(642)
Amortization of issuance costs		(38,817)
<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		1,159
Compensated absences		13,131
		13,131
Change in Net Assets of Governmental Activities	\$	1,038,428

See Notes to Financial Statements.

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CITY OF DICKINSON, TEXAS

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

September 30, 2012

	Emergency Medical Services	Municipal Drainage Utility	Business-Type Activities Total Proprietary Funds
Assets			
Current Assets			
Receivables, net	\$ 79,966	\$ 27,103	\$ 107,069
Due from component unit	200,468	-	200,468
Due from other funds	-	282,069	282,069
Total Current Assets	280,434	309,172	589,606
Capital assets:			
Vehicles and heavy equipment	228,482	-	228,482
Less: accumulated depreciation	(116,130)	-	(116,130)
Total Capital Assets, Net of Accumulated Depreciation	112,352	-	112,352
Total Assets	392,786	309,172	701,958
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	53,686	16,500	70,186
Due to other funds	325,274	-	325,274
Compensated absences due in one year	10,290	-	10,290
Total Current Liabilities	389,250	16,500	405,750
Noncurrent Liabilities			
Compensated absences due in more than one year	1,143	-	1,143
Total Noncurrent Liabilities	1,143	-	1,143
Total Liabilities	390,393	16,500	406,893
Net Assets			
Invested in capital assets	112,352	-	112,352
Unrestricted	(109,959)	292,672	182,713
Total Net Assets	\$ 2,393	\$ 292,672	\$ 295,065

See Notes to Financial Statements.

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CITY OF DICKINSON, TEXAS

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

For the Year Ended September 30, 2012

	Emergency Medical Services	Municipal Drainage Utility	Business-Type Activities Total Proprietary Funds
<u>Operating Revenues</u>			
Charges for services	\$ 610,549	\$ 360,712	\$ 971,261
Operating grants and contributions	225,130	-	225,130
Total Operating Revenues	835,679	360,712	1,196,391
<u>Operating Expenses</u>			
General and administrative	803,931	176,070	980,001
Supplies and materials	69,274	16,882	86,156
Contractual and professional services	70,270	66,439	136,709
Repairs and maintenance	14,026	65,066	79,092
Insurance claims and expenses	5,685	-	5,685
Other operating expenses	40,087	7,136	47,223
Depreciation	45,822	-	45,822
Total Operating Expenses	1,049,095	331,593	1,380,688
Operating Income (Loss)	(213,416)	29,119	(184,297)
Transfers in	119,072	-	119,072
Change in Net Assets	(94,344)	29,119	(65,225)
Beginning net assets	96,737	263,553	360,290
Ending Net Assets	\$ 2,393	\$ 292,672	\$ 295,065

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, 2012

	Emergency Medical Services	Municipal Drainage Utility	Business-Type Activities <u>Total Proprietary Funds</u>
<u>Cash Flows from Operating Activities</u>			
Receipts from customers	\$ 616,434	\$ 75,681	\$ 692,115
Payments to suppliers	70,811	(165,017)	(94,206)
Payments to employees	(806,317)	(176,070)	(982,387)
Net Cash (Used) by Operating Activities	(119,072)	(265,406)	(384,478)
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers in from other funds	119,072	-	119,072
Net Cash Provided by Noncapital Financing Activities	119,072	-	119,072
Net (Decrease) in Cash and Cash Equivalents	-	(265,406)	(265,406)
Beginning cash and cash equivalents	-	265,406	265,406
Ending Cash and Cash Equivalents	\$ -	\$ -	\$ -
 <u>Reconciliation of Operating Income (Loss)</u>			
<u>to Net Cash (Used) by Operating Activities</u>			
Operating income (loss)	\$ (213,416)	\$ 29,119	\$ (184,297)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	45,822	-	45,822
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	(18,777)	(2,962)	(21,739)
Due from component units	(200,468)	-	(200,468)
Due from other funds	-	(282,069)	(282,069)
Increase (Decrease) in:			
Accounts payable and accrued liabilities	7,908	(9,494)	(1,586)
Due to other funds	262,245	-	262,245
Compensated absences	(2,386)	-	(2,386)
Net Cash (Used) by Operating Activities	\$ (119,072)	\$ (265,406)	\$ (384,478)

See Notes to Financial Statements.

