

NOTICE OF MEETING

DICKINSON MANAGEMENT DISTRICT NO. 1

The Board of Directors of Dickinson Management District No. 1 will hold a regular meeting on Wednesday, April 4, 2018, at 6:00 p.m., in Conference Room 2 at the City of Dickinson (the "City") City Hall, 4403 State Highway 3, Dickinson, Texas 77539, to discuss and, if appropriate, act upon the following items:

1. Public Comments.
2. Approve Sworn Statements and Oaths of Office for Director Westerlage, reorganize and authorize execution of District Registration Form.
3. Approve Minutes Of August 24, 2017.
4. Presentation and Approval of Fiscal Year 2016-2017 Audited Comprehensive Annual Financial Report Prepared By Belt, Harris Pechacek, LLLP, Certified Public Accountants.
5. Accept disclosure statements from Executive Director and Investment Officers.
6. Presentation and Approval of Quarterly Investment Report & Financials for Period Ending December 31, 2017.



Stephanie Russell

Stephanie Russell
Bookkeeper

Persons with disabilities who plan to attend this meeting and would like to request auxiliary aids or services are requested to contact the District's Executive Director at (281) 337-6204 at least three business days prior to the meeting so that appropriate arrangements can be made.

**Dickinson Management District Number 1
Agenda Item Data Sheet**

MEETING DATE April 4, 2018

TOPIC:	Approve Sworn Statements and Oaths of Office for Director Westerlage.
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BACKGROUND:	With the reappointment of Director Westerlage in August 2017 by City Council, the Board needs to approve the Sworn Statements and Oaths of Office for this Director. Director Casey was approved during the last Board meeting.
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RECOMMENDATION:	Staff recommends approval of Sworn Statements and Oaths of Office for Director Westerlage.
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ATTACHMENTS:	<ul style="list-style-type: none"> Sworn Statements and Oaths of Office for Director Westerlage
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FUNDING ISSUES	<input checked="" type="checkbox"/> Not applicable <input type="checkbox"/> Not budgeted <input type="checkbox"/> Full Amount already budgeted.
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SUBMITTING STAFF MEMBER	EXECUTIVE DIRECTOR APPROVAL
Stephanie Russell, Assistant City Administrator/CFO	

ACTIONS TAKEN		
APPROVAL	READINGS PASSED	OTHER
<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input type="checkbox"/> 3 rd	

Submit to:
SECRETARY OF STATE
Government Filings Section
P O Box 12887
Austin, TX 78711-2887
512-463-6334
512-463-5569 - Fax
Filing Fee: None



STATEMENT OF OFFICER

Statement

I, Kimberly Westerlage, do solemnly swear (or affirm) that I have not directly or indirectly paid, offered, promised to pay, contributed, or promised to contribute any money or thing of value, or promised any public office or employment for the giving or withholding of a vote at the election at which I was elected or as a reward to secure my appointment or confirmation, whichever the case may be, so help me God.

Title of Position to Which Elected/Appointed: Director, Dickinson Management District No. 1

Execution

Under penalties of perjury, I declare that I have read the foregoing statement and that the facts stated therein are true.

Date: _____

Signature of Officer

This space reserved for office use

Submit to:
SECRETARY OF STATE
Government Filings Section
P O Box 12887
Austin, TX 78711-2887
512-463-6334



OATH OF OFFICE

Filing Fee: None

IN THE NAME AND BY THE AUTHORITY OF THE STATE OF TEXAS,
I, Kimberly Westerlage, do solemnly swear (or affirm), that I will faithfully execute the duties of the office of Director of Dickinson Management District No. 1 of the State of Texas, and will to the best of my ability preserve, protect, and defend the Constitution and laws of the United States and of this State, so help me God.

Signature of Officer

.....
State of Texas)
County of Galveston)

Sworn to and subscribed before me
this 24th day of August, 2017.

