

ANNUAL FINANCIAL REPORT

of the

CITY OF DICKINSON, TEXAS

For the Year Ended
September 30, 2018

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CITY OF DICKINSON, TEXAS

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INTRODUCTORY SECTION

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CITY OF DICKINSON, TEXAS

PRINCIPAL OFFICIALS

September 30, 2018

| Elected Officials | Position | Term Expires |
|--------------------------|--|---------------------|
| Julie Masters | Mayor | 05/2020 |
| Charles Suderman | Council Member – Position 1 | 05/2020 |
| Bruce Henderson | Council Member – Position 2 | 05/2019 |
| Walter Wilson | Council Member – Position 3 | 05/2020 |
| Wally Deats | Council Member – Position 4/ Mayor Pro Tem | 05/2019 |
| Louis Decker | Council Member – Position 5 | 05/2020 |
| William H. King, III | Council Member – Position 6 | 05/2019 |

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

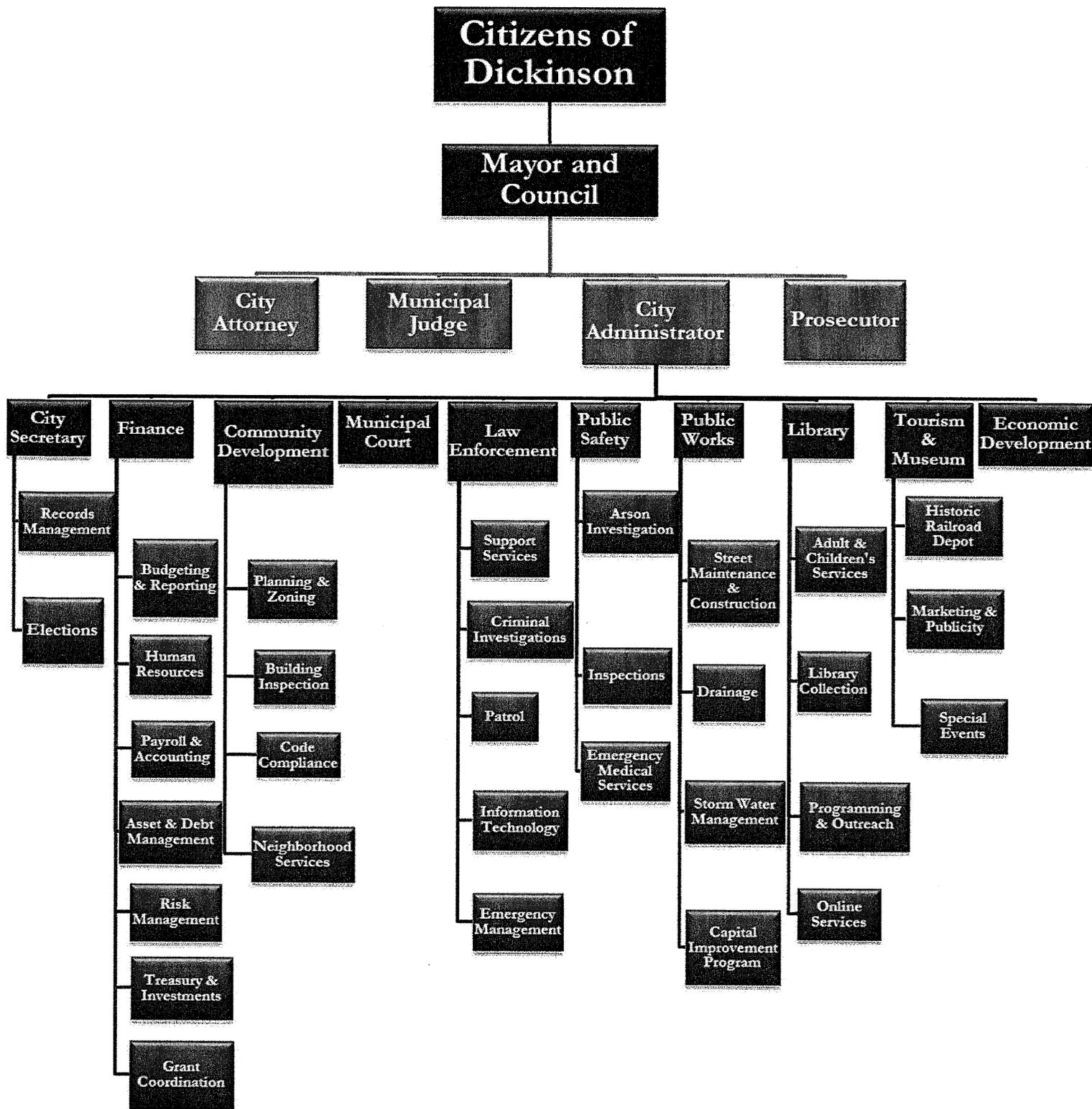
| City Management | Position |
|------------------------|-------------------------------------|
| Chris Heard | City Administrator |
| Sandy Clarkson | Interim CFO |
| Burt Heddles | Fire Marshal |
| Zachary Meadows | Director of Community Development |
| Irma Rivera | Court Administrator |
| Ron Sullivan | Interim Director of Public Works |
| Derek Hunt | Emergency Medical Services Director |
| Jumianne Lane | Library Director |

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CITY OF DICKINSON, TEXAS

ORGANIZATION CHART

September 30, 2018



FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dickinson, Texas (the "City"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

In 2018, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
June 28, 2019

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

CITY OF DICKINSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2018

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

The City maintains 20 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund

CITY OF DICKINSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2018

balances for the general fund, debt service fund, street maintenance fund, and FEMA Hurricane Harvey fund, which are considered to be major funds for reporting purposes.

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

Proprietary Funds

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

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

Component Units Combining Financial Statements

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

Notes to Financial Statements

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

Other Information

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

CITY OF DICKINSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$33,684,294 as of year end for the primary government.

The largest portion of the City's net position, 83 percent, reflects its investments in capital assets (e.g., land, construction in progress, buildings and improvements, vehicles and heavy equipment, furniture and fixtures, and infrastructure) less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

| | Governmental | | Business-Type | | Total | |
|---|----------------------|----------------------|-------------------|-------------------|----------------------|----------------------|
| | Activities | | Activities | | Primary | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Current and other assets | \$ 20,048,256 | \$ 21,667,707 | \$ 401,126 | \$ 432,269 | \$ 20,449,382 | \$ 22,099,976 |
| Capital assets, net | 35,815,051 | 36,559,754 | - | - | 35,815,051 | 36,559,754 |
| Total Assets | 55,863,307 | 58,227,461 | 401,126 | 432,269 | 56,264,433 | 58,659,730 |
| Deferred charge on refunding | 92,148 | 102,386 | - | - | 92,148 | 102,386 |
| Deferred outflows of resources - pensions (TM) | 167,466 | 1,256,476 | 16,033 | 35,024 | 183,499 | 1,291,500 |
| Deferred outflows of resources - pensions (TES) | 44,170 | 57,262 | - | - | 44,170 | 57,262 |
| Deferred outflows of resources - OPEB (SDBF) | 14,592 | 895 | - | - | 14,592 | 895 |
| Total Deferred Outflows of Resources | 318,376 | 1,417,019 | 16,033 | 35,024 | 334,409 | 1,452,043 |
| Long-term liabilities | 9,377,683 | 10,855,469 | 30,723 | 52,744 | 9,408,406 | 10,908,213 |
| Other liabilities | 13,380,287 | 12,512,416 | 88,605 | 16,882 | 13,468,892 | 12,529,298 |
| Total Liabilities | 22,757,970 | 23,367,885 | 119,328 | 69,626 | 22,877,298 | 23,437,511 |
| Deferred inflows of resources - pensions | 25,796 | 76,561 | 11,454 | 2,610 | 37,250 | 79,171 |
| Total Deferred Inflows of Resources | 25,796 | 76,561 | 11,454 | 2,610 | 37,250 | 79,171 |
| Net Position: | | | | | | |
| Net investment in capital assets | 27,989,975 | 28,081,716 | - | - | 27,989,975 | 28,081,716 |
| Restricted | 4,937,268 | 4,777,057 | - | - | 4,937,268 | 4,777,057 |
| Unrestricted | 470,674 | 3,341,261 | 286,377 | 395,057 | 757,051 | 3,736,318 |
| Total Net Position | \$ 33,397,917 | \$ 36,200,034 | \$ 286,377 | \$ 395,057 | \$ 33,684,294 | \$ 36,595,091 |

A portion of the primary government's net position, \$4,937,268 or 15%, represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net position, \$757,051 or 2%, may be used to meet the City's ongoing obligation to citizens and creditors. The overall condition of the City deteriorated this year as total net position decreased by \$2,910,797.

CITY OF DICKINSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2018

Statement of Activities:

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

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|------------------------------------|----------------------------|----------------------|-----------------------------|-------------------|--------------------------------|----------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 2,386,014 | \$ 2,139,525 | \$ 207,310 | \$ 291,269 | \$ 2,593,324 | \$ 2,430,794 |
| Operating grants and contributions | 1,652,670 | 1,359,466 | - | - | 1,652,670 | 1,359,466 |
| Capital grants and contributions | 843,611 | 954,142 | - | - | 843,611 | 954,142 |
| General revenues: | | | | | | |
| Property taxes | 4,250,437 | 3,785,481 | - | - | 4,250,437 | 3,785,481 |
| Sales taxes | 8,820,859 | 8,228,070 | - | - | 8,820,859 | 8,228,070 |
| Other fees and taxes | 939,304 | 1,105,096 | - | - | 939,304 | 1,105,096 |
| Investment earnings | 104,922 | 29,183 | - | - | 104,922 | 29,183 |
| Other revenues | 1,757,808 | 1,692,044 | - | - | 1,757,808 | 1,692,044 |
| Total Revenues | <u>20,755,625</u> | <u>19,293,007</u> | <u>207,310</u> | <u>291,269</u> | <u>20,962,935</u> | <u>19,584,276</u> |
| Expenses | | | | | | |
| General government | 3,436,576 | 2,500,722 | - | - | 3,436,576 | 2,500,722 |
| Public safety | 6,700,704 | 7,480,084 | - | - | 6,700,704 | 7,480,084 |
| Public works | 7,866,499 | 3,075,046 | - | - | 7,866,499 | 3,075,046 |
| Culture and recreation | 341,814 | 568,018 | - | - | 341,814 | 568,018 |
| Community development | 506,295 | 473,489 | - | - | 506,295 | 473,489 |
| Economic development | 4,444,184 | 4,104,390 | - | - | 4,444,184 | 4,104,390 |
| Interest on long-term debt | 261,670 | 276,992 | - | - | 261,670 | 276,992 |
| Municipal drainage utility | - | - | 315,990 | 294,943 | 315,990 | 294,943 |
| Total Expenses | <u>23,557,742</u> | <u>18,478,741</u> | <u>315,990</u> | <u>294,943</u> | <u>23,873,732</u> | <u>18,773,684</u> |
| Change in Net Position | (2,802,117) | 814,266 | (108,680) | (3,674) | (2,910,797) | 810,592 |
| Beginning net position | <u>36,200,034</u> | <u>35,385,768</u> | <u>395,057</u> | <u>398,731</u> | <u>36,595,091</u> | <u>35,784,499</u> |
| Ending Net Position | <u>\$ 33,397,917</u> | <u>\$ 36,200,034</u> | <u>\$ 286,377</u> | <u>\$ 395,057</u> | <u>\$ 33,684,294</u> | <u>\$ 36,595,091</u> |

For the year ended September 30, 2018, revenues from governmental activities totaled \$20,755,625. Revenues increased by \$1,462,618 compared to the prior year mainly due to increases for charges for services, operating grants and contributions, property taxes, and sales taxes. Charges for services increased partly due to increases in court fine collections, as well as an increase in permit revenue. Property tax revenue increased due to an increase in the City's tax levy. Sales tax revenue increased as a result of an increase in consumer spending. Lastly, other revenues increased as a result of donations received by the City related to Hurricane Harvey relief. These increases in revenues were partially offset by decreases in revenues from capital grants and contributions as a result of a decrease in revenues related to the Community Development Block Grant program.

For the year ended September 30, 2018, expenses for governmental activities totaled \$23,557,742. The total expenses increased by 27% from the prior year. This increase can be attributed mostly to year end expenses related to Hurricane Harvey.

Business-type activities net position decreased by \$108,680. Revenues decreased by \$83,959 largely due to the prior year's recognition of unearned revenues. Expenses increased \$21,047 compared to the prior year due to an increases in repair and maintenance.