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

September 30, 2012

	Dickinson Economic Development Corporation	Dickinson Management District No. 1	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 627,292	\$ 232,799	\$ 860,091
Investments	713,232	-	713,232
Due from primary government	78,266	-	78,266
Receivables, net	171,604	323,075	494,679
Total Assets	1,590,394	555,874	2,146,268
<u>Liabilities</u>			
Accounts payable and accrued liabilities		335,583	335,583
Due to primary government	161,784	259,577	421,361
Total Liabilities	161,784	595,160	756,944
<u>Net Assets</u>			
Restricted	1,428,610	(39,286)	1,389,324
Total Net Assets	\$ 1,428,610	\$ (39,286)	\$ 1,389,324

See Notes to Financial Statements.

CITY OF DICKINSON, TEXAS
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
For the Year Ended September 30, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>	
			<u>Charges for Services</u>	<u>Dickinson Economic Development Corporation</u>
Component Units				
Dickinson Economic Development Corporation	\$ 1,336,733	\$ 8,209	\$ (1,328,524)	\$ -
Dickinson Management District No. 1	1,635,226	-	-	(1,635,226)
Total Component Units	<u>\$ 2,971,959</u>	<u>\$ 8,209</u>	<u>(1,328,524)</u>	<u>(1,635,226)</u>
General Revenues:				
Taxes				
Sales taxes			818,383	1,532,908
Investment earnings			8,472	91
Other revenues			510	-
Total General Revenues			<u>827,365</u>	<u>1,532,999</u>
Change in Net Assets			(501,159)	(102,227)
Beginning net assets			1,929,769	62,941
Ending Net Assets			<u>\$ 1,428,610</u>	<u>\$ (39,286)</u>

See Notes to Financial Statements.

Total

\$ (1,328,524)
(1,635,226)
(2,963,750)

2,351,291
8,563
510
2,360,364
(603,386)
1,992,710
\$ 1,389,324

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CITY OF DICKINSON, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2012

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, 2012

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.

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 and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information about the City as a whole. These statements include all activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs and grants that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, such as taxes and investment earnings, are presented as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. In the fund financial statements, the accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate.

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

Following is a description of the various funds:

Governmental Funds

Governmental funds are those funds through which most governmental functions are typically financed.

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 considered a major fund for reporting purposes.

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 fund is considered a major fund for reporting purposes. The vehicle acquisition fund is considered a nonmajor fund 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 FEMA-Hurricane Ike. Nonmajor special revenue funds include CDBG, special revenue and grants, VOCA, COPS 2010, and CDBG disaster recovery.

Proprietary Fund Types

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues include charges for services. Operating expenses include costs of materials, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types follow GAAP prescribed by the Governmental Accounting Standards Board (GASB) and all Financial Accounting Standards Board's standards issued prior to

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

November 30, 1989. Subsequent to this date, the City accounts for its enterprise funds as presented by GASB.

The proprietary fund types used by the City include the following:

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide Statements of Net Assets and Statements of Activities and all proprietary funds are accounted for on a flow of economic resources measurement focus, accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operations of these activities are included on the balance sheet. Government-wide and proprietary fund equity consists of net assets. Operating statements of these funds present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus, modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period when they are susceptible to accrual (i.e., when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues available if they are collected within 60 days of the end of the current period.

Property taxes, sales taxes, franchise taxes, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Other receipts and other taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Under modified accrual accounting, expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for interest on general long-term debt, which is recognized when due.

Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned, and expenses in the accounting period in which they are incurred.

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

D. Assets, Liabilities, and Net Assets or Fund Equity

1. Deposits and Investments

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.

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

2. Receivables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component units, these receivables and payables are classified as "due to/from component units/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are reported as nonspendable in an applicable governmental fund to indicate they are not available for appropriation and are not expendable, available financial resources.

All trade receivables are shown net of an allowance for uncollectibles.

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

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. 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. 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.

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities column on the Statement of Net Assets. The long-term debt consists primarily of certificates of obligation, general obligation bonds, and accrued compensated absences.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest are reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable, available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types bond premiums, discounts, and issuance costs are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with interest earned in the debt service fund.