(seal)

Signature of Notary Public or Other Officer
Administering Oath
Stephanie Russell

Printed or Typed Name

**MINUTES
DICKINSON MANAGEMENT DISTRICT NO. 1**

August 24, 2017

The Board of Directors (the "Board") of Dickinson Management District No. 1 (the "District") met in regular session, open to the public, on the 24th day of August, 2017, at the City of Dickinson (the "City") City Hall, 4403 State Highway 3, Dickinson, Texas, inside the boundaries of the District, and the roll was called of the members of the Board:

Perry Fulcher, M.D.	President
C. Wayne Browne, D.C.	Vice President
Mary Dunbaugh	Assistant Vice President
Renee Casey	Secretary
Kim Westerlage	Assistant Secretary

and all of the above were present except Director Mary Dunbaugh and Director Kim Westerlage thus constituting a quorum.

Also present at the meeting were Ron Morales, Executive Director for the District, Stephanie Russell, Bookkeeper and Investment Officer for the District, Council Member Charles Suderman, Council Liaison for the District, and William King, Council Liaison for the District.

PUBLIC COMMENTS

There were no comments from the public.

SWORN STATEMENTS AND OATHS OF OFFICE, REORGANIZATION OF THE BOARD, AND EXECUTION OF DISTRICT REGISTRATION FORM

Ms. Russell advised the Board that, with the reappointment of Directors Casey and Westerlage by the City Council, each of the Directors were required to execute new Sworn Statements and Oaths of Office. Since Director Casey was the only Director who had executed the documents as of the date of the Board meeting, Ms. Russell advised that the Board should only approve the Sworn Statement and Oath of Office executed by Director Casey. The Sworn Statements and Oaths of Office that are executed by Director Westerlage will be presented for Board approval at the next Board meeting.

Additionally, Ms. Robinson reviewed with the Board the reorganization of the Board. Following discussion, Director Casey made a motion to appoint the following slate of officers:

Perry Fulcher, M.D.	President
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C. Wayne Browne, D.C.	Vice President
Mary Dunbaugh	Assistant Vice President
Renee Casey	Secretary
Kim Westerlage	Assistant Secretary

Following review and discussion, Director Browne made a motion to approve the Sworn Statement and Oath of Office for Director Renee Casey, proposed reorganization of the board and execution of the District's registration form. Director Casey seconded the motion, and it passed by unanimous vote.

MINUTES

The Board considered approving the minutes of the June 29, 2017 meeting. After review and discussion, Director Casey moved to approve the minutes as submitted. Director Browne seconded the motion, and it passed by unanimous vote.

QUARTERLY INVESTMENT AND FINANCIAL REPORTS FOR QUARTER ENDING June 30, 2017

Mrs. Russell reviewed the investment and financial reports for the Quarter ending June 30, 2017 with the Board. Following discussion, Director Casey moved to accept the reports as submitted. Director Browne seconded the motion, and it passed by unanimous vote.

RESOLUTION APPOINTING INVESTMENT OFFICERS

Ms. Russell advised the Board that Julie Robinson needed to be removed and recommended that the Board formally appoint Gabrielle Bernal as an Investment Officer for the District and adopt an updated Resolution designating both Ms. Russell and Ms. Bernal as Investment Officers for the District. Following review and discussion, Director Casey made a motion to adopt the Resolution Appointing Investment Officers and direct that the resolution be filed appropriately and retained in the District's official records. Director Browne seconded the motion, and it passed by unanimous vote.

ANNUAL REVIEW OF INVESTMENT POLICY AND APPROVE RESOLUTION REGARDING ANNUAL REVIEW OF INVESTMENT POLICY

Ms. Russell noted that the Public Funds Investment Act requires that the District annually review its investment policy. She stated that there were no proposed revisions to the Investment Policy previously adopted by the Board, and the recommendation is for the Board to reapprove such Investment Policy. Following the discussion, Director Browne moved to approve the Resolution Regarding Annual Review of Investment Policy and direct that the resolution be filed appropriately and retained in the District's official records. Director Casey seconded the motion, and it passed by unanimous vote.