CITY OF DICKINSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2018

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 \$5,757,066. Of this, \$45,856 is nonspendable in the form of prepaid items, \$93,726 is restricted for debt service, \$1,509,589 is restricted for enabling legislation, \$3,295,435 is restricted for capital projects, \$38,518 is restricted for special projects, \$369,681 is assigned, and \$404,261 is unassigned.

The general fund had an increase in fund balance of \$1,011,685 for the year. Revenues increased \$1,010,033 compared to the prior year. This increase was largely attributable to an increase in property tax revenues from an increase in the assessed values of properties, sales tax revenues from an increase in consumer spending, and other revenue for reimbursement fees. These increases in revenues were partially offset by a decrease in intergovernmental revenues. Expenditures increased \$1,226,394 compared to the prior year due largely to an increase in in personnel and legal costs. Ending fund balance as a percentage of total expenditures was 38.91% as of fiscal year end. Unassigned fund balance as a percentage of total expenditures was 35.80% as of fiscal year end.

The debt service fund had an increase in fund balance of \$93,700, The increase in fund balances is primarily because property taxes, which contributed to the majority of the revenue for debt service fund.

The street maintenance fund had an increase in fund balance of \$860,005. The decrease in expenditures related to street projects is primarily the reason of the increase in fund balance this fiscal year.

The FEMA Hurricane Harvey fund is ended the year with a deficit fund balance of \$4,365,793. As a September 30, 2018, the project worksheets related to Hurricane Harvey-related expenditures were not approved by FEMA and, as a result, revenue was not recognized as earned.

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 \$795,277 during the year mainly due to higher than expected sales tax, franchise fees, fines and forfeitures, and other revenues. General fund actual expenditures were higher than the final budgeted expenditures by \$106,057 mainly due to various departments having higher expenditures than originally anticipated.

CITY OF DICKINSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2018

CAPITAL ASSETS

At the end of the year, the City's governmental activities funds had invested \$35,815,051 in a variety of capital assets. This represents a net decrease of \$744,703.

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

- Street construction projects totaling \$965,039
- Purchase of eight vehicles and related equipment totaling \$215,444

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

LONG-TERM DEBT

At the end of the current year, the City had total certificates of obligation and general obligation bonds of \$7,715,000. Of this amount, \$1,055,000 represents certificates of obligation and \$6,660,000 represents general obligation bonds. The City had a capital lease total of \$86,145 at the end of the current year.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

City Council approved a \$14,730,700 general fund budget for the 2018-2019 fiscal year. This is a 9.05% increase from the prior year adopted budget. The total tax rate adopted for the fiscal year 2018-2019 budget will remain unchanged at \$0.40861.

City Council approved an \$871,300 debt service budget for the 2018-2019 fiscal year. This is a 0.10% increase from the prior year adopted budget. Budgeted property tax receipts comprise 97% of all debt service fund revenue. The fiscal year 2018-2019 debt service tax rate increased \$0.04639 from the prior year to \$0.455000/100.

During the fiscal year 2018, City Council staff to begin the process of eliminating the enterprise fund and the fee associated with it. Therefore, there is no budget for the 2018-2019 fiscal year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS

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CITY OF DICKINSON, TEXAS

STATEMENT OF NET POSITION

September 30, 2018

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|----------------------|---------------------|
| | Governmental Activities | Business-Type Activities | Total | |
| Assets | | | | |
| Cash and cash equivalents | \$ 16,348,167 | \$ 183,282 | \$ 16,531,449 | \$ 3,954,519 |
| Receivables, net | 2,722,284 | 217,972 | 2,940,256 | 912,543 |
| Internal balances | 128 | (128) | - | - |
| Due from component unit | 931,821 | - | 931,821 | - |
| Due from primary government | - | - | - | 3,034 |
| Prepaid items | 45,856 | - | 45,856 | 1,458 |
| | <u>20,048,256</u> | <u>401,126</u> | <u>20,449,382</u> | <u>4,871,554</u> |
| Capital assets: | | | | |
| Nondepreciable | 1,926,307 | - | 1,926,307 | 5,557,463 |
| Net depreciable | 33,888,744 | - | 33,888,744 | 265,399 |
| | <u>35,815,051</u> | <u>-</u> | <u>35,815,051</u> | <u>5,822,862</u> |
| Total Assets | <u>55,863,307</u> | <u>401,126</u> | <u>56,264,433</u> | <u>10,694,416</u> |
| Deferred Outflows of Resources | | | | |
| Deferred charge on refunding | 92,148 | - | 92,148 | - |
| Deferred outflows of resources - pensions (TMRS) | 167,466 | 16,033 | 183,499 | - |
| Deferred outflows of resources - pensions (TESRS) | 44,170 | - | 44,170 | - |
| Deferred outflows of resources - OPEB (SDBF) | 14,592 | - | 14,592 | - |
| Total Deferred Outflows of Resources | <u>318,376</u> | <u>16,033</u> | <u>334,409</u> | <u>-</u> |
| Liabilities | | | | |
| Accounts payable and accrued liabilities | 2,797,718 | 25,575 | 2,823,293 | 491,857 |
| Accrued interest payable | 19,837 | - | 19,837 | - |
| Unearned revenues | 10,559,698 | 63,030 | 10,622,728 | - |
| Due to component unit | 3,034 | - | 3,034 | - |
| Due to other governments | - | - | - | 26,027 |
| Due to primary government | - | - | - | 931,821 |
| | <u>13,380,287</u> | <u>88,605</u> | <u>13,468,892</u> | <u>1,449,705</u> |
| Noncurrent liabilities: | | | | |
| Due to other governments | - | - | - | 130,138 |
| Long-term liabilities due within one year | 923,213 | 5,464 | 928,677 | 197,677 |
| Long-term liabilities due in more than one year | 8,454,470 | 25,259 | 8,479,729 | 882,975 |
| | <u>9,377,683</u> | <u>30,723</u> | <u>9,408,406</u> | <u>1,210,790</u> |
| Total Liabilities | <u>22,757,970</u> | <u>119,328</u> | <u>22,877,298</u> | <u>2,660,495</u> |
| Deferred Inflows of Resources | | | | |
| Deferred inflows - pensions (TMRS) | 25,796 | 11,454 | 37,250 | - |
| Net Position | | | | |
| Net investment in capital assets | 27,989,975 | - | 27,989,975 | 6,887,257 |
| Restricted for: | | | | |
| Debt service | 93,726 | - | 93,726 | - |
| Enabling legislation | 1,509,589 | - | 1,509,589 | - |
| Capital projects | 3,295,435 | - | 3,295,435 | - |
| Special projects | 38,518 | - | 38,518 | - |
| Economic development | - | - | - | 1,146,664 |
| Unrestricted | 470,674 | 286,377 | 757,051 | - |
| Total Net Position | <u>\$ 33,397,917</u> | <u>\$ 286,377</u> | <u>\$ 33,684,294</u> | <u>\$ 8,033,921</u> |

See Notes to Financial Statements.

CITY OF DICKINSON, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2018

| Functions/Programs | Expenses | Program Revenues | | |
|---|----------------------|-------------------------|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government | | | | |
| Governmental Activities | | | | |
| General government | \$ 3,436,576 | \$ 554,177 | \$ 153,769 | \$ - |
| Public safety | 6,700,704 | 843,169 | 1,458,610 | 190,338 |
| Public works | 7,866,499 | 988,668 | - | 653,273 |
| Culture and recreation | 341,814 | - | 7,958 | - |
| Community development | 506,295 | - | - | - |
| Economic development | 4,444,184 | - | 32,333 | - |
| Interest and fiscal agent fees on long-term debt | 261,670 | - | - | - |
| Total Governmental Activities | 23,557,742 | 2,386,014 | 1,652,670 | 843,611 |
| Business-Type Activities | | | | |
| Municipal drainage utility | 315,990 | 207,310 | - | - |
| Total Business-Type Activities | 315,990 | 207,310 | - | - |
| Total Primary Government | \$ 23,873,732 | \$ 2,593,324 | \$ 1,652,670 | \$ 843,611 |
| Component Units | | | | |
| Dickinson Economic Development Corp. | \$ 1,160,046 | \$ 124,788 | \$ - | \$ - |
| Dickinson Management District No. 1 | 3,266,435 | - | - | - |
| Total Component Units | \$ 4,426,481 | \$ 124,788 | \$ - | \$ - |

General Revenues:

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

Total General Revenues and Transfers
Change in Net Position

Beginning net position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position

| Primary Government | | | |
|------------------------------------|-------------------------------------|----------------------|----------------------------|
| Governmental Activities | Business-Type Activities | Total | Component Units |
| \$ (2,728,630) | \$ - | \$ (2,728,630) | \$ - |
| (4,208,587) | - | (4,208,587) | - |
| (6,224,558) | - | (6,224,558) | - |
| (333,856) | - | (333,856) | - |
| (506,295) | - | (506,295) | - |
| (4,411,851) | - | (4,411,851) | - |
| (261,670) | - | (261,670) | - |
| <u>(18,675,447)</u> | <u>-</u> | <u>(18,675,447)</u> | <u>-</u> |
| - | (108,680) | (108,680) | - |
| - | (108,680) | (108,680) | - |
| <u>(18,675,447)</u> | <u>(108,680)</u> | <u>(18,784,127)</u> | <u>-</u> |
| - | - | - | (1,035,258) |
| - | - | - | (3,266,435) |
| - | - | - | <u>(4,301,693)</u> |
| 4,250,437 | - | 4,250,437 | - |
| 8,820,859 | - | 8,820,859 | 5,202,780 |
| 939,304 | - | 939,304 | - |
| 104,922 | - | 104,922 | 13,424 |
| 1,757,808 | - | 1,757,808 | - |
| <u>15,873,330</u> | <u>-</u> | <u>15,873,330</u> | <u>5,216,204</u> |
| (2,802,117) | (108,680) | (2,910,797) | 914,511 |
| 36,200,034 | 395,057 | 36,595,091 | 7,119,410 |
| <u>\$ 33,397,917</u> | <u>\$ 286,377</u> | <u>\$ 33,684,294</u> | <u>\$ 8,033,921</u> |

CITY OF DICKINSON, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2018

| | General | Debt Service | Street Maintenance | FEMA Hurricane Harvey |
|--|---------------------|-------------------|-----------------------|-----------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 5,582,969 | \$ 101,882 | \$ 2,434,106 | \$ 5,796,729 |
| Receivables, net | 1,822,680 | 51,783 | 309,828 | 110,556 |
| Due from other funds | 136,372 | 11,843 | 201,401 | 22,500 |
| Due from component unit | 394,483 | - | - | - |
| Prepaid items | 45,856 | - | - | - |
| Total Assets | \$ 7,982,360 | \$ 165,508 | \$ 2,945,335 | \$ 5,929,785 |
| Liabilities | | | | |
| Accounts payable and accrued liabilities | \$ 1,412,548 | \$ - | \$ 194,583 | \$ 85,761 |
| Due to other funds | 1,136,267 | 20,000 | - | - |
| Due to component unit | 3,034 | - | - | - |
| Unearned revenues | - | - | - | 10,209,817 |
| Total Liabilities | 2,551,849 | 20,000 | 194,583 | 10,295,578 |
| Deferred Inflows of Resources | | | | |
| Unavailable revenue - property taxes | 208,451 | 51,782 | - | - |
| Unavailable revenue - emergency medical services | 24,894 | - | - | - |
| Total Deferred Inflows of Resources | 233,345 | 51,782 | - | - |
| Fund Balances | | | | |
| Nonspendable: | | | | |
| Prepaid items | 45,856 | - | - | - |
| Restricted for: | | | | |
| Debt service | - | 93,726 | - | - |
| Enabling legislation | - | - | - | - |
| Capital projects | - | - | 2,750,752 | - |
| Special projects | - | - | - | - |
| Assigned: | | | | |
| Library reserve | 122,255 | - | - | - |
| Disaster | 227,382 | - | - | - |
| Tree replacements | 6,200 | - | - | - |
| Red, White, and Bayou Festival | 13,844 | - | - | - |
| Unassigned | 4,781,629 | - | - | (4,365,793) |
| Total Fund Balances | 5,197,166 | 93,726 | 2,750,752 | (4,365,793) |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 7,982,360 | \$ 165,508 | \$ 2,945,335 | \$ 5,929,785 |

See Notes to Financial Statements.