7. Fund Equity

Fund balances of governmental funds are classified as follows:

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

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

Committed fund balance – represents amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint. The commitment must be made prior to year end.

Assigned fund balance – represents amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund. Assignments can be made at any time.

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

Unassigned fund balance – represents amounts that are available for any purpose. Positive amounts are reported only in the general fund. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed, then assigned funds, and finally unassigned funds.

The City Council is the government's highest level of decision-making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is an ordinance approved by the Council. The ordinance must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

8. 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.

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, 2012 from budget basis to GAAP basis are presented in the notes to RSI.

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

C. Expenditures in Excess of Appropriations

General fund	
Public safety – law enforcement	\$32,355
Public works	\$6,539
Community development	\$7,936
Economic development	\$554,063
Debt service fund	
Interest and fiscal charges	\$1,800
Special revenue and grants fund	
Public safety	\$58,034
COPS 2010 fund	
Public safety	\$4,445

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>
U.S. agencies	\$ 1,201,549	2.79
External investment pools	503,763	0.00
Certificates of deposit	1,225,943	0.43
Total Fair Value	<u>\$ 2,931,255</u>	
Portfolio weighted average maturity		1.32

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, 2012, 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, 2012 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, 2012, the bank balances were \$4,819,346, of which \$2,814,866 was insured by FDIC. The market values of pledged securities were \$4,117,324.

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

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

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. 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	FEMA - Hurricane Ike	Other Governmental Funds	Total Governmental Funds
Property taxes	\$ 210,115	\$ 54,787	\$ -	\$ -	\$ -	\$ 264,902
Sales taxes	668,416	-	167,104	-	-	835,520
Other	499,357	-	-	-	37,385	536,742
Grants	-	-	-	285,943	135,680	421,623
Less allowance	(10,505)	(2,739)	-	-	-	(13,244)
	\$ 1,367,383	\$ 52,048	\$ 167,104	\$ 285,943	\$ 173,065	\$ 2,045,543
Proprietary Funds						
	Emergency Medical Services	Municipal Drainage Utility	Total Proprietary Funds			
Accounts	\$ 481,725	\$ 27,103	\$ 508,828			
Less allowance	(401,759)	-	(401,759)			
	\$ 79,966	\$ 27,103	\$ 107,069			
Component Units						
	Dickinson Economic Development Corporation	Dickinson Management District No. 1	Total Component Units			
Accounts	\$ 4,500	\$ -	\$ 4,500			
Sales taxes	167,104	323,075	490,179			
	\$ 171,604	\$ 323,075	\$ 494,679			

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

C. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,548,784	\$ 746,566	\$ -	\$ 2,295,350
Construction in progress	1,228,400	586,128	(597,081)	1,217,447
Total Capital Assets Not Being Depreciated	<u>2,777,184</u>	<u>1,332,694</u>	<u>(597,081)</u>	<u>3,512,797</u>
Other capital assets:				
Buildings and improvements	12,823,159	-	-	12,823,159
Vehicles and heavy equipment	2,184,860	121,643	(120,915)	2,185,588
Furniture and fixtures	888,349	196,498	-	1,084,847
Infrastructure	29,642,253	1,037,632	(259,741)	30,420,144
Total Other Capital Assets	<u>45,538,621</u>	<u>1,355,773</u>	<u>(380,656)</u>	<u>46,513,738</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,314,914)	(322,543)	-	(1,637,457)
Vehicles and heavy equipment	(1,236,762)	(212,873)	120,915	(1,328,720)
Furniture and fixtures	(431,235)	(86,726)	-	(517,961)
Infrastructure	(16,045,155)	(747,074)	220,920	(16,571,309)
Total Accumulated Depreciation	<u>(19,028,066)</u>	<u>(1,369,216)</u>	<u>341,835</u>	<u>(20,055,447)</u>
Other capital assets, net	26,510,555	(13,443)	(38,821)	26,458,291
Totals	<u>\$ 29,287,739</u>	<u>\$ 1,319,251</u>	<u>\$ (635,902)</u>	<u>29,971,088</u>
			Less associated debt	(10,865,866)
			Invested in Capital Assets, Net of Related Debt	<u>\$ 19,105,222</u>