RESOLUTION ESTABLISHING AUTHORIZED DEPOSITORY INSTITUTIONS AND ADOPTING LIST OF QUALIFIED BROKER/DEALERS

Ms. Russell advised the Board that the Public Funds Investment Act also requires that the District annually review, revise and adopt a list of qualified broker/dealers. She stated that there were no proposed revisions. Director Browne moved to approve the resolution. Director Casey seconded the motion, and it passed by unanimous vote.

FUNDING REQUEST FROM THE DICKINSON VOLUNTEER FIRE DEPARTMENT FOR FISCAL YEAR 2017-2018

Ms. Russell and the Board reviewed and discussed the Dickinson Volunteer Fire Department's requesting funding for Fiscal Year 2017-2018 in the amount of \$50,000. Ms. Russell noted that the District's legal counsel confirmed that the District can fund its proportionate share of DVFD services relative to the size of DMD versus the entire DVFD service area. Following discussion, Director Casey made a motion to approve the funding request. Director Browne seconded the motion, and it carried unanimously.

FUNDING REQUEST FROM THE CITY AND AGREEMENT WITH CITY TO FINANCE SERVICES AND IMPROVEMENTS FOR FISCAL YEAR 2017-2018

Ms. Russell and the Board reviewed and discussed a letter from the City of Dickinson requesting funding for Fiscal Year 2017-2018 in the amount of \$797,701.00. A copy of the letter is attached. The Board reviewed an Agreement for District Services for Fiscal Year 2017-2018 with the City of Dickinson. Following discussion, Director Browne made a motion to authorize execution of the Agreement for District Services with the City, and direct that, once fully executed, the Agreement be filed appropriately and retained in the District's official records. Director Casey seconded the motion, and it carried unanimously.

BUDGET FOR FISCAL YEAR 2017-2018

Ms. Russell reviewed with the Board the budget projections and a recommended budget for Fiscal Year 2017-2018. A copy of the recommended Fiscal Year 2017-2018 budget is attached. Following review and discussion, Director Casey made a motion to adopt the recommended budget for Fiscal Year 2017-2018. Director Browne seconded the motion, and it carried unanimously.

REVIEW AND APPROVE PROPOSAL FROM TML/HARCO INSURANCES SERVICES

The Board reviewed a proposal from TML/Harco Insurance Services for renewal of the District's directors and consultants bonds, general liability, directors' and officers' liability, and other possible new insurance for Fiscal Year 2017-2018. Ms. Russell reviewed

the insurance coverage currently held by the District and recommended approval of the same coverage for the Fiscal Year 2017-2018, noting the premium will be the same as the previous year and such amount has been included in the Fiscal Year 2017-2018 Budget just approved by the Board. Following review and discussion, Director Browne made a motion to approve the proposal from TML/Harco Insurance Services at the current coverage levels. Director Casey seconded the motion, and it carried unanimously.

There being no further business to come before them, Director Browne made the motion to adjourn and Director the Casey seconded the motion. The Board concurred to adjourn the meeting at 6:28 p.m.

Secretary, Board of Directors

(SEAL)