| <u>Nonmajor Governmental</u> | <u>Total Governmental Funds</u> |
|----------------------------------|---|
| \$ 1,786,868 | \$ 15,702,554 |
| 427,437 | 2,722,284 |
| 796,256 | 1,168,372 |
| 537,338 | 931,821 |
| - | 45,856 |
| <u>\$ 3,547,899</u> | <u>\$ 20,570,887</u> |

| | |
|------------------|-------------------|
| \$ 1,104,826 | \$ 2,797,718 |
| 11,977 | 1,168,244 |
| - | 3,034 |
| 349,881 | 10,559,698 |
| <u>1,466,684</u> | <u>14,528,694</u> |

| | |
|----------|----------------|
| - | 260,233 |
| - | 24,894 |
| <u>-</u> | <u>285,127</u> |

| | |
|---------------------|----------------------|
| - | 45,856 |
| - | 93,726 |
| 1,509,589 | 1,509,589 |
| 544,683 | 3,295,435 |
| 38,518 | 38,518 |
| - | 122,255 |
| - | 227,382 |
| - | 6,200 |
| - | 13,844 |
| (11,575) | 404,261 |
| <u>2,081,215</u> | <u>\$ 5,757,066</u> |
| <u>\$ 3,547,899</u> | <u>\$ 20,570,887</u> |

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CITY OF DICKINSON, TEXAS
RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
September 30, 2018

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

| | |
|--|----------------------|
| Total fund balances - total governmental funds | \$ 5,757,066 |
| Capital assets used in governmental activities are not current financial resources and, therefore, not reported in governmental funds. | |
| Capital assets, nondepreciable | 1,926,307 |
| Capital assets, net depreciable | 33,888,744 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds. | |
| | 285,127 |
| Internal service funds are used by management to charge costs of insurance and facility maintenance to individual funds. The assets of the internal service fund are included in the governmental activities in the Statement of Net Position. | |
| | 645,613 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. | |
| Accrued interest payable | (19,837) |
| Deferred charge on refunding | 92,148 |
| Deferred outflows - pensions (TMRS) | 167,466 |
| Deferred outflows - pensions (TESRS) | 44,170 |
| Deferred outflows - OPEB (SDBF) | 14,592 |
| Deferred inflows - pensions (TMRS) | (25,796) |
| Noncurrent liabilities due in one year | (923,213) |
| Noncurrent liabilities due in more than one year | (8,454,470) |
| Net Position of Governmental Activities | \$ 33,397,917 |

See Notes to Financial Statements.

CITY OF DICKINSON, TEXAS

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

For the Year Ended September 30, 2018

| | General | Debt Service | Street Maintenance | FEMA Hurricane Harvey |
|--|---------------------|------------------|-----------------------|-----------------------------|
| Revenues | | | | |
| Property taxes | \$ 3,454,604 | \$ 809,867 | \$ - | \$ - |
| Sales taxes | 7,056,687 | - | 1,764,172 | - |
| Special assessments | - | - | - | - |
| Franchise fees | 848,714 | - | - | - |
| Other taxes | 60,304 | - | - | - |
| Licenses and permits | 647,460 | - | - | - |
| Fines and forfeitures | 813,036 | - | - | - |
| Charges for services | 545,817 | - | - | - |
| Intergovernmental | 543,223 | 153,769 | - | - |
| Investment earnings | 47,080 | 492 | 7,619 | 49,098 |
| Other revenues | 351,626 | - | - | 1,313,252 |
| Total Revenues | 14,368,551 | 964,128 | 1,771,791 | 1,362,350 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 1,832,858 | - | - | - |
| Public safety | 5,661,554 | - | - | 169,351 |
| Public works | 598,836 | - | 911,786 | 4,818,538 |
| Culture and recreation | 326,997 | - | - | - |
| Community development | 491,601 | - | - | - |
| Economic development | 4,444,184 | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | 610,000 | - | - |
| Interest and fiscal charges | - | 260,428 | - | - |
| Total Expenditures | 13,356,030 | 870,428 | 911,786 | 4,987,889 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 1,012,521 | 93,700 | 860,005 | (3,625,539) |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 15,000 | - | - | - |
| Transfers (out) | (16,151) | - | - | - |
| Sale of capital assets | 315 | - | - | - |
| Total Other Financing Sources (Uses) | (836) | - | - | - |
| Net Change in Fund Balances | 1,011,685 | 93,700 | 860,005 | (3,625,539) |
| Beginning fund balances | 4,185,481 | 26 | 1,890,747 | (740,254) |
| Ending Fund Balances | \$ 5,197,166 | \$ 93,726 | \$ 2,750,752 | \$ (4,365,793) |

See Notes to Financial Statements.

| <u>Nonmajor Governmental</u> | <u>Total Governmental Funds</u> |
|----------------------------------|---|
| \$ - | \$ 4,264,471 |
| - | 8,820,859 |
| 341,208 | 341,208 |
| - | 848,714 |
| 30,286 | 90,590 |
| - | 647,460 |
| 30,133 | 843,169 |
| 8,360 | 554,177 |
| 1,790,285 | 2,487,277 |
| 633 | 104,922 |
| 92,930 | 1,757,808 |
| <u>2,293,835</u> | <u>20,760,655</u> |
| 1,394,635 | 3,227,493 |
| 420,287 | 6,251,192 |
| 1,037,904 | 7,367,064 |
| - | 326,997 |
| - | 491,601 |
| - | 4,444,184 |
| 258,841 | 258,841 |
| 40,913 | 650,913 |
| 4,422 | 264,850 |
| <u>3,157,002</u> | <u>23,283,135</u> |
| <u>(863,167)</u> | <u>(2,522,480)</u> |
| 16,151 | 31,151 |
| (15,000) | (31,151) |
| 65,760 | 66,075 |
| <u>66,911</u> | <u>66,075</u> |
| (796,256) | (2,456,405) |
| 2,877,471 | 8,213,471 |
| <u>\$ 2,081,215</u> | <u>\$ 5,757,066</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, 2018

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

| | |
|--|----------------|
| Net change in fund balances - total governmental funds | \$ (2,456,405) |
|--|----------------|

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

| | |
|----------------------|-------------|
| Capital outlay | 1,186,483 |
| Depreciation expense | (1,931,186) |

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

| | |
|----------------------------------|---------|
| Principal expenditures | 650,913 |
| Amortization of deferred amounts | 2,049 |
| Accrued interest | 1,131 |

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

| | |
|--------------------------------------|-------------|
| Compensated absences | (40,974) |
| Deferred outflows - pensions (TMRS) | (1,089,010) |
| Deferred outflows - pensions (TESRS) | (13,092) |
| Deferred outflows - OPEB (SDBF) | (29,913) |
| Deferred inflows - pensions (TMRS) | 50,765 |
| Net pension liability | 885,399 |
| Total OPEB liability - SDBF | 13,771 |

Internal service funds are used by management to charge the costs of insurance and facility maintenance to individual funds. The net revenue is reported with governmental activities.

| | |
|--|----------|
| | (18,014) |
|--|----------|

| | |
|--|-----------------------|
| Change in Net Position of Governmental Activities | \$ (2,802,117) |
|--|-----------------------|

See Notes to Financial Statements.

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CITY OF DICKINSON, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2018

| | Business-Type Activities Municipal Drainage Utility | Governmental Activities Internal Service |
|--|---|---|
| <u>Assets</u> | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 183,282 | \$ 645,613 |
| Receivables, net | 217,972 | - |
| Total Assets | 401,254 | 645,613 |
| <u>Deferred Outflows of Resources</u> | | |
| Deferred outflows - pensions | 16,033 | - |
| Total Deferred Outflows of Resources | 16,033 | - |
| <u>Liabilities</u> | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | 25,575 | - |
| Due to other funds | 128 | - |
| Unearned revenues | 63,030 | - |
| Compensated absences due in one year | 5,464 | - |
| Total Current Liabilities | 94,197 | - |
| Noncurrent liabilities: | | |
| Compensated absences | 607 | - |
| Net pension liability | 24,652 | - |
| Total Noncurrent Liabilities | 25,259 | - |
| Total Liabilities | 119,456 | - |
| <u>Deferred Inflows of Resources</u> | | |
| Deferred inflows - pensions | 11,454 | - |
| Total Deferred Inflows of Resources | 11,454 | - |
| <u>Net Position</u> | | |
| Unrestricted | 286,377 | 645,613 |
| Total Net Position | \$ 286,377 | \$ 645,613 |

See Notes to Financial Statements.

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CITY OF DICKINSON, TEXAS

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

For the Year Ended September 30, 2018

| | Business-Type Activities Municipal Drainage Utility | Governmental Activities Internal Service |
|---------------------------------------|---|---|
| <u>Operating Revenues</u> | | |
| Charges for services | \$ 207,310 | \$ 953,923 |
| Total Operating Revenues | 207,310 | 953,923 |
| <u>Operating Expenses</u> | | |
| General and administrative | 162,909 | 971,937 |
| Supplies and materials | 10,231 | - |
| Contractual and professional services | 81,948 | - |
| Repairs and maintenance | 47,098 | - |
| Other operating expenses | 13,804 | - |
| Total Operating Expenses | 315,990 | 971,937 |
| Change in Net Position | (108,680) | (18,014) |
| Beginning net position | 395,057 | 663,627 |
| Ending Net Position | \$ 286,377 | \$ 645,613 |

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, 2018

| | Business-Type Activities | Governmental Activities |
|---|----------------------------------|----------------------------|
| | Municipal Drainage Utility | Internal Service |
| <u>Cash Flows from Operating Activities</u> | | |
| Receipts from customers and users | \$ 269,615 | \$ 953,923 |
| Payments to suppliers | (139,303) | (975,224) |
| Payments to employees | (157,095) | - |
| | (26,783) | (21,301) |
| Net Cash (Used) by Operating Activities | (26,783) | (21,301) |
| Net Increase (Decrease) in Cash and Cash Equivalents | (26,783) | (21,301) |
| Beginning cash and cash equivalents | 210,065 | 666,914 |
| | 210,065 | 666,914 |
| Ending Cash and Cash Equivalents | \$ 183,282 | \$ 645,613 |
| <u>Reconciliation of Operating Income (Loss) to Net</u> | | |
| <u>Cash (Used) by Operating Activities</u> | | |
| Operating (loss) | \$ (108,680) | \$ (18,014) |
| Adjustments to reconcile operating (loss) to net cash (used) by operating activities: | | |
| Changes in Operating Assets and Liabilities: | | |
| (Increase) Decrease in: | | |
| Accounts receivable | 4,360 | - |
| Deferred outflows - pensions | 18,991 | - |
| Increase (Decrease) in: | | |
| Accounts payable and accrued liabilities | 13,778 | (3,287) |
| Deferred inflows - pensions | 8,844 | - |
| Unearned revenues | 57,945 | - |
| Net pension liability | (22,956) | - |
| Compensated absences | 935 | - |
| | (26,783) | (21,301) |
| Net Cash (Used) by Operating Activities | \$ (26,783) | \$ (21,301) |

See Notes to Financial Statements.

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

September 30, 2018

| | Dickinson Economic Development Corporation | Dickinson Management District No. 1 | Total |
|---|---|---|--------------|
| <u>Assets</u> | | | |
| Cash and cash equivalents | \$ 2,437,170 | \$ 1,517,349 | \$ 3,954,519 |
| Due from primary government | 2,254 | 780 | 3,034 |
| Receivables, net | 309,587 | 602,956 | 912,543 |
| | 2,749,011 | 2,122,543 | 4,871,554 |
| Capital assets: | | | |
| Nondepreciable | 5,557,463 | - | 5,557,463 |
| Net depreciable | 265,399 | - | 265,399 |
| | 5,822,862 | - | 5,822,862 |
| Total Assets | 8,571,873 | 2,122,543 | 10,694,416 |
| <u>Liabilities</u> | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | 44,456 | 447,401 | 491,857 |
| Due to primary government | 12,634 | 919,187 | 931,821 |
| Due to other governments - current portion | 26,027 | - | 26,027 |
| Compensated absences - current portion | 12,499 | - | 12,499 |
| Note payable - current portion | 185,178 | - | 185,178 |
| Total Current Liabilities | 280,794 | 1,366,588 | 1,647,382 |
| Noncurrent liabilities: | | | |
| Due to other governments | 130,138 | - | 130,138 |
| Compensated absences | 3,758 | - | 3,758 |
| Note payable | 879,217 | - | 879,217 |
| Total Noncurrent Liabilities | 1,013,113 | - | 1,013,113 |
| Total Liabilities | 1,293,907 | 1,366,588 | 2,660,495 |
| <u>Net Position</u> | | | |
| Net investment in capital assets | 6,887,257 | - | 6,887,257 |
| Restricted | 390,709 | 755,955 | 1,146,664 |
| Total Net Position | \$ 7,277,966 | \$ 755,955 | \$ 8,033,921 |

See Notes to Financial Statements.