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

Depreciation was charged to governmental functions as follows:

General government	\$	225,485
Public safety		206,485
Public works		925,687
Culture and recreation		4,340
Community development		7,219
Total Governmental Activities Depreciation Expense	\$	<u>1,369,216</u>

The City has active governmental activities construction projects as of September 30, 2012. The projects include:

<u>Project Description</u>	<u>Total in Progress</u>	<u>Remaining Commitment</u>
Tropical Gardens	\$ 1,157,740	\$ 24,357
28th Street	9,874	224,820
42nd Street	9,074	59,633
47th Street	9,274	90,639
Oak Lane	9,074	81,973
Yacht Club Drive	9,274	106,855
	<u>\$ 1,204,310</u>	<u>\$ 588,277</u>

The following is a summary of changes in capital assets for business-type activities for the year ended September 30, 2012:

	<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	(70,308)	(45,822)	-	(116,130)
Total Accumulated Depreciation	<u>(70,308)</u>	<u>(45,822)</u>	<u>-</u>	<u>(116,130)</u>
Other capital assets, net	158,174	(45,822)	-	112,352
Totals	<u>\$ 158,174</u>	<u>\$ (45,822)</u>	<u>\$ -</u>	<u>\$ 112,352</u>

Depreciation was charged to business-type functions as follows:

Emergency medical services	<u>\$ 45,822</u>
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CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

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, 2012. In general, the City uses the general and debt service funds to liquidate long-term liabilities.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General obligation bonds	\$ 2,165,000	\$ -	\$ 100,000	\$ 2,065,000 *	\$ 105,000
Certificates of obligation	9,145,000	-	340,000	8,805,000 *	355,000
Discount/premium	(4,776)	-	(642)	(4,134) *	-
Total Bonds Payable	<u>11,305,224</u>	<u>-</u>	<u>439,358</u>	<u>10,865,866</u>	<u>460,000</u>
Compensated absences	214,991	196,073	209,204	201,860	181,674
Total Governmental Activities	<u>\$ 11,520,215</u>	<u>\$ 196,073</u>	<u>\$ 648,562</u>	<u>\$ 11,067,726</u>	<u>\$ 641,674</u>

Long-Term Liabilities Due In More Than One Year \$ 10,426,052

*Debt associated with capital assets \$ 10,865,866

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-Type Activities:					
Compensated absences	\$ 13,819	\$ 12,847	\$ 15,233	\$ 11,433	\$ 10,290
Total Business-Type Activities	<u>\$ 13,819</u>	<u>\$ 12,847</u>	<u>\$ 15,233</u>	<u>\$ 11,433</u>	<u>\$ 10,290</u>

Long-Term Liabilities Due In More Than One Year \$ 1,143

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, 2012

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	\$ 2,065,000
Certificates of obligation:		
Series 2006	4.125-5.000	\$ 2,355,000
Series 2007	3.750-5.250	5,395,000
Series 2009	4.700-4.900	1,055,000
Total Certificates of Obligation		8,805,000
Total General Long-Term Debt		\$ 10,870,000

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	
2013	\$ 105,000	\$ 85,595	\$ 355,000	\$ 360,315	\$ 905,910
2014	110,000	82,370	375,000	343,272	910,642
2015	110,000	79,070	395,000	323,353	907,423
2016	120,000	75,320	410,000	305,212	910,532
2017	120,000	71,120	430,000	289,131	910,251
2018-2022	405,000	294,818	2,535,000	1,767,830	5,002,648
2023-2027	50,000	253,075	3,250,000	593,855	4,146,930
2028-2030	1,045,000	76,678	1,055,000	79,388	2,256,066
Total	\$ 2,065,000	\$ 1,018,046	\$ 8,805,000	\$ 4,062,356	\$ 15,950,402

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, 2012, \$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, 2012

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>
General fund	Emergency medical services fund	\$ 119,072
General fund	Nonmajor governmental funds	9,771
Capital projects fund	Debt service fund	179,879
Nonmajor governmental funds	General fund	2,500
		<u>\$ 311,222</u>