**DICKINSON MANAGEMENT DISTRICT #1
FY2017-2018 ORIGINAL BUDGET**

	FY2016-17 Actual	FY2016-17 Projected	FY2015-16 Original Budget	FY2017-18 Original Budget	Increase/ (Decrease)
REVENUE					
Sales Tax Revenue	3,067,481	3,311,737	2,929,000	3,341,306	412,306
Interest Income	2,016	2,056	1,400	2,097	697
TOTAL REVENUE	3,069,497	3,313,793	2,930,400	3,343,403	413,003
EXPENDITURES					
Contractual & Operating					
380 Rebates	2,091,689	2,318,216	2,050,300	2,338,914	288,614
Audit Services	5,500	5,500	5,500	5,500	-
Financials Services	6,000	6,000	6,000	6,000	-
Insurance Expense	1,413	1,458	1,500	1,458	(42)
Legal Services	2,236	5,000	5,000	5,000	-
Legislative Services	18,000	18,000	18,000	18,000	-
Survey Services	950	3,000	-	-	-
Office Supplies/Postage	31	500	500	500	-
Subtotal Contractual & Operating	2,125,820	2,357,674	2,086,800	2,375,372	288,572
Programs					
Connect CTY Service	8,363	8,363	8,363	8,363	-
Expansion of City Demolition	50,000	50,000	50,000	50,000	-
Major ROW Mowing Service	38,005	38,005	38,005	38,005	-
Expansion of EMS -Medic 2	402,514	443,497	443,497	451,333	7,836
Fixed Route Bus Service	25,000	47,645	47,645	47,645	-
Local Match-Bus Stop Improv.		20,000	20,000	20,000	-
Holiday Decorations	24,992	55,144	45,000	65,500	20,500
Street Light Install	3,781	9,455	6,600	9,500	2,900
Subtotal Programs	552,655	672,109	659,110	690,346	31,236
Grants					
Red, White & Bayou Sponsorship	25,000	25,000	25,000	25,000	-
Dickinson Volunteer Fire Dept	-	-	-	50,000	50,000
Subtotal Grants	25,000	25,000	25,000	75,000	50,000
Capital					
EMS - Stretcher	40,737	43,000	43,000	-	(43,000)
EMS - Tablets	-	8,600	8,600	-	(8,600)
EMS-Cardiac Monitors				34,000	34,000
Vehicles & Equipment Purchase	245,400	304,000	304,000	192,000	(112,000)
EMS-Inventory Mgmt. Software	4,054	-	-	-	-
Subtotal Capital	290,191	355,600	355,600	226,000	
TOTAL EXPENDITURES	2,993,666	3,410,383	3,126,510	3,366,718	240,208
REVENUE-EXPENDITURES	75,831	(96,590)	(196,110)	(23,315)	
Beginning Fund Balance	624,262	700,092	700,092	603,502	
ENDING FUND BALANCE	700,092	603,502	503,982	580,187	
Minimum Fund Balance	225,494	273,042	269,053	256,951	
Capital Reserve	-	-	71,120	45,200	
Available Fund Balance	474,598	330,461	163,810	278,036	

*Minimum Fund Balance is 25% of Expenditures less 380 Rebates



August 17, 2017

Dr. Perry Fulcher, President
Dickinson Management District No. 1
c/o City of Dickinson
4403 State Highway 3
Dickinson, TX 77539

RE: Request for Funding by City of Dickinson for FY 2017-2018

Dear President Fulcher and Board Members:

This letter shall serve as the City of Dickinson's formal request for funding from Dickinson Management District No. 1 for Fiscal Year 2017-2018 in the amount of \$797,701.

The City of Dickinson ("the City") and Dickinson Management District No. 1 ("District"), undertake a variety of projects each year to ensure that the City remains an attractive, viable location for businesses. Recent projects have included: public infrastructure improvements, business advocacy efforts, marketing and promotional efforts, investment in tourism development projects, partnering with developers to create new and unique business opportunities, and continual streamlining of City processes.

Some of the services provided to the business community and within the District by the City include emergency medical services, notification services for various incidents and emergencies that occur within or affect the District, mowing of major thoroughfares, neighborhood revitalization through demolition of substandard buildings, and technological services.

For FY 2017-2018, the City needs to replace three Police patrol vehicles and one vehicle for the Emergency Medical Services (EMS). For safety purposes, the City needs to be able to continue to provide notification services for various incidents and emergencies that occur within the District. This service is provided through Connect CTY and allows the fastest communication method for reaching businesses and residents when needed. The mowing of major thoroughfares allows the City and District to maintain curb appeal for new businesses and residents looking to relocate within the District. To continue neighborhood revitalization efforts, the City has undertaken increased efforts to address blighted areas through a demolition program. In FY 2016-2017, the District provided additional funding to the City to expand the demolition program, and the City respectfully requests the additional

funding again in FY 2017-2018 to allow the City to address additional properties through the demolition program.