CITY OF DICKINSON, TEXAS
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
For the Year Ended September 30, 2018

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | <u>Net (Expense) Revenue and Changes in Net Position</u> | |
|--|---------------------|-----------------------------|--|--|
| | | <u>Charges for Services</u> | <u>Dickinson Economic Development Corporation</u> | <u>Dickinson Management District No. 1</u> |
| Component Units | | | | |
| Dickinson Economic Development Corporation | \$ 1,160,046 | \$ 124,788 | \$ (1,035,258) | \$ - |
| Dickinson Management District No. 1 | 3,266,435 | - | - | (3,266,435) |
| Total Component Units | <u>\$ 4,426,481</u> | <u>\$ 124,788</u> | <u>(1,035,258)</u> | <u>(3,266,435)</u> |
| General Revenues: | | | | |
| Taxes | | | | |
| Sales taxes | | | 1,764,172 | 3,438,608 |
| Investment earnings | | | 8,742 | 4,682 |
| Total General Revenues | | | <u>1,772,914</u> | <u>3,443,290</u> |
| Change in Net Position | | | 737,656 | 176,855 |
| Beginning net position | | | 6,540,310 | 579,100 |
| Ending Net Position | | | <u>\$ 7,277,966</u> | <u>\$ 755,955</u> |

See Notes to Financial Statements.

Total

\$ (1,035,258)
(3,266,435)
(4,301,693)

5,202,780
13,424
5,216,204
914,511
7,119,410
\$ 8,033,921

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CITY OF DICKINSON, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

The City is an independent political subdivision of the State and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City’s financial reporting entity. The component units, as listed below, although legally separate, are considered part of the reporting entity. No other entities have been included in the City’s reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

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

Discretely Presented Component Units

Dickinson Economic Development Corporation

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

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

Dickinson Management District No. 1

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

Dickinson Education Finance Corporation

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

Blended Component Units

Bayou Lakes Public Improvement District No. 1

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

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

Bayou Lakes Public Improvement District No. 2

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

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

Bayou Animal Services Corporation

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

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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

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

B. Government-Wide Financial Statements

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

C. Basis of Presentation – Government-Wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

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

The City reports the following governmental funds:

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

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

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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

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

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

The City reports the following enterprise fund:

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

Additionally, the City reports the following fund type:

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

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

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

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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

E. Measurement Focus and Basis of Accounting

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

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

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

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

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

1. Cash and Cash Equivalents

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

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

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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

2. Investments

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

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

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

3. Prepaid Items

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

4. Capital Assets

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

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

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

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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

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

5. Deferred Outflows/Inflows of Resources

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

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

6. Compensated Employee Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and compensatory time. Vacation benefits are earned based on the employees' years of service with the City. Vacation and compensatory time amounts accumulated may be paid to employees upon termination of employment or at retirement up to a certain amount. The estimated amount of

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

compensation for services provided that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it when it becomes due. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

7. Long-Term Obligations

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

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

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

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

8. Net Position Flow Assumption

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

9. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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

10. Fund Balance Policies

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

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

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

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

11. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

12. Pensions

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and the Texas Emergency Services Retirement System (TESRS) and additions to/deductions from TMRS's and TESRS's fiduciary net position have been determined on the same basis as they are reported by TMRS and TESRS. For this

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13. Other Postemployment Benefits

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a budget basis. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control, as defined by the charter, in the approved budget is the department level. The City Administrator may transfer appropriations within

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

a department without seeking the approval of City Council. Appropriations lapse at the end of the year. Encumbrance accounting is not utilized.

B. Deficit Fund Balance

As of September 30, 2018, the following funds had deficit fund balances:

| | |
|---|--------------|
| FEMA Hurricane Harvey | \$ 4,365,793 |
| CDBG Disaster Recovery | \$ 315,498 |
| Bayou Lakes Public Improvement District No. 2 | \$ 11,700 |
| VOCA | \$ 1,441 |

The FEMA Hurricane Harvey fund incurred costs in the aftermath of Hurricane Harvey. Prior to year end, FEMA approved a public assistance request in the amount of \$10,125,000. The approval associated with project worksheets was pending as of year end.

C. Expenditures in Excess of Appropriations

For the year ended September 30, 2018, expenditures exceeded appropriations at the legal level of control as follows:

General Fund

General government:

General government \$ 126,117

Finance \$ 22,578

Public safety

Emergency management \$ 44,315

Culture and recreation

Tourism and museum \$ 146

Economic development \$ 404,997

Nonmajor Special Revenue Funds:

Bayou Lakes Public Improvement District No. 1

General government \$ 103,093

Library Impact Grant Fund

General government \$ 3,842

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

| Investment Type | Value | Weighted Average Maturity (Years) |
|-------------------------------------|---------------------|--------------------------------------|
| External investment pools | \$ 1,362,387 | 0.13 |
| Total | \$ 1,362,387 | |
| Portfolio weighted average maturity | | 0.13 |

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

Credit risk. The City’s investment policy limits investments in money market mutual funds rated as to investment quality not less than “AAA” by at least one nationally recognized rating service. As of September 30, 2018, the City’s investment in TexPool was rated “AAAm” by Standard & Poor’s.

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

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. As of September 30, 2018, the bank balances were \$15,236,852, of which \$500,000 was insured by FDIC. The market values of pledged securities were \$16,585,087.

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

TexPool

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

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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

B. Receivables

The following comprise receivable balances at year end:

| | Governmental Funds | | | | | Total Governmental Funds |
|----------------|---------------------------|---------------------|-------------------------------|--------------------------------------|-------------------------------|---|
| | General | Debt Service | Street Maintenance | FEMA Hurricane Harvey | Other Governmental | |
| Property taxes | \$ 219,422 | \$ 54,507 | \$ - | \$ - | \$ - | \$ 273,929 |
| Sales taxes | 1,235,039 | - | 308,759 | - | - | 1,543,798 |
| Accounts | 1,344,619 | - | - | - | - | 1,344,619 |
| Other | 310,182 | 1 | 1,069 | - | 51,234 | 362,486 |
| Grants | - | - | - | 110,556 | 376,203 | 486,759 |
| Less allowance | (1,286,582) | (2,725) | - | - | - | (1,289,307) |
| | <u>\$ 1,822,680</u> | <u>\$ 51,783</u> | <u>\$ 309,828</u> | <u>\$ 110,556</u> | <u>\$ 427,437</u> | <u>\$ 2,722,284</u> |

| | Proprietary Fund |
|----------------|---|
| | Municipal Drainage Utility |
| Accounts | \$ 293,345 |
| Less allowance | (75,373) |
| | <u>\$ 217,972</u> |

| | Component Units | | |
|-------------|---|--|--------------------------------------|
| | Dickinson Economic Development Corporation | Dickinson Management District No. 1 | Total Component Units |
| Sales taxes | \$ 308,760 | \$ 602,258 | \$ 911,018 |
| Other | 827 | 698 | 1,525 |
| | <u>\$ 309,587</u> | <u>\$ 602,956</u> | <u>\$ 912,543</u> |

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

C. Capital Assets

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

| | Beginning Balance | Increases | (Decreases) | Ending Balance |
|--|------------------------------|---------------------|---|---------------------------|
| Governmental Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 762,063 | \$ - | \$ - | \$ 762,063 |
| Construction in progress | 199,205 | 965,039 | - | 1,164,244 |
| Total Capital Assets Not Being Depreciated | 961,268 | 965,039 | - | 1,926,307 |
| Other capital assets: | | | | |
| Buildings and improvements | 12,823,159 | - | - | 12,823,159 |
| Vehicles and heavy equipment | 3,260,144 | 215,444 | - | 3,475,588 |
| Furniture and fixtures | 1,624,019 | 6,000 | - | 1,630,019 |
| Infrastructure | 44,953,712 | - | - | 44,953,712 |
| Total Other Capital Assets | 62,661,034 | 221,444 | - | 62,882,478 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (3,243,178) | (319,954) | - | (3,563,132) |
| Vehicles and heavy equipment | (2,169,687) | (377,471) | - | (2,547,158) |
| Furniture and fixtures | (1,016,232) | (102,070) | - | (1,118,302) |
| Infrastructure | (20,633,451) | (1,131,691) | - | (21,765,142) |
| Total Accumulated Depreciation | (27,062,548) | (1,931,186) | - | (28,993,734) |
| Other capital assets, net | 35,598,486 | (1,709,742) | - | 33,888,744 |
| Governmental Activities Capital Assets, Net | \$ 36,559,754 | \$ (744,703) | \$ - | 35,815,051 |
| | | | Less associated debt | (7,917,224) |
| | | | Plus deferred charge on refunding | 92,148 |
| | | | Net Investment in Capital Assets | \$ 27,989,975 |

Depreciation was charged to governmental functions as follows:

| | |
|---|---------------------|
| General government | \$ 209,843 |
| Public safety | 285,076 |
| Public works | 1,427,792 |
| Culture and recreation | 3,245 |
| Community development | 5,230 |
| Total Governmental Activities Depreciation Expense | \$ 1,931,186 |

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

The following is a summary of changes in capital assets for the Dickinson Economic Development Corporation (a discretely presented component unit) for the year ended September 30, 2018:

| | Beginning Balance | Increases | (Decreases) | Ending Balance |
|---|------------------------------|------------------|---|---------------------------|
| Component Unit: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 5,653,546 | \$ - | \$ (96,083) | \$ 5,557,463 |
| Total Capital Assets Not Being Depreciated | 5,653,546 | - | (96,083) | 5,557,463 |
| Other capital assets: | | | | |
| Buildings and improvements | - | 252,612 | - | 252,612 |
| Furniture and fixtures | 29,205 | - | - | 29,205 |
| Total Other Capital Assets | 29,205 | - | - | 281,817 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | - | (4,736) | - | (4,736) |
| Furniture and fixtures | (8,761) | (2,921) | - | (11,682) |
| Total Accumulated Depreciation | (8,761) | (2,921) | - | (16,418) |
| Other capital assets, net | 20,444 | (2,921) | - | 265,399 |
| Component Unit Capital Assets, Net | \$ 5,673,990 | \$ (2,921) | \$ (96,083) | 5,822,862 |
| | | | Less associated debt | 1,064,395 |
| | | | Net Investment in Capital Assets | \$ 6,887,257 |

Depreciation was charged to the Dickinson Economic Development Corporation as follows:

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

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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, 2018. 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 | \$ 7,270,000 | \$ - | \$ 610,000 | \$ 6,660,000 ⁽¹⁾ | \$ 625,000 |
| Certificates of obligation | 1,055,000 | - | - | 1,055,000 ⁽¹⁾ | - |
| Discount/premium | 128,366 | - | 12,287 | 116,079 ⁽¹⁾ | - |
| Capital lease | 127,058 | - | 40,913 | 86,145 ⁽¹⁾ | 42,336 |
| | <u>8,580,424</u> | <u>-</u> | <u>663,200</u> | <u>7,917,224</u> | <u>667,336</u> |
| Other liabilities: | | | | | |
| Net pension liability (TMRS) | 1,687,604 | - | 871,099 | 816,505 | - |
| Net pension liability (TESRS) | 145,349 | - | 14,300 | 131,049 | - |
| Total OPEB liability | 157,784 | 29,839 | - | 187,623 | - |
| Compensated absences | 284,308 | 297,882 | 256,908 | 325,282 | 255,877 |
| Total Governmental Activities | <u>\$ 10,855,469</u> | <u>\$ 327,721</u> | <u>\$ 1,805,507</u> | <u>\$ 9,377,683</u> | <u>\$ 923,213</u> |

Long-Term Liabilities Due In More Than One Year \$ 8,454,470

⁽¹⁾ Debt associated with capital assets \$ 7,917,224

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---------------------------------------|------------------------------|------------------|-------------------|---------------------------|--------------------------------|
| Business-Type Activities: | | | | | |
| Net pension liability (TMRS) | \$ 47,608 | \$ - | \$ 22,956 | \$ 24,652 | \$ - |
| Compensated absences | 5,136 | 935 | - | 6,071 | 5,464 |
| Total Business-Type Activities | <u>\$ 52,744</u> | <u>\$ 935</u> | <u>\$ 22,956</u> | <u>\$ 30,723</u> | <u>\$ 5,464</u> |

The following is a summary of changes in the Dickinson Economic Development Corporation's (a discretely presented component unit) total long-term liabilities for the year ended September 30, 2018.