Amounts transferred between funds related to amounts collected by general, capital projects, 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	Debt service	\$ 235,946
General	FEMA - Hurricane Ike	272,170
General	Nonmajor governmental	39,091
Debt service	General	2,232
Capital projects	Emergency medical services	43,205
Capital projects	Nonmajor governmental	55,920
Nonmajor governmental	General	21,621
Nonmajor governmental	Nonmajor governmental	8,426
Municipal drainage utility	Emergency medical services	282,069
		<u>\$ 960,680</u>

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

F. Fund Equity

Change in Beginning Fund Balance/Net Assets Restatement

The beginning fund balance for the general fund has been restated due to the reversals of prior years’ municipal court receivables, reversal of prior year’s due from other governments, and the reclassification of the vehicle acquisition fund which is now shown separately from the general fund as a capital projects fund. The beginning net assets for the emergency medical services fund has been restated for the recognition of prior year compensated absences. The beginning net assets for the Dickinson Economic Development Corporation has been restated for the reversals of prior years’ due to other government and accounts payable. The beginning net assets of governmental activities has been restated for the reclassification of the Bayou Lakes Public Improvement District No. 1 from a discretely presented component unit to a blended component unit.

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

	General	Governmental Activities
Beginning fund balance/net assets	\$ 3,703,254	\$ 23,662,579
Reversal of prior years' municipal court receivables	(113,764)	(113,764)
Reversal of prior years' due from other governments	(213,026)	(213,026)
Reclassification of the vehicle acquisition fund	(44,305)	-
Reclassification of the Bayou Lakes Public Improvement District No. 1	-	26,315
Restated beginning fund balance/net assets	\$ 3,332,159	\$ 23,362,104
Emergency Medical Services		
Beginning net assets	\$ 110,556	
Recognition of prior year compensated absences	(13,819)	
Restated beginning net assets	\$ 96,737	
Dickinson Economic Development Corporation		
Beginning net assets	\$ 1,642,455	
Reversal of prior years' due to other governments	213,026	
Reversal of prior years' accounts payable	74,288	
Restated beginning net assets	\$ 1,929,769	

Negative Net Assets of Dickinson Management District

As of September 30, 2012, the Dickinson Management District fund had a negative net assets balance in the amount of \$39,286.

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.

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

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

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, it could result in a substantial liability to the City. Although the City does not anticipate that it will have any arbitrage liability, it periodically engages an arbitrage consultant to perform the calculations in accordance with the IRS rules and regulations.

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.

C. Pension Plans

Texas Municipal Retirement System

Plan Description

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

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and Required Supplementary Information for TMRS. The report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by TMRS. This report may be obtained from 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>2012</u>	<u>2011</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

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

Benefits

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

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.

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>
2010	\$ 381,018	\$ 381,018	100.00%	\$ -
2011	\$ 450,093	\$ 450,093	100.00%	\$ -
2012	\$ 402,735	\$ 402,735	100.00%	\$ -

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

The required contribution rates for fiscal year 2012 were determined as part of the December 31, 2009 and 2010 actuarial valuation. Additional information as of the latest actuarial valuation, December 31, 2011, also follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarial Valuation Date	12/31/2011	12/31/2010	12/31/2009
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	21.8 Years - Closed period	22.8 Years - Closed period	23.3 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%	7.5%
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%

Funded Status and Funding Progress

The funded status as of December 31, 2011 is as follows:

	<u>2012</u>
Actuarial Valuation Date	12/31/2011
Actuarial Value of Assets	\$ 8,957,019
Actuarial Accrued Liability	\$ 10,110,559
Percentage Funded	88.6%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 1,153,540
Annual Covered Payroll	\$ 4,398,735
UAAL as a Percentage of Covered Payroll	26.2%

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

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

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

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, 2012, 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 assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contribution to the TMRS SDBF for the fiscal year ending 2012 was \$448. The City's contribution rates for the past three years are shown below:

	<u>2012</u>	<u>2011</u>	<u>2010</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, 2012

E. Deferred Compensation Plan

The City offers its employees a deferred compensation 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. 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 five 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 10 years, and will be automatically extended for two additional 10 year periods. The City will remit back to the businesses 60% of sales tax revenues for the first three to five years, at which point the percentage increases to 66.66% through the remainder of the agreements, including the two additional 10 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 \$3,169,296 in sales taxes from the sales of these businesses and recorded expenditures of \$2,006,958.