In FY 2014-2015, the Texas Legislature passed legislation that changed sales tax regulations and resulted in the State Comptroller implementing rules affecting sales tax collections that negatively impacted both the City and the District. During the interim legislative committee meetings, additional changes to State sales tax legislation has been proposed, and even more sweeping changes are being proposed at the federal level. Based on what is happening at both the State and Federal levels, it is anticipated that there will be new legislation at both the State and Federal levels addressing sales tax application and collection that may negatively impact the City and the District. To be proactive in monitoring and addressing any possible negative legislation and rulemakings at both State and Federal levels, the City has contracted with HMWK, Inc. to continue to provide legislative services to both the City and the District in FY 2017-2018. The City respectfully requests that the District share the cost of these services with the City to protect both entities.

The costs associated with each of these items are as follows:

➤ Connect CTY	\$8,363
➤ Mowing of Major Thoroughfares	\$38,005
➤ Expanded Demolition Program	\$50,000
➤ Legislative Services	\$18,000
➤ Financial Services	\$6,000
➤ Public Safety Vehicles (4)	\$192,000
➤ Cardiac Monitor (1)	\$34,000
Total FY2017-2018 Request	\$346,368

In Fiscal Year 2010-2011, the City expanded the service level of the EMS Department by implementing the Medic 2 ambulance on a full-time basis. The City's General Fund could cover a portion of the costs associated with providing this service to the community for the first two years. During the second year of the expanded service, the City experienced problems with its contracted EMS billing company and had to terminate the contract and retain a different EMS billing company. The new billing company has diligently worked to complete billings and collections that were not completed by the previous company as well as maintaining current billings and collection for this fiscal year. While the billing company has done a good job in working the EMS billings and collections, the reality is that the EMS Department is experiencing reductions in collections from Medicare and private insurance carriers while expenses continue to increase. Consequently, the subsidy needed for the expanded EMS service level increased to a point that the City's General Fund was unable to sustain it.

In Fiscal Year 2013-2014, the City Council made a policy decision to reduce the EMS service level to the service level that was in place until Fiscal Year 2010-2011 – which was to operate the Medic 1 ambulance on a full-time basis and operate the Medic 2 ambulance during the business week utilizing current City staff who are certified to operate an ambulance and provide emergency medical services. While this service level is a reduction from the current EMS service level, it is still an increase from the initial EMS service level that was provided within the District when the District was activated.

To maintain all other City services at their current levels and continue to provide Medic 1 full-time and Medic 2 on a part-time basis, the City is unable to fund a subsidy for EMS for Fiscal Year 2017-2018. Therefore, the City respectfully requests that the District fund a subsidy for EMS in the amount of \$451,332 which is needed to continue to provide EMS service within the District at the service level established for Fiscal Year 2017-2018. A copy of the FY 2017-2018 EMS Departmental Budget reflecting all the expenditures associated with providing its service is included for your information and review.

Thank you for your consideration of this funding request. Should you have any questions or require additional information, please do not hesitate to contact me.

Sincerely,

Ron Morales

Ron Morales
Interim City Administrator

**Dickinson Management District Number 1
Agenda Item Data Sheet**

MEETING DATE April 4, 2018

TOPIC:	Presentation and Approval of Fiscal Year 2017-2018 Audited Comprehensive Annual Financial Report Prepared By Belt, Harris Pechacek, LLLP, Certified Public Accountants.
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BACKGROUND:	In 2017, the Dickinson City Council approved a contract with the firm of Belt, Harris Pechacek, LLLP to conduct an independent audit of all accounts of the City and to prepare the City and DMD#1's Comprehensive Annual Financial Report ("CAFR") for 3 years, including Fiscal Year 2016-2017.
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RECOMMENDATION:	Staff recommends approval of the report.
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ATTACHMENTS:	<ul style="list-style-type: none"> • Comprehensive Annual Financial Report for FY 2016-2017
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FUNDING ISSUES	<input checked="" type="checkbox"/> Not applicable <input type="checkbox"/> Not budgeted <input type="checkbox"/> Full Amount already budgeted. <input type="checkbox"/> Funds to be transferred from Acct.# - -
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SUBMITTING STAFF MEMBER	EXECUTIVE DIRECTOR APPROVAL
Stephanie Russell, Assistant City Administrator/CFO	