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|-----------------------------|------------------------------|------------------|-------------------|-----------------------------|--------------------------------|
| Component Unit: | | | | | |
| Note payable | \$ 1,240,560 | \$ - | \$ 176,165 | \$ 1,064,395 ⁽²⁾ | \$ 185,178 |
| Compensated absences | 13,888 | 2,369 | - | 16,257 | 12,499 |
| Total Component Unit | <u>\$ 1,254,448</u> | <u>\$ 2,369</u> | <u>\$ 176,165</u> | <u>\$ 1,080,652</u> | <u>\$ 197,677</u> |

Long-Term Liabilities Due In More Than One Year \$ 882,975

⁽²⁾ Debt associated with capital assets \$ 1,064,395

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, 2018

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

| Description | Interest Rates (%) | Balance |
|--|--------------------|---------------------|
| <u>Governmental Activities</u> | | |
| General obligation bonds | | |
| Series 2009 refunding | 3.500-4.900 | \$ 1,390,000 |
| Series 2014 refunding | 2.000-3.000 | 5,270,000 |
| Total General Obligation Bonds | | 6,660,000 |
| Certificates of obligation | | |
| Series 2009 | 3.500-4.900 | 1,055,000 |
| Total Certificates of Obligation | | 1,055,000 |
| Capital lease | | |
| Dispatch console | 3.480 | 86,145 |
| Total Governmental Activities | | \$ 7,801,145 |
| <u>Dickinson Economic Development Corporation</u> | | |
| Note payable | | |
| Note - Sussan property | 5.000 | \$ 1,064,395 |
| | | \$ 1,064,395 |

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

| Year Ending Sept. 30 | General Obligation Bonds | | Certificates of Obligation | | Capital Lease | | Total | |
|----------------------------|--------------------------|---------------------|----------------------------|-------------------|------------------|-----------------|---------------------|---------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2019 | \$ 625,000 | \$ 189,520 | \$ - | \$ 50,695 | \$ 42,336 | \$ 2,998 | \$ 667,336 | \$ 243,213 |
| 2020 | 640,000 | 174,340 | - | 50,695 | 43,809 | 1,525 | 683,809 | 226,560 |
| 2021 | 575,000 | 159,715 | - | 50,695 | - | - | 575,000 | 210,410 |
| 2022 | 595,000 | 145,854 | - | 50,695 | - | - | 595,000 | 196,549 |
| 2023 | 610,000 | 131,706 | - | 50,695 | - | - | 610,000 | 182,401 |
| 2024-2028 | 2,910,000 | 397,035 | 325,000 | 245,838 | - | - | 3,235,000 | 642,873 |
| 2029-2030 | 705,000 | 34,493 | 730,000 | 36,330 | - | - | 1,435,000 | 70,823 |
| Total | \$ 6,660,000 | \$ 1,232,663 | \$ 1,055,000 | \$ 535,643 | \$ 86,145 | \$ 4,523 | \$ 7,801,145 | \$ 1,772,829 |

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

| Year Ending Sept. 30 | Note Payable | |
|----------------------------|---------------------|-------------------|
| | Principal | Interest |
| 2019 | \$ 185,178 | \$ 49,014 |
| 2020 | 194,652 | 39,540 |
| 2021 | 204,611 | 29,581 |
| 2022 | 215,080 | 19,113 |
| 2023 | 226,083 | 8,109 |
| 2024 | 38,791 | 243 |
| | \$ 1,064,395 | \$ 145,600 |

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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

Federal Arbitrage

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

E. Interfund Transactions

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

| <u>Transfer Out</u> | <u>Transfer In</u> | <u>Amount</u> |
|-----------------------|-----------------------|------------------|
| Nonmajor governmental | General | \$ 15,000 |
| General | Nonmajor governmental | 16,151 |
| | | <u>\$ 31,151</u> |

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

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

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|----------------------------|---------------------|
| General | General | \$ 116,244 |
| General | Debt service | 20,000 |
| General | Municipal drainage utility | 128 |
| Debt service | General | 11,843 |
| FEMA Hurricane Harvey | General | 22,500 |
| Street maintenance | General | 201,401 |
| Nonmajor governmental | General | 784,279 |
| Nonmajor governmental | Nonmajor governmental | 11,977 |
| | | <u>\$ 1,168,372</u> |

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

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

F. Fund Equity

As of September 30, 2018, \$1,509,589 of the City’s total fund balance is restricted by enabling legislation.

G. Restatement of Net Position

Beginning net position for governmental activities has been restated for the implementation of *Government Accounting Standards Board Statement No. 75 (GASB 75)*.

| | Governmental Activities |
|--|------------------------------------|
| Beginning net position as reported | \$ 36,356,923 |
| Total OPEB liability - SDBF | (157,784) |
| Deferred outflows - contributions after measurement date - SDBF | 895 |
| Restated beginning net position | \$ 36,200,034 |

IV. OTHER INFORMATION

A. Risk Management

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

B. Contingent Liabilities

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

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

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

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

C. Pension Plans

1. Texas Municipal Retirement System

Plan Description

The City participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by TMRS. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees (the "Board"). Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tmr.com.

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

Benefits Provided

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

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

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

| | <u>2018</u> | <u>2017</u> |
|--|---------------------------|---------------------------|
| Employee deposit rate | 7.00% | 7.00% |
| Matching ratio (City to employee) | 2 to 1 | 2 to 1 |
| Years required for vesting | 10 | 10 |
| Service requirement eligibility (expressed as age/yrs of service) | 60/10, 0/20 | 60/10, 0/20 |
| Updated service credit | 100% Repeating, Transfers | 100% Repeating, Transfers |
| Annuity increase (to retirees) | 0% of CPI Repeating | 0% of CPI Repeating |

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

Employees Covered by Benefit Terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|--|-------------------|
| Inactive employees or beneficiaries currently receiving benefits | 34 |
| Inactive employees entitled to, but not yet receiving, benefits | 75 |
| Active employees | 103 |
| Total | <u><u>212</u></u> |

Contributions

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

Employees for the City were required to contribute seven percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 9.14 percent and 8.45 percent in calendar years 2018 and 2017, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2018 were \$509,064, which were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

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

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

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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

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

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

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return (Arithmetic)</u> |
|-----------------------|--------------------------|--|
| Domestic Equity | 17.5% | 4.55% |
| International Equity | 17.5% | 6.35% |
| Core Fixed Income | 10.0% | 1.00% |
| Non-Core Fixed Income | 20.0% | 3.90% |
| Real Return | 10.0% | 3.80% |
| Real Estate | 10.0% | 4.50% |
| Absolute Return | 10.0% | 3.75% |
| Private Equity | 5.0% | 7.50% |
| Total | <u>100.0%</u> | |

Discount Rate

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

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

Changes in the NPL

| | Increase (Decrease) | | |
|---|----------------------------|--------------------------------|--------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| | (A) | (B) | (A) - (B) |
| Changes for the year: | | | |
| Service cost | \$ 849,783 | \$ - | \$ 849,783 |
| Interest | 1,106,567 | - | 1,106,567 |
| Difference between expected and actual experience | 74,087 | - | 74,087 |
| Changes in assumptions | - | - | - |
| Contributions - employer | - | 528,302 | (528,302) |
| Contributions - employee | - | 404,934 | (404,934) |
| Net investment income | - | 2,002,153 | (2,002,153) |
| Benefit payments, including refunds of employee contributions | (409,858) | (409,858) | - |
| Administrative expense | - | (10,371) | 10,371 |
| Other changes | - | (526) | 526 |
| Net Changes | <u>1,620,579</u> | <u>2,514,634</u> | <u>(894,055)</u> |
| Balance at December 31, 2016 | 16,173,622 | 14,438,410 | 1,735,212 |
| Balance at December 31, 2017 | <u>\$ 17,794,201</u> | <u>\$ 16,953,044</u> | <u>\$ 841,157</u> |

Sensitivity of the NPL to Changes in the Discount Rate

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

| | 1% Decrease in Discount Rate (5.75%) | Discount Rate (6.75%) | 1% Increase in Discount Rate (7.75%) |
|--------------------------------------|--|--------------------------|--|
| City's Net Pension Liability (Asset) | \$ 3,414,488 | \$ 841,157 | \$ (1,269,304) |

Pension Plan Fiduciary Net Position

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

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

For the fiscal year ended September 30, 2018, the City recognized pension expense of \$679,550.

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual economic experience | \$ 146,917 | \$ 27,068 |
| Changes in actuarial assumptions | 76,264 | - |
| Difference between projected and actual investment earnings | 384,618 | 822,927 |
| Contributions subsequent to the measurement date | 388,445 | - |
| Total | \$ 996,244 | \$ 849,995 |

\$388,445 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the NPL for the fiscal year ending September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Fiscal Year Ended September 30 | Pension Expense |
|---|----------------------------|
| 2019 | \$ 113,688 |
| 2020 | 34,168 |
| 2021 | (185,816) |
| 2022 | (204,236) |
| Total | \$ (242,196) |

2. Texas Emergency Services Retirement System

Plan Description

The City participates in a cost-sharing multiple employer pension plan that has a special funding situation. The plan is administered by the TESRS and established and administered by the State of Texas (the "State") to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. At August 31, 2017, there were 199 contributing fire and/or emergency services department members participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

On August 31, 2017, the pension system membership consisted of:

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

Pension Plan Fiduciary Net Position

Detailed information about the TESRS's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and Required

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

Supplementary Information. TESRS issues a publicly available Annual Financial Report, which includes financial statements, notes, and Required Supplementary Information, which can be obtained at www.tesrs.org. The separately issued actuarial valuations that may be of interest are also available at the same link.

Benefits Provided

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

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

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

Funding Policy

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

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

The Board rule defining contributions was amended effective July 27, 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the State are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percentage of the Part One portion (not to exceed 15 percent), is to be actuarially adjusted near the end of each even-numbered calendar year based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2016, the Part Two contributions were established by the Board to be two percent of the Part One contributions beginning September 1, 2017.

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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

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

Contributions

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by Board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2017, total contributions (dues, prior service, and interest on prior service financing) of \$89,400 were paid by the City. The State appropriated \$1,583,825 for the fiscal year ending August 31, 2017 to TESRS as a whole.

Actuarial Assumptions

The TPL in the August 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|----------------------------|--|
| Actuarial Valuation Date | 8/31/2017 |
| Actuarial Cost Method | Entry age |
| Amortization Method | Level dollar, open |
| Amortization Period | 30 years |
| Asset Valuation Method | Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value |
| Actuarial Assumptions: | |
| Investment Rate of Return* | 7.75% |
| Projected Salary Increases | N/A |
| *Includes Inflation at | 3.00% |
| Cost of Living Adjustments | None |

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

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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

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

Discount Rate

The discount rate used to measure the TPL was 7.75 percent. No projection of cash flows was used to determine the discount rate because the August 31, 2016 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. Because of the 30-year amortization period with the conservative amortization method and with a lower value of assets, TESRS's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Discount Rate Sensitivity Analysis

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

| | <u>1% Decrease in Discount Rate (6.75%)</u> | <u>Discount Rate (7.75%)</u> | <u>1% Increase in Discount Rate (8.75%)</u> |
|---|---|------------------------------|---|
| City's proportionate share of the net pension liability | <u>\$ 244,724</u> | <u>\$ 131,049</u> | <u>\$ 59,337</u> |

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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

At September 30, 2018, the City reported a liability of \$145,349 for its proportionate share of TESRS's NPL. The amount recognized by the City as its proportionate share of the NPL, the related State support, and the total portion of the NPL that was associated with the City were as follows:

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

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

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

At August 31, 2016, the employer's proportion of the collective NPL was 1.848 percent, which was an increase of 0.304 percent from its proportion measured as of August 31, 2014.

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

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

For the year ended September 30, 2018, the City recognized pension expense of \$7,796. The City recognized on-behalf revenues of \$7,903 calculated by taking the State's total contributions to TESRS multiplied by the City's proportionate share.