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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, 2012

	Budgeted Amounts		Actual	Variance
	Original Budget	Budget as Amended		with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 2,633,946	\$ 2,621,849	\$ 2,612,483	\$ (9,366)
Sales taxes	2,652,426	3,025,534	3,273,799	248,265
Franchise fees	930,636	889,954	912,401	22,447
Other taxes	83,124	86,144	91,750	5,606
Licenses and permits	271,750	269,357	296,420	27,063
Fines and forfeitures	696,186	773,275	863,425	90,150
Charges for services	1,090,045	1,129,757	1,137,114	7,357
Intergovernmental	428,901	421,039	430,463	9,424
Investment income	27,302	10,692	11,173	481
Other revenues	28,483	37,083	74,956	37,873
Total Revenues	<u>8,842,799</u>	<u>9,264,684</u>	<u>9,703,984</u>	<u>439,300</u>
Use of Fund Balance				
Use of beginning fund balance	-	81,555	81,555	-
Tree replacement reserve	14,000	14,000	14,000	-
Drilling bond reserve	6,704	6,704	6,704	-
ISO consultant reserve	-	15,000	15,000	-
Total Use of Fund Balance	<u>20,704</u>	<u>117,259</u>	<u>117,259</u>	<u>-</u>
Expenditures				
General government:				
General government	1,678,154	1,767,422	1,746,234	21,188
Finance	203,224	190,506	185,744	4,762
Information technology	292,709	295,209	272,698	22,511
Public safety:				
Municipal court	251,754	253,512	252,881	631
Law enforcement	3,470,804	3,550,442	3,582,797	(32,355) *
Public safety	207,018	225,667	225,081	586
Emergency management	67,866	68,751	67,515	1,236
Public works	559,102	583,933	590,472	(6,539) *
Culture and recreation:				
Library	278,478	284,706	281,605	3,101
Tourism and museum	79,443	80,344	72,004	8,340
Community development	370,685	383,852	391,788	(7,936) *
Economic development	1,274,319	1,452,895	2,006,958	(554,063) *
Total Expenditures	<u>8,733,556</u>	<u>9,137,239</u>	<u>9,675,777</u>	<u>(538,538)</u>
Revenues Over (Under) Expenditures	<u>129,947</u>	<u>244,704</u>	<u>145,466</u>	<u>(99,238)</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, 2012

	<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	-	2,500	2,500	-
Transfers out	(129,947)	(130,380)	(128,843)	1,537
Total Other Financing				
Sources (Uses)	(129,947)	(127,880)	(126,343)	1,537
Net Change in				
Fund Balance	\$ -	\$ 116,824	19,123	\$ (97,701)

Notes to Required Supplementary Information:

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

Perspective differences:

Use of beginning fund balance	(81,555)
Tree replacement reserve	(14,000)
Drilling bond reserve	(6,704)
ISO consultant reserve	(15,000)

Net Change in Fund Balance (GAAP Basis) \$ (98,136)

2. *Expenditures exceeded appropriations at the legal level of control.

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CITY OF DICKINSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
STREET MAINTENANCE FUND
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended		
Revenues				
Sales taxes	\$ 665,035	\$ 756,321	\$ 818,383	\$ 62,062
Investment earnings	-	40	109	69
Total Revenues	<u>665,035</u>	<u>756,361</u>	<u>818,492</u>	<u>62,131</u>
Expenditures				
Current:				
Public works	640,490	640,490	69,489	571,001
Total Expenditures	<u>640,490</u>	<u>640,490</u>	<u>69,489</u>	<u>571,001</u>
Net Change in Fund Balance	<u>\$ 24,545</u>	<u>\$ 115,871</u>	749,003	<u>\$ 633,132</u>
Beginning fund balance			-	
		Ending Fund Balance	<u>\$ 749,003</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, 2012