ACTIONS TAKEN		
APPROVAL	READINGS PASSED	OTHER
<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input type="checkbox"/> 3 rd	

ANNUAL FINANCIAL REPORT

of the

**DICKINSON MANAGEMENT
DISTRICT No. 1**

A COMPONENT UNIT OF
THE CITY OF DICKINSON, TEXAS

For the Year Ended
September 30, 2017

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DICKINSON MANAGEMENT DISTRICT No. 1

A COMPONENT UNIT OF THE CITY OF DICKINSON, TEXAS

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INTRODUCTORY SECTION

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DICKINSON MANAGEMENT DISTRICT No. 1

A COMPONENT UNIT OF THE CITY OF DICKINSON, TEXAS

BOARD OF DIRECTORS

September 30, 2017

President

Perry Fulcher, M.D.

Vice President

C. Wayne Brown, D.C.

Assistant Vice President

Mary Dunbaugh

Secretary

Renee Casey

Assistant Secretary

Kim Westerlage

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Dickinson Management District No. 1
City of Dickinson, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Dickinson Management District No. 1 (the "District"), a component unit of the City of Dickinson, Texas, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the District'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. 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 District'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 District'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 and the major fund of the District as of September 30, 2017, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information, 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 District's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 29, 2018

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

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DICKINSON MANAGEMENT DISTRICT NO. 1

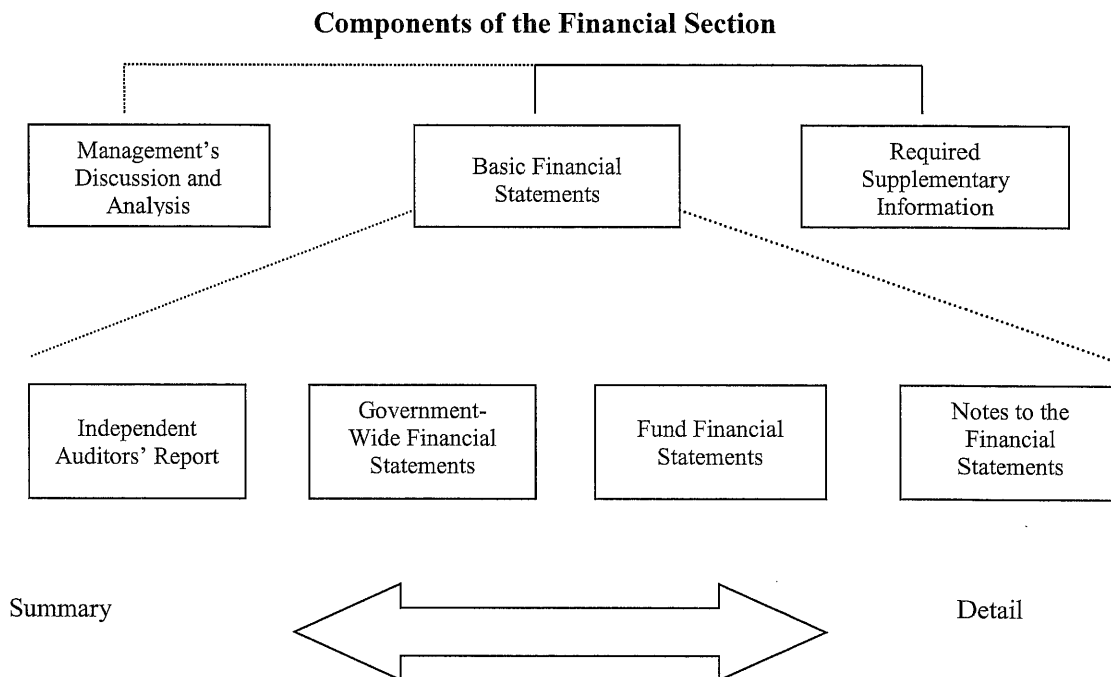
A COMPONENT UNIT OF THE CITY OF DICKINSON, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2017