At September 30, 2018, the City reported its proportionate share of the TESRS's deferred outflows of resources related to pensions from the following sources:

| | | <u>Deferred Outflows of Resources</u> |
|---|-----------|---|
| Net difference between projected and actual investment earnings | \$ | 12,221 |
| Changes in assumptions | | 1,914 |
| Difference between expected and actual experience | | 139 |
| Contributions paid to TESRS subsequent to the measurement date | | 29,896 |
| Total | \$ | 44,170 |

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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

| <u>Fiscal Year Ended</u> <u>September 30</u> | <u>Pension</u> <u>Expense</u> |
|---|----------------------------------|
| 2019 | \$ 6,167 |
| 2020 | 11,312 |
| 2021 | (543) |
| 2022 | (2,662) |
| Total | \$ 14,274 |

D. Other Postemployment Benefits

TMRS Supplemental Death Benefits Fund

Plan Description

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

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

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

Benefits

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

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

Participation in the SDBF as of December 31, 2017 is summarized below:

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefits | 24 |
| Inactive employees entitled to, but not yet receiving, benefits | 4 |
| Active employees | 103 |
| Total | 131 |

Total OPEB Liability

The City's total OPEB liability of \$187,623 was measured as of December 31, 2017 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|--|---|
| Inflation | 2.50% |
| Salary increases | 3.50% to 10.50% including inflation |
| Discount rate | 3.31%* |
| Retirees' share of benefit-related costs | Zero |
| Administrative expenses | All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB Statement No. 68. |
| Mortality rates-service retirees | RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB. |
| Mortality rates-disabled retirees | RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rate are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor. |

* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

Changes in the Total OPEB Liability

| | | <u>Total OPEB Liability</u> |
|------------------------|-----------|---------------------------------|
| Changes for the year: | | |
| Service cost | \$ | 8,677 |
| Interest | | 6,106 |
| Changes of assumptions | | 16,213 |
| Benefit payments* | | <u>(1,157)</u> |
| Net Changes | | 29,839 |
| Beginning balance | | <u>157,784</u> |
| Ending Balance | \$ | <u>187,623</u> |

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

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

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

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

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

| | <u>1% Decrease in Discount Rate (2.31%)</u> | <u>Discount Rate (3.31%)</u> | <u>1% Increase in Discount Rate (4.31%)</u> |
|-----------------------------|---|----------------------------------|---|
| City's total OPEB liability | <u>\$ 229,900</u> | <u>\$ 187,623</u> | <u>\$ 155,397</u> |

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

For the year ended September 30, 2018, the City recognized OPEB expense of \$17,225.

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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

| | Deferred Outflows of Resources |
|--|---|
| Changes in actuarial assumptions | \$ 13,771 |
| Contributions subsequent to the measurement date | 821 |
| Total | \$ 14,592 |

\$821 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending September 30, 2019.

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

| Year Ended September 30 | OPEB Expense Amount |
|------------------------------------|--------------------------------|
| 2019 | \$ 2,442 |
| 2020 | 2,442 |
| 2021 | 2,442 |
| 2022 | 2,442 |
| 2023 | 2,442 |
| Thereafter | 1,561 |
| Total | \$ 13,771 |

E. Deferred Compensation Plan

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

F. Dickinson Education Finance Corporation Conduit Debt

The Dickinson Education Finance Corporation (DEFC) issues bonds to finance or refinance educational facilities. The borrower receives a more favorable interest rate and the DEFC receives a fee for issuing these bonds. These bonds are limited obligations of the DEFC since they are payable solely from revenues received from the borrower pursuant to a loan agreement by and between the DEFC and the borrower. The debt is further secured by a deed of trust on certain real property of the borrower securing payment under such loan agreements. Therefore, the DEFC has no responsibility for the payment of this debt. The loan agreements and bonds payable have not been recorded in the

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

financial statements of the City. As of September 30, 2018, the total amount of outstanding conduit debt is \$23,233,109.

G. Chapter 380 Economic Development Agreements

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

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

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

During the current fiscal year, the City made payments of \$4,164,828 related to the Agreements noted above.

H. Hurricane Harvey

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

CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DICKINSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (BUDGET BASIS) (Page 1 of 2)
For the Year Ended September 30, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------|------------------------------|-------------------|---|
| | <u>Original Budget</u> | <u>Budget as Amended</u> | | |
| <u>Revenues</u> | | | | |
| Property taxes | \$ 3,402,100 | \$ 3,402,100 | \$ 3,454,604 | \$ 52,504 |
| Sales taxes | 6,689,800 | 6,689,800 | 7,056,687 | 366,887 |
| Franchise fees | 1,055,390 | 1,055,390 | 848,714 | (206,676) |
| Other taxes | 50,000 | 50,000 | 60,304 | 10,304 |
| Licenses and permits | 275,600 | 275,600 | 647,460 | 371,860 |
| Fines and forfeitures | 724,000 | 724,000 | 813,036 | 89,036 |
| Charges for services | 577,250 | 577,250 | 545,817 | (31,433) |
| Intergovernmental | 604,034 | 604,034 | 543,223 | (60,811) |
| Investment income | 14,000 | 14,000 | 47,080 | 33,080 |
| Other revenues | 181,100 | 181,100 | 351,626 | 170,526 |
| Total Revenues | <u>13,573,274</u> | <u>13,573,274</u> | <u>14,368,551</u> | <u>795,277</u> |
| <u>Expenditures</u> | | | | |
| General government: | | | | |
| General government | 1,081,135 | 1,081,135 | 1,207,252 | (126,117) * |
| Finance | 263,523 | 263,523 | 286,101 | (22,578) * |
| Information technology | 374,489 | 374,489 | 339,505 | 34,984 |
| Public safety: | | | | |
| Municipal court | 338,275 | 338,275 | 325,441 | 12,834 |
| Law enforcement | 4,111,508 | 4,111,508 | 3,974,094 | 137,414 |
| Fire marshal | 219,732 | 219,732 | 160,969 | 58,763 |
| Emergency management | 120,510 | 120,510 | 164,825 | (44,315) * |
| Emergency medical services | 1,056,032 | 1,056,032 | 1,031,046 | 24,986 |
| Public works | 702,044 | 702,044 | 598,836 | 103,208 |
| Culture and recreation: | | | | |
| Library | 395,978 | 395,978 | 326,828 | 69,150 |
| Tourism and museum | - | - | 146 | (146) * |
| Red, White, and Bayou Festival | 15,576 | 15,576 | 23 | 15,553 |
| Community development | 531,984 | 531,984 | 491,601 | 40,383 |
| Economic development | 4,039,187 | 4,039,187 | 4,444,184 | (404,997) * |
| Total Expenditures | <u>13,249,973</u> | <u>13,249,973</u> | <u>13,356,030</u> | <u>(106,057)</u> |
| Excess of Revenues Over Expenditures | <u>323,301</u> | <u>323,301</u> | <u>1,012,521</u> | <u>689,220</u> |

CITY OF DICKINSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (BUDGET BASIS) (Page 2 of 2)
For the Year Ended September 30, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------|------------------------------|---------------------|---|
| | <u>Original Budget</u> | <u>Budget as Amended</u> | | |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Transfers in | \$ 15,000 | \$ 15,000 | \$ 15,000 | \$ - |
| Transfers out | (154,207) | (154,207) | (16,151) | 138,056 |
| Total Other Financing (Uses) | <u>(139,207)</u> | <u>(139,207)</u> | <u>(836)</u> | <u>138,371</u> |
| Net Change in Fund Balance | <u>\$ 184,094</u> | <u>\$ 184,094</u> | 1,011,685 | <u>\$ 827,591</u> |
| Beginning fund balance | | | <u>4,185,481</u> | |
| Ending Fund Balance | | | <u>\$ 5,197,166</u> | |

Notes to Required Supplementary Information:

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

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CITY OF DICKINSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
STREET MAINTENANCE FUND
For the Year Ended September 30, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|-----------------------------------|----------------------------|------------------------------|---------------------|---|
| | <u>Original Budget</u> | <u>Budget as Amended</u> | | |
| <u>Revenues</u> | | | | |
| Sales taxes | \$ 1,672,450 | \$ 1,672,450 | \$ 1,764,172 | \$ 91,722 |
| Investment earnings | 3,000 | 3,000 | 7,619 | 4,619 |
| Total Revenues | <u>1,675,450</u> | <u>1,675,450</u> | <u>1,771,791</u> | <u>96,341</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Public works | 1,664,393 | 1,664,393 | 911,786 | 752,607 |
| Total Expenditures | <u>1,664,393</u> | <u>1,664,393</u> | <u>911,786</u> | <u>752,607</u> |
| Net Change in Fund Balance | <u>\$ 11,057</u> | <u>\$ 11,057</u> | 860,005 | <u>\$ 848,948</u> |
| Beginning fund balance | | | <u>1,890,747</u> | |
| | | Ending Fund Balance | <u>\$ 2,750,752</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 CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2018

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

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

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CITY OF DICKINSON, TEXAS
SCHEDULE OF THE CITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM
For the Year Ended September 30, 2018

| | Measurement Year* | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 2014 | 2015 | 2016 | 2017 |
| City's proportion of the net pension liability | 0.440% | 0.415% | 0.499% | 0.546% |
| City's proportionate share of the net pension liability | \$ 79,911 | \$ 110,646 | \$ 145,349 | \$ 131,049 |
| State's proportionate share of the net pension liability | 26,862 | 38,353 | 50,249 | 42,914 |
| Total | <u>\$ 106,773</u> | <u>\$ 148,999</u> | <u>\$ 195,598</u> | <u>\$ 173,963</u> |
| Number of Active Members** | 38 | 37 | 39 | 27 |
| City's net pension liability per active member | \$ 2,103 | \$ 2,990 | \$ 4,066 | \$ 4,854 |
| Plan fiduciary net position as a percentage of the total pension liability | 83.5% | 76.9% | 76.3% | 81.4% |

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

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

Notes to Required Supplementary Information:

Defined Benefit Pension Plan

Changes in benefit terms

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

Changes in assumptions

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

CITY OF DICKINSON, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2018

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

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

Notes to Required Supplementary Information:

1. Valuation Date:

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

2. Methods and Assumptions Used to Determine Contribution Rates:

| | |
|-------------------------------|---|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 26 years |
| Asset valuation method | 10 year smoothed market; 15% soft corridor |
| Inflation | 2.5% |
| Salary increases | 3.50% to 10.5% including inflation |
| Investment rate of return | 6.75% |
| Retirement age | Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2017 valuation pursuant to an experience study of the period 2010-2014. |
| Mortality | RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB. |

3. Other Information:

There were no benefit changes during the year.

| | |
|-------------|-------------|
| <hr/> | |
| | 2018 |
| \$ | 507,712 |
| <hr/> | |
| | 507,712 |
| \$ | - |
| <hr/> <hr/> | |
| \$ | 5,410,313 |

9.38%

CITY OF DICKINSON, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM
For the Year Ended September 30, 2018

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

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

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

| | |
|-------|-------------|
| <hr/> | |
| | 2018 |
| \$ | 29,896 |
| <hr/> | |
| | 29,896 |
| <hr/> | |
| \$ | - |
| <hr/> | |
| | 27 |
| \$ | 1,107 |

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CITY OF DICKINSON, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SUPPLEMENTAL DEATH BENEFIT FUND
For the Year Ended September 30, 2018

| | Measurement Year* |
|--|------------------------------|
| | 2017 |
| Total OPEB Liability | |
| Service cost | \$ 8,677 |
| Interest (on the total pension liability) | 6,106 |
| Changes of assumptions | 16,213 |
| Benefit payments | (1,157) |
| Net Change in Total OPEB Liability | 29,839 |
| Beginning total OPEB liability | 157,784 |
| Ending Total OPEB Liability | \$ 187,623 |
| Covered Payroll | \$ 5,784,775 |
| Total OPEB Liability as a Percentage of Covered Payroll | 3.24% |

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

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

Notes to Required Supplementary Information:

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry age normal |
| Inflation | 2.50% |
| Salary increases | 3.50% to 10.50% including inflation |
| Discount rate | 3.31% |
| Administrative expenses | All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB Statement No. 68. |
| Mortality - service retirees | RP2000 Combined Mortality Table with Blue Collar Adjustments with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB. |
| Mortality - disabled retirees | RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor. |

Other Information:

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

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.

There were no benefit changes during the year.