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	2012	2011	2010	2009
Actuarial Valuation Date	12/31/2011	12/31/2010	12/31/2009	12/31/2008
Actuarial Value of Assets	\$ 8,957,019	\$ 7,954,201	\$ 6,285,300	\$ 5,449,947
Actuarial Accrued Liability	\$ 10,110,559	\$ 9,178,419	\$ 7,635,592	\$ 6,512,232
Percentage Funded	88.6%	86.7%	82.3%	83.7%
Unfunded Actuarial				
Accrued Liability	\$ 1,153,540	\$ 1,224,218	\$ 1,350,292	\$ 1,062,285
Annual Covered Payroll	\$ 4,398,735	\$ 4,052,309	\$ 3,967,024	\$ 3,714,590
Unfunded Actuarial Accrued Liability (UAAL) % of Covered Payroll	26.2%	30.2%	34.0%	28.6%
Net Pension Obligation (NPO) at the Beginning of Period	\$ -	\$ -	\$ -	\$ -
Annual Req. Contrib. (ARC)	402,735	450,093	381,018	361,537
Contributions Made	402,735	450,093	381,018	361,537
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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended		
Revenues				
Property taxes	\$ 608,687	\$ 608,687	\$ 593,148	\$ (15,539)
Contributions	139,418	151,382	151,382	-
Investment earnings	100	100	113	13
Total Revenues	<u>748,205</u>	<u>760,169</u>	<u>744,643</u>	<u>(15,526)</u>
Expenditures				
Current:				
Principal	440,000	440,000	440,000	-
Interest and fiscal charges	466,860	466,860	468,660	(1,800) *
Total Expenditures	<u>906,860</u>	<u>906,860</u>	<u>908,660</u>	<u>(1,800)</u>
Revenues (Under) Expenditures	<u>(158,655)</u>	<u>(146,691)</u>	<u>(164,017)</u>	<u>(17,326)</u>
Other Financing Sources				
Transfers in	179,879	179,879	179,879	-
Total Other Financing Sources	<u>179,879</u>	<u>179,879</u>	<u>179,879</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 21,224</u>	<u>\$ 33,188</u>	15,862	<u>\$ (17,326)</u>
Beginning fund balance			8,624	
Ending Fund Balance			<u>\$ 24,486</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, 2012

Special Revenue Funds

	CDBG	Special Revenue and Grants	VOCA	COPS 2010
Assets				
Cash	\$ -	\$ 126,259	\$ -	\$ -
Receivables, net	28,675	59,190	10,709	23,879
Due from other funds	24,764	5,283	-	-
Total Assets	\$ 53,439	\$ 190,732	\$ 10,709	\$ 23,879
Liabilities				
Accounts payable and accrued liabilities	\$ 28,675	\$ 6,259	\$ 2,767	\$ 3,685
Due to other funds	24,764	2,500	7,942	20,194
Total Liabilities	53,439	8,759	10,709	23,879
Fund Balances				
Restricted for:				
Capital projects	-	-	-	-
Enabling legislation	-	181,973	-	-
Total Fund Balances	-	181,973	-	-
Total Liabilities and Fund Balances	\$ 53,439	\$ 190,732	\$ 10,709	\$ 23,879

Special Revenue Funds		Capital Projects Fund	Total Nonmajor Governmental Funds
CDBG Disaster Recovery	Bayou Lakes Public Improvement District No. 1	Vehicle Acquisition	
\$ -	\$ 13,722	\$ -	\$ 139,981
13,227	7,296	30,089	173,065
-	-	-	30,047
<u>\$ 13,227</u>	<u>\$ 21,018</u>	<u>\$ 30,089</u>	<u>\$ 343,093</u>
\$ 1,781	\$ -	\$ -	\$ 43,167
11,446	21,018	15,573	103,437
<u>13,227</u>	<u>21,018</u>	<u>15,573</u>	<u>146,604</u>
-	-	14,516	14,516
-	-	-	181,973
-	-	14,516	196,489
<u>\$ 13,227</u>	<u>\$ 21,018</u>	<u>\$ 30,089</u>	<u>\$ 343,093</u>