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the Dickinson Management District No. 1 (the "District") for the year ending September 30, 2017. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the District's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the District's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



The District's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. For this report, no reconciliation has been provided between the fund financial statements and the government-wide financial statements, as the only change necessary was the reclassification of fund balance at the fund level to net position at the government-wide level. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

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

DICKINSON MANAGEMENT DISTRICT NO. 1

A COMPONENT UNIT OF THE CITY OF DICKINSON, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended September 30, 2017

The Statement of Net Position presents information on all of the District's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District'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 present one class of activity for the District:

1. *Governmental Activities* – The District's basic services are reported here including economic development and intergovernmental projects with the City of Dickinson (the "City"). Sales tax finances most of these activities.

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 District. They are usually segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance related legal reporting requirements. The one category of District funds is governmental.

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 District'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 District's near-term financing decisions.

The District maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, which is always considered to be a major fund for reporting purposes.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for this fund to demonstrate compliance with this budget.

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.

DICKINSON MANAGEMENT DISTRICT NO. 1

A COMPONENT UNIT OF THE CITY OF DICKINSON, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended September 30, 2017

Other Information

In addition to basic financial statements, this MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general fund. RSI can be found after the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, net position may serve as a useful indicator of the District's financial position. For the District, assets exceed liabilities by \$579,100 as of year end.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Current assets	\$ 1,300,017	\$ 1,151,185	\$ 148,832
Total Assets	<u>1,300,017</u>	<u>1,151,185</u>	<u>148,832</u>
Current liabilities	720,917	451,092	269,825
Total Liabilities	<u>720,917</u>	<u>451,092</u>	<u>269,825</u>
Net Position:			
Unrestricted	579,100	700,093	(120,993)
Total Net Position	<u>\$ 579,100</u>	<u>\$ 700,093</u>	<u>\$ (120,993)</u>

Current assets for the year increased by 13 percent compared to the prior year. This increase was the result of an increase in sales tax revenues compared to the prior year. Current liabilities increased by 60 percent. This increase was largely the result of an increase in the amount due to the primary government. The overall condition of the District decreased \$120,993 compared to the prior year.

DICKINSON MANAGEMENT DISTRICT NO. 1

A COMPONENT UNIT OF THE CITY OF DICKINSON, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended September 30, 2017

Statement of Activities:

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

	<u>2017</u>	<u>2016</u>
Revenues		
Sales taxes	\$ 3,214,389	\$ 3,067,481
Investment income	2,633	2,016
Total Revenues	<u>\$ 3,217,022</u>	<u>\$ 3,069,497</u>
Expenses		
Economic development	\$ 2,319,684	\$ 2,149,869
Intergovernmental City projects	1,018,331	843,797
Total Expenses	<u>3,338,015</u>	<u>2,993,666</u>
Change in Net Position	(120,993)	75,831
Beginning net position	<u>700,093</u>	<u>624,262</u>
Ending Net Position	<u>\$ 579,100</u>	<u>\$ 700,093</u>

Expenses related to economic development for the year increased by 11 percent in comparison to the prior year. This increase is due mainly to an increase in Chapter 380 rebates. Expenses related to intergovernmental City projects increased by 21 percent in comparison to the prior year due to contributions to the City-related Emergency Medical Services activities. Revenues increased by 5 percent due to additional sales tax revenue from an increase in consumer spending within the City.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District budgeted for a \$196,110 decrease in fund balance but actually realized a decrease of \$120,993. This is primarily due to a positive budget variance for sales tax revenues of \$285,389. This was partially offset by a negative budget variance for the Chapter 380 rebates of \$213,243.