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

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***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, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------|------------------------------|------------------|---|
| | <u>Original Budget</u> | <u>Budget as Amended</u> | | |
| <u>Revenues</u> | | | | |
| Property taxes | \$ 713,533 | \$ 713,533 | \$ 809,867 | \$ 96,334 |
| Intergovernmental | 155,945 | 155,945 | 153,769 | (2,176) |
| Investment earnings | 500 | 500 | 492 | (8) |
| Total Revenues | <u>869,978</u> | <u>869,978</u> | <u>964,128</u> | <u>94,150</u> |
| <u>Expenditures</u> | | | | |
| Debt service: | | | | |
| Principal | 679,305 | 679,305 | 610,000 | 69,305 |
| Interest and fiscal charges | 191,123 | 191,123 | 260,428 | (69,305) |
| Total Expenditures | <u>870,428</u> | <u>870,428</u> | <u>870,428</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(450)</u> | <u>(450)</u> | <u>93,700</u> | <u>94,150</u> |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Transfers in | 450 | 450 | - | (450) |
| Total Other Financing Sources | <u>450</u> | <u>450</u> | <u>-</u> | <u>(450)</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>93,700</u> | <u>\$ 93,700</u> |
| Beginning fund balance | | | <u>26</u> | |
| Ending Fund Balance | | | <u>\$ 93,726</u> | |

Notes to Supplementary Information:

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

CITY OF DICKINSON, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)
September 30, 2018

| | Special Revenue Funds | | | |
|---|---|----------------|---------------------------------------|--|
| | Special Revenue and Grants | VOCA | CDBG Disaster Recovery | Bayou Lakes Public Improvement District No. 1 |
| <u>Assets</u> | | | | |
| Cash | \$ 84,056 | \$ (12,364) | \$ (306,245) | \$ 195,866 |
| Receivables, net | - | 13,240 | 362,963 | 3,900 |
| Due from other funds | - | - | 653,273 | 142,894 |
| Due from component unit | - | - | - | - |
| Total Assets | \$ 84,056 | \$ 876 | \$ 709,991 | \$ 342,660 |
| <u>Liabilities</u> | | | | |
| Accounts payable and accrued liabilities | \$ - | \$ 2,312 | \$ 705,019 | \$ 338,098 |
| Due to other funds | - | 5 | 4,972 | - |
| Unearned revenues | - | - | 349,881 | - |
| Total Liabilities | - | 2,317 | 1,059,872 | 338,098 |
| <u>Fund Balances</u> | | | | |
| Restricted for: | | | | |
| Capital projects | - | - | - | - |
| Enabling legislation | 84,056 | (1,441) | (349,881) | 4,562 |
| Special projects | - | - | - | - |
| Unassigned | - | - | - | - |
| Total Fund Balances | 84,056 | (1,441) | (349,881) | 4,562 |
| Total Liabilities and Fund Balances | \$ 84,056 | \$ 876 | \$ 709,991 | \$ 342,660 |

Special Revenue Funds

| Bayou Lakes Public Improvement District No. 2 | Federal Seized Funds | Library Impact Grant | Child Safety | Court Efficiency | Court Security |
|--|-------------------------------------|-------------------------------------|-------------------------|-----------------------------|---------------------------|
| \$ (11,700) | \$ 259,678 | \$ (2,159) | \$ 5,556 | \$ 21,453 | \$ 62,089 |
| - | 33,194 | 6,429 | - | - | - |
| - | 89 | - | - | - | - |
| - | - | - | - | - | - |
| <u>\$ (11,700)</u> | <u>\$ 292,961</u> | <u>\$ 4,270</u> | <u>\$ 5,556</u> | <u>\$ 21,453</u> | <u>\$ 62,089</u> |
| | | | | | |
| \$ - | \$ 3,499 | \$ - | \$ 2,076 | \$ - | \$ 280 |
| - | 7,000 | - | - | - | - |
| - | - | - | - | - | - |
| - | 10,499 | - | 2,076 | - | 280 |
| | | | | | |
| - | - | - | - | - | - |
| - | 282,462 | 4,270 | 3,480 | 21,453 | 61,809 |
| - | - | - | - | - | - |
| (11,700) | - | - | - | - | - |
| <u>(11,700)</u> | <u>282,462</u> | <u>4,270</u> | <u>3,480</u> | <u>21,453</u> | <u>61,809</u> |
| <u>\$ (11,700)</u> | <u>\$ 292,961</u> | <u>\$ 4,270</u> | <u>\$ 5,556</u> | <u>\$ 21,453</u> | <u>\$ 62,089</u> |

CITY OF DICKINSON, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)
September 30, 2018

| | Special Revenue Funds | | | |
|---|------------------------------|-----------------------------------|--------------------|--|
| | Court Technology | State Seized Funds | Hotel/Motel | Bayou Animal Services Corporation |
| <u>Assets</u> | | | | |
| Cash | \$ 18,312 | \$ 17,184 | \$ 304,902 | \$ 1,075,164 |
| Receivables, net | - | - | 6,599 | 1,112 |
| Due from other funds | - | - | - | - |
| Due from component unit | - | - | - | - |
| Total Assets | \$ 18,312 | \$ 17,184 | \$ 311,501 | \$ 1,076,276 |
| <u>Liabilities</u> | | | | |
| Accounts payable and accrued liabilities | \$ 287 | \$ 17,059 | \$ - | \$ 6,983 |
| Due to other funds | - | - | - | - |
| Unearned revenues | - | - | - | - |
| Total Liabilities | 287 | 17,059 | - | 6,983 |
| <u>Fund Balances</u> | | | | |
| Restricted for: | | | | |
| Capital projects | - | - | - | - |
| Enabling legislation | 18,025 | - | 311,501 | 1,069,293 |
| Special projects | - | - | - | - |
| Unassigned | - | 125 | - | - |
| Total Fund Balances | 18,025 | 125 | 311,501 | 1,069,293 |
| Total Liabilities and Fund Balances | \$ 18,312 | \$ 17,184 | \$ 311,501 | \$ 1,076,276 |

| Special Revenue Funds | Capital Projects Fund | Total Nonmajor Governmental Funds |
|--------------------------------------|----------------------------------|--|
| Hurricane Relief | Vehicle Acquisition | |
| \$ 38,518 | \$ 36,558 | \$ 1,786,868 |
| - | - | 427,437 |
| - | - | 796,256 |
| - | 537,338 | 537,338 |
| <u>\$ 38,518</u> | <u>\$ 573,896</u> | <u>\$ 3,547,899</u> |
| | | |
| \$ - | \$ 29,213 | \$ 1,104,826 |
| - | - | 11,977 |
| - | - | 349,881 |
| <u>-</u> | <u>29,213</u> | <u>1,466,684</u> |
| | | |
| - | 544,683 | 544,683 |
| - | - | 1,509,589 |
| 38,518 | - | 38,518 |
| - | - | (11,575) |
| <u>38,518</u> | <u>544,683</u> | <u>2,081,215</u> |
| <u>\$ 38,518</u> | <u>\$ 573,896</u> | <u>\$ 3,547,899</u> |

CITY OF DICKINSON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)
For the Year Ended September 30, 2018

| | <u>Special Revenue Funds</u> | | | |
|--|---|-------------------|---------------------------------------|--|
| | <u>Special Revenue and Grants</u> | <u>VOCA</u> | <u>CDBG Disaster Recovery</u> | <u>Bayou Lakes Public Improvement District No. 1</u> |
| <u>Revenues</u> | | | | |
| Special assessments | \$ - | \$ - | \$ - | \$ 341,208 |
| Other taxes | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Charges for services | - | - | - | - |
| Intergovernmental | - | 49,048 | 653,273 | - |
| Investment earnings | - | - | - | - |
| Other revenues | - | - | - | - |
| Total Revenues | <u>-</u> | <u>49,048</u> | <u>653,273</u> | <u>341,208</u> |
| <u>Expenditures</u> | | | | |
| General government | - | - | - | 350,893 |
| Public safety | 9,336 | 66,640 | - | - |
| Public works | - | - | 1,003,154 | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total Expenditures | <u>9,336</u> | <u>66,640</u> | <u>1,003,154</u> | <u>350,893</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(9,336)</u> | <u>(17,592)</u> | <u>(349,881)</u> | <u>(9,685)</u> |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Transfers in | - | 16,151 | - | - |
| Transfers out | - | - | - | (15,000) |
| Sale of capital assets | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>16,151</u> | <u>-</u> | <u>(15,000)</u> |
| Net Change in Fund Balances | <u>(9,336)</u> | <u>(1,441)</u> | <u>(349,881)</u> | <u>(24,685)</u> |
| Beginning fund balances | 93,392 | - | - | 29,247 |
| Ending Fund Balances | <u>\$ 84,056</u> | <u>\$ (1,441)</u> | <u>\$ (349,881)</u> | <u>\$ 4,562</u> |

Special Revenue Funds

| Bayou Lakes Public Improvement District No. 2 | Federal Seized Funds | Library Impact Grant | Child Safety | Court Efficiency | Court Security |
|--|-------------------------------------|-------------------------------------|-------------------------|-----------------------------|---------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | - | 579 | 2,284 | 11,697 |
| - | - | - | - | - | - |
| - | 118,962 | 7,958 | - | - | - |
| - | 618 | - | - | - | - |
| - | 33,120 | - | - | - | - |
| - | <u>152,700</u> | <u>7,958</u> | <u>579</u> | <u>2,284</u> | <u>11,697</u> |
| 3,900 | - | 3,842 | - | - | - |
| - | 38,128 | - | 2,076 | 1,483 | 8,957 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>3,900</u> | <u>38,128</u> | <u>3,842</u> | <u>2,076</u> | <u>1,483</u> | <u>8,957</u> |
| <u>(3,900)</u> | <u>114,572</u> | <u>4,116</u> | <u>(1,497)</u> | <u>801</u> | <u>2,740</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>(3,900)</u> | <u>114,572</u> | <u>4,116</u> | <u>(1,497)</u> | <u>801</u> | <u>2,740</u> |
| <u>(7,800)</u> | <u>167,890</u> | <u>154</u> | <u>4,977</u> | <u>20,652</u> | <u>59,069</u> |
| <u>\$ (11,700)</u> | <u>\$ 282,462</u> | <u>\$ 4,270</u> | <u>\$ 3,480</u> | <u>\$ 21,453</u> | <u>\$ 61,809</u> |

CITY OF DICKINSON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)
For the Year Ended September 30, 2018

| | Special Revenue Funds | | | |
|--|-----------------------|--------------------------|-------------------|--|
| | Court Technology | State Seized Funds | Hotel/Motel | Bayou Animal Services Corporation |
| Revenues | | | | |
| Special assessments | \$ - | \$ - | \$ - | \$ - |
| Other taxes | - | - | 30,286 | - |
| Fines and forfeitures | 15,573 | - | - | - |
| Charges for services | - | - | - | 8,360 |
| Intergovernmental | - | 1,138 | - | 769,568 |
| Investment earnings | - | - | - | 15 |
| Other revenues | - | - | - | 26,717 |
| Total Revenues | <u>15,573</u> | <u>1,138</u> | <u>30,286</u> | <u>804,660</u> |
| Expenditures | | | | |
| General government | - | - | - | - |
| Public safety | 11,125 | - | - | 282,542 |
| Public works | - | - | - | 34,750 |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total Expenditures | <u>11,125</u> | <u>-</u> | <u>-</u> | <u>317,292</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>4,448</u> | <u>1,138</u> | <u>30,286</u> | <u>487,368</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Sale of capital assets | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balances | <u>4,448</u> | <u>1,138</u> | <u>30,286</u> | <u>487,368</u> |
| Beginning fund balances | 13,577 | (1,013) | 281,215 | 581,925 |
| Ending Fund Balances | <u>\$ 18,025</u> | <u>\$ 125</u> | <u>\$ 311,501</u> | <u>\$ 1,069,293</u> |

| <u>Special Revenue Funds</u> | <u>Capital Projects Fund</u> | <u>Total Nonmajor Governmental Funds</u> |
|--------------------------------------|----------------------------------|--|
| <u>Hurricane Relief</u> | <u>Vehicle Acquisition</u> | |
| \$ - | \$ - | \$ 341,208 |
| - | - | 30,286 |
| - | - | 30,133 |
| - | - | 8,360 |
| - | 190,338 | 1,790,285 |
| - | - | 633 |
| 33,093 | - | 92,930 |
| <u>33,093</u> | <u>190,338</u> | <u>2,293,835</u> |
| 1,036,000 | - | 1,394,635 |
| - | - | 420,287 |
| - | - | 1,037,904 |
| - | 258,841 | 258,841 |
| - | 40,913 | 40,913 |
| - | 4,422 | 4,422 |
| <u>1,036,000</u> | <u>304,176</u> | <u>3,157,002</u> |
| <u>(1,002,907)</u> | <u>(113,838)</u> | <u>(863,167)</u> |
| - | - | 16,151 |
| - | - | (15,000) |
| - | 65,760 | 65,760 |
| <u>-</u> | <u>65,760</u> | <u>66,911</u> |
| <u>(1,002,907)</u> | <u>(48,078)</u> | <u>(796,256)</u> |
| 1,041,425 | 592,761 | 2,877,471 |
| <u>\$ 38,518</u> | <u>\$ 544,683</u> | <u>\$ 2,081,215</u> |