CITY OF DICKINSON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2012

	Special Revenue Funds			
	CDBG	Special Revenue and Grants	VOCA	COPS 2010
Revenues				
Special assessments	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	47,268	-	-
Intergovernmental	1,077,059	106,714	39,082	99,347
Investment earnings	-	110	-	-
Other revenues	-	7,650	-	-
Total Revenues	<u>1,077,059</u>	<u>161,742</u>	<u>39,082</u>	<u>99,347</u>
Expenditures				
General government	-	-	-	-
Public safety	-	198,916	48,853	99,347
Public works	1,075,358	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>1,075,358</u>	<u>198,916</u>	<u>48,853</u>	<u>99,347</u>
Revenues (Under) Expenditures	<u>1,701</u>	<u>(37,174)</u>	<u>(9,771)</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers in	-	-	9,771	-
Transfers out	-	(2,500)	-	-
Sale of capital assets	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(2,500)</u>	<u>9,771</u>	<u>-</u>
Net Change in Fund Balances	<u>1,701</u>	<u>(39,674)</u>	<u>-</u>	<u>-</u>
Beginning fund balances	(1,701)	221,647	-	-
Ending Fund Balances	<u>\$ -</u>	<u>\$ 181,973</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds		Capital Projects Fund	Total Nonmajor Governmental Funds
CDBG Disaster Recovery	Bayou Lakes Public Improvement District No. 1	Vehicle Acquisition	
\$ -	\$ 192,025	\$ -	\$ 192,025
-	-	-	47,268
13,227	-	104,268	1,439,697
-	-	-	110
-	-	-	7,650
<u>13,227</u>	<u>192,025</u>	<u>104,268</u>	<u>1,686,750</u>
-	218,340	-	218,340
-	-	-	347,116
13,227	-	-	1,088,585
-	-	164,146	164,146
<u>13,227</u>	<u>218,340</u>	<u>164,146</u>	<u>1,818,187</u>
-	(26,315)	(59,878)	(131,437)
-	-	-	9,771
-	-	-	(2,500)
-	-	30,089	30,089
-	-	30,089	37,360
-	(26,315)	(29,789)	(94,077)
-	26,315	44,305	290,566
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,516</u>	<u>\$ 196,489</u>

CITY OF DICKINSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (Page 1 of 2)
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2012

	Special Revenue and Grants Fund			Variance with Final Budget Positive Negative
	Budgeted Amounts		Actual	
	Original Budget	Budget as Amended		
Revenues				
Fines and forfeitures	\$ 41,313	\$ 43,946	\$ 47,268	\$ 3,322
Intergovernmental	86,600	90,975	106,714	15,739
Investment earnings	250	95	110	15
Other revenues	-	-	7,650	7,650
Total Revenues	<u>128,163</u>	<u>135,016</u>	<u>161,742</u>	<u>26,726</u>
Expenditures				
Current:				
Public safety	133,006	140,882	198,916	(58,034) *
Total Expenditures	<u>133,006</u>	<u>140,882</u>	<u>198,916</u>	<u>(58,034)</u>
Revenues (Under) Expenditures	<u>(4,843)</u>	<u>(5,866)</u>	<u>(37,174)</u>	<u>(31,308)</u>
Other Financing (Uses)				
Transfers (out)	-	(2,500)	(2,500)	-
Total Other Financing (Uses)	<u>-</u>	<u>(2,500)</u>	<u>(2,500)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (4,843)</u>	<u>\$ (5,866)</u>	<u>(39,674)</u>	<u>\$ (31,308)</u>
Beginning fund balance			<u>221,647</u>	
Ending Fund Balance			<u>\$ 181,973</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, 2012

VOCA Fund				
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended		
Revenues				
Intergovernmental	\$ 44,622	\$ 39,440	\$ 39,082	\$ (358)
Total Revenues	44,622	39,440	39,082	(358)
Expenditures				
Current:				
Public safety	55,777	50,748	48,853	1,895
Total Expenditures	55,777	50,748	48,853	1,895
Revenues (Under) Expenditures	(11,155)	(11,308)	(9,771)	1,537
Other Financing Sources				
Transfers in	11,155	11,308	9,771	1,537
Total Other Financing Sources	11,155	11,308	9,771	1,537
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	\$ 88,868	\$ 94,902	\$ 99,347	\$ 4,445
Total Revenues	88,868	94,902	99,347	4,445
Expenditures				
Current:				
Public safety	97,332	94,902	99,347	(4,445) *
Total Expenditures	97,332	94,902	99,347	(4,445)
Net Change in Fund Balance	\$ (8,464)	\$ -	-	\$ -
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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