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CITY OF DICKINSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Page 1 of 5)
For the Year Ended September 30, 2018

| | | <u>VOCA Fund</u> | | | |
|---------------------------------------|--|---|--------------------------|-------------------|---|
| | | <u>Budgeted Amounts</u> | | | <u>Variance with Final Budget Positive (Negative)</u> |
| | | <u>Original Budget</u> | <u>Budget as Amended</u> | <u>Actual</u> | |
| Revenues | | | | | |
| Intergovernmental | | \$ 49,976 | \$ 49,976 | \$ 49,048 | \$ (928) |
| | Total Revenues | <u>49,976</u> | <u>49,976</u> | <u>49,048</u> | <u>(928)</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| Public safety | | 75,184 | 75,184 | 66,640 | 8,544 |
| | Total Expenditures | <u>75,184</u> | <u>75,184</u> | <u>66,640</u> | <u>8,544</u> |
| | (Deficiency) of Revenues (Under) Expenditures | <u>(25,208)</u> | <u>(25,208)</u> | <u>(17,592)</u> | <u>7,616</u> |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | | 25,207 | 25,207 | 16,151 | (9,056) |
| | Total Other Financing Sources | <u>25,207</u> | <u>25,207</u> | <u>16,151</u> | <u>(9,056)</u> |
| | Net Change in Fund Balance | <u>\$ (1)</u> | <u>\$ (1)</u> | <u>(1,441)</u> | <u>\$ (1,440)</u> |
| Beginning fund balance | | | | - | |
| | Ending Fund Balance | | | <u>\$ (1,441)</u> | |
| | | Bayou Lakes Public Improvement District No. 1 Fund | | | |
| | | <u>Budgeted Amounts</u> | | | <u>Variance with Final Budget Positive (Negative)</u> |
| | | <u>Original Budget</u> | <u>Budget as Amended</u> | <u>Actual</u> | |
| Revenues | | | | | |
| Special assessments | | \$ 269,300 | \$ 269,300 | \$ 341,208 | \$ 71,908 |
| Investment earnings | | 300 | 300 | - | (300) |
| | Total Revenues | <u>269,600</u> | <u>269,600</u> | <u>341,208</u> | <u>71,608</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | | 247,800 | 247,800 | 350,893 | (103,093) * |
| | Total Expenditures (Deficiency) | <u>247,800</u> | <u>247,800</u> | <u>350,893</u> | <u>(103,093)</u> |
| | Excess of Revenues Over (Under) Expenditures | <u>21,800</u> | <u>21,800</u> | <u>(9,685)</u> | <u>(31,485)</u> |
| Other Financing Sources (Uses) | | | | | |
| Transfers out | | (15,000) | (15,000) | (15,000) | - |
| | Total Other Financing (Uses) | <u>(15,000)</u> | <u>(15,000)</u> | <u>(15,000)</u> | <u>-</u> |
| | Net Change in Fund Balance | <u>\$ 6,800</u> | <u>\$ 6,800</u> | <u>(24,685)</u> | <u>\$ (31,485)</u> |
| Beginning fund balance | | | | 29,247 | |
| | Ending Fund Balance | | | <u>\$ 4,562</u> | |

*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 5)
For the Year Ended September 30, 2018

Bayou Lakes Public Improvement District No. 2 Fund

| | | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---------------------|----------------------------|----------------------------|------------------------------|---------------|---|
| | | <u>Original Budget</u> | <u>Budget as Amended</u> | | |
| Revenues | | | | | |
| | Total Revenues | \$ - | \$ - | \$ - | \$ - |
| Expenditures | | | | | |
| Current: | | | | | |
| | General government | 3,900 | 3,900 | 3,900 | - |
| | Total Expenditures | 3,900 | 3,900 | 3,900 | - |
| | Net Change in Fund Balance | \$ (3,900) | \$ (3,900) | (3,900) | \$ - |
| | Beginning fund balance | | | (7,800) | |
| | Ending Fund Balance | | | \$ (11,700) | |

Federal Seized Funds Fund

| | | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---------------------|----------------------------|----------------------------|------------------------------|---------------|---|
| | | <u>Original Budget</u> | <u>Budget as Amended</u> | | |
| Revenues | | | | | |
| | Intergovernmental | \$ - | \$ - | \$ 118,962 | \$ 118,962 |
| | Investment earnings | - | - | 618 | 618 |
| | Other revenues | - | - | 33,120 | 33,120 |
| | Total Revenues | - | - | 152,700 | 152,700 |
| Expenditures | | | | | |
| Current: | | | | | |
| | Public safety | 44,100 | 44,100 | 38,128 | 5,972 |
| | Total Expenditures | 44,100 | 44,100 | 38,128 | 5,972 |
| | Net Change in Fund Balance | \$ (44,100) | \$ (44,100) | 114,572 | \$ 158,672 |
| | Beginning fund balance | | | 167,890 | |
| | Ending Fund Balance | | | \$ 282,462 | |

CITY OF DICKINSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Page 3 of 5)
For the Year Ended September 30, 2018

Library Impact Grant Fund

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------------|--------------------|----------------------|-----------------|--|
| | Original Budget | Budget as Amended | | |
| Revenues | | | | |
| Intergovernmental | \$ - | \$ - | \$ 7,958 | \$ 7,958 |
| Total Revenues | <u>-</u> | <u>-</u> | <u>7,958</u> | <u>7,958</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | - | - | 3,842 | (3,842) * |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>3,842</u> | <u>(3,842)</u> |
| Total Other Financing Sources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>4,116</u> | <u>\$ 4,116</u> |
| Beginning fund balance | | | 154 | |
| Ending Fund Balance | | | <u>\$ 4,270</u> | |

*Expenditures exceeded appropriations at the legal level of control.

Child Safety Fund

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|--------------------|----------------------|-----------------|--|
| | Original Budget | Budget as Amended | | |
| Revenues | | | | |
| Fines and forfeitures | \$ 2,200 | \$ 2,200 | \$ 579 | \$ (1,621) |
| Total Revenues | <u>2,200</u> | <u>2,200</u> | <u>579</u> | <u>(1,621)</u> |
| Expenditures | | | | |
| Current: | | | | |
| Public safety | 3,000 | 3,000 | 2,076 | 924 |
| Total Expenditures | <u>3,000</u> | <u>3,000</u> | <u>2,076</u> | <u>924</u> |
| Net Change in Fund Balance | <u>\$ (800)</u> | <u>\$ (800)</u> | <u>(1,497)</u> | <u>\$ (697)</u> |
| Beginning fund balance | | | 4,977 | |
| Ending Fund Balance | | | <u>\$ 3,480</u> | |

CITY OF DICKINSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Page 4 of 5)
For the Year Ended September 30, 2018

| | | Court Efficiency Fund | | | |
|-----------------------------------|----------------------------|-----------------------|----------------------|-----------|--|
| | | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
| | | Original Budget | Budget as Amended | | |
| Revenues | | | | | |
| Fines and forfeitures | | \$ 2,500 | \$ 2,500 | \$ 2,284 | \$ (216) |
| Total Revenues | | 2,500 | 2,500 | 2,284 | (216) |
| Expenditures | | | | | |
| Current: | | | | | |
| Public safety | | 5,096 | 5,096 | 1,483 | 3,613 |
| Total Expenditures | | 5,096 | 5,096 | 1,483 | 3,613 |
| Net Change in Fund Balance | | \$ (2,596) | \$ (2,596) | 801 | \$ 3,397 |
| Beginning fund balance | | | | 20,652 | |
| | Ending Fund Balance | | | \$ 21,453 | |

| | | Court Security Fund | | | |
|-----------------------------------|----------------------------|---------------------|----------------------|-----------|--|
| | | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
| | | Original Budget | Budget as Amended | | |
| Revenues | | | | | |
| Fines and forfeitures | | \$ 10,000 | \$ 10,000 | \$ 11,697 | \$ 1,697 |
| Total Revenues | | 10,000 | 10,000 | 11,697 | 1,697 |
| Expenditures | | | | | |
| Current: | | | | | |
| Public safety | | 15,885 | 15,885 | 8,957 | 6,928 |
| Total Expenditures | | 15,885 | 15,885 | 8,957 | 6,928 |
| Net Change in Fund Balance | | \$ (5,885) | \$ (5,885) | 2,740 | \$ 8,625 |
| Beginning fund balance | | | | 59,069 | |
| | Ending Fund Balance | | | \$ 61,809 | |

CITY OF DICKINSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Page 5 of 5)
For the Year Ended September 30, 2018

| Court Technology Fund | | | | |
|-----------------------------------|--------------------|----------------------------|-----------|--|
| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
| | Original Budget | Budget as Amended | | |
| Revenues | | | | |
| Fines and forfeitures | \$ 13,000 | \$ 13,000 | \$ 15,573 | \$ 2,573 |
| Total Revenues | 13,000 | 13,000 | 15,573 | 2,573 |
| Expenditures | | | | |
| Current: | | | | |
| Public safety | 16,000 | 16,000 | 11,125 | 4,875 |
| Total Expenditures | 16,000 | 16,000 | 11,125 | 4,875 |
| Net Change in Fund Balance | \$ (3,000) | \$ (3,000) | 4,448 | \$ 7,448 |
| Beginning fund balance | | | 13,577 | |
| | | Ending Fund Balance | \$ 18,025 | |

| Hotel/Motel Fund | | | | |
|-----------------------------------|--------------------|----------------------------|------------|--|
| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
| | Original Budget | Budget as Amended | | |
| Revenues | | | | |
| Other taxes | \$ (33,000) | \$ (33,000) | \$ 30,286 | \$ 63,286 |
| Total Revenues | (33,000) | (33,000) | 30,286 | 63,286 |
| Expenditures | | | | |
| Current: | | | | |
| Total Expenditures | - | - | - | - |
| Net Change in Fund Balance | \$ (33,000) | \$ (33,000) | 30,286 | \$ 63,286 |
| Beginning fund balance | | | 281,215 | |
| | | Ending Fund Balance | \$ 311,501 | |

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CITY OF DICKINSON, TEXAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2018

| | <u>Internal Service Funds</u> | | <u>Total Internal Service Funds</u> |
|-----------------------------|-------------------------------|---------------------------------|---|
| | <u>Employee Benefit</u> | <u>Building Maintenance</u> | |
| <u>Assets</u> | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ - | \$ 645,613 | \$ 645,613 |
| Total Current Assets | <u>-</u> | <u>645,613</u> | <u>645,613</u> |
| <u>Liabilities</u> | | | |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>Net Position</u> | | | |
| Unrestricted | - | 645,613 | 645,613 |
| Total Net Position | <u>\$ -</u> | <u>\$ 645,613</u> | <u>\$ 645,613</u> |

See Notes to Financial Statements.

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CITY OF DICKINSON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2018

| | Internal Service Funds | | |
|----------------------------------|-------------------------------|---------------------------------|---|
| | Employee Benefit | Building Maintenance | Total Internal Service Funds |
| <u>Operating Revenues</u> | | | |
| Charges for services | \$ 950,915 | \$ 3,008 | \$ 953,923 |
| Total Operating Revenues | 950,915 | 3,008 | 953,923 |
| <u>Operating Expenses</u> | | | |
| General and administrative | 950,915 | 21,022 | 971,937 |
| Total Operating Expenses | 950,915 | 21,022 | 971,937 |
| Change in Net Position | - | (18,014) | (18,014) |
| Beginning net position | - | 663,627 | 663,627 |
| Ending Net Position | \$ - | \$ 645,613 | \$ 645,613 |

See Notes to Financial Statements.

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CITY OF DICKINSON, TEXAS

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

For the Year Ended September 30, 2018

| | Internal Service Funds | | Total Funds |
|--|------------------------|-------------------------|----------------|
| | Employee Benefit | Building Maintenance | |
| Cash Flows from Operating Activities | | | |
| Receipts from customers and users | \$ 950,915 | \$ 3,008 | \$ 953,923 |
| Payments to suppliers | (950,915) | (24,309) | (975,224) |
| Net Cash (Used) by Operating Activities | - | (21,301) | (21,301) |
| Net Increase in Cash and Cash Equivalents | - | (21,301) | (21,301) |
| Beginning cash and cash equivalents | - | 666,914 | 666,914 |
| Ending Cash and Cash Equivalents | \$ - | \$ 645,613 | \$ 645,613 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | |
| Operating (loss) | \$ - | \$ (18,014) | \$ (18,014) |
| Changes in Operating Assets and Liabilities: | | | |
| Increase (Decrease) in: | | | |
| Accounts payable and accrued liabilities | - | (3,287) | (3,287) |
| Net Cash (Used) by Operating Activities | \$ - | \$ (21,301) | \$ (21,301) |

See Notes to Financial Statements.

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