CAPITAL ASSETS

The District has no capital assets. Capital assets are purchased through a contribution for joint capital projects with the City and are recorded and depreciated on the City's financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District's principal source of revenue is a one-half of one percent sales tax (0.5%) on goods and services purchased in the District. The budgeted sales tax revenue for the 2017-2018 fiscal year is \$3,341,306. The District adopted a total expense budget of \$3,366,718 for fiscal year 2017-2018.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning this report or requests for additional financial information should be directed to the Dickinson Management District No. 1, 4403 Highway 3, Dickinson, Texas, 77539.

BASIC FINANCIAL STATEMENTS

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DICKINSON MANAGEMENT DISTRICT NO. 1

A COMPONENT UNIT OF THE CITY OF DICKINSON, TEXAS

STATEMENT OF NET POSITION

September 30, 2017

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 762,911
Receivables	537,106
Total Assets	<u>1,300,017</u>
<u>Liabilities</u>	
Accounts payable	373,791
Due to primary government	347,126
Total Liabilities	<u>720,917</u>
<u>Net Position</u>	
Unrestricted	579,100
Total Net Position	<u>\$ 579,100</u>

See Notes to Financial Statements.

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DICKINSON MANAGEMENT DISTRICT NO. 1

A COMPONENT UNIT OF THE CITY OF DICKINSON, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
Primary Government		
Governmental Activities		
Economic development	\$ 2,319,684	\$ (2,319,684)
Intergovernmental City projects	1,018,331	(1,018,331)
Total Governmental Activities	<u>3,338,015</u>	<u>(3,338,015)</u>
Total Primary Government	<u>\$ 3,338,015</u>	<u>(3,338,015)</u>
	General Revenues:	
	Taxes	
	Sales taxes	3,214,389
	Investment income	2,633
	Total General Revenues	<u>3,217,022</u>
	Change in Net Position	(120,993)
	Beginning net position	700,093
	Ending Net Position	<u>\$ 579,100</u>

See Notes to Financial Statements.

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DICKINSON MANAGEMENT DISTRICT NO. 1

A COMPONENT UNIT OF THE CITY OF DICKINSON, TEXAS

BALANCE SHEET

GENERAL FUND

September 30, 2017

	<u>General</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 762,911
Receivables	537,106
Total Assets	<u>\$ 1,300,017</u>
<u>Liabilities</u>	
Accounts payable	\$ 373,791
Due to primary government	347,126
Total Liabilities	<u>720,917</u>
<u>Fund Balance</u>	
Unassigned	579,100
Total Fund Balance	<u>\$ 579,100</u>

See Notes to Financial Statements.

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DICKINSON MANAGEMENT DISTRICT NO. 1
A COMPONENT UNIT OF THE CITY OF DICKINSON, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND

For the Year Ended September 30, 2017

	General
<u>Revenues</u>	
Sales taxes	\$ 3,214,389
Investment income	2,633
Total Revenues	3,217,022
<u>Expenditures</u>	
Economic development	2,319,684
Intergovernmental City projects	1,018,331
Total Expenditures	3,338,015
Net Change in Fund Balance	(120,993)
Beginning fund balance	700,093
Ending Fund Balance	\$ 579,100

See Notes to Financial Statements.

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DICKINSON MANAGEMENT DISTRICT NO. 1

A COMPONENT UNIT OF THE CITY OF DICKINSON, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Dickinson Management District No. 1 (the "District") was organized, created, and established pursuant to an act of the 79th Texas State Legislature, effective under the terms and provisions of Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution. The Board of Directors held its organizational meeting on September 25, 2008. The District's primary activities include managing and financing improvement projects and/or services benefiting the City of Dickinson, Texas (the "City"). These activities include maintenance and beautification of the area; development and/or expansion of transportation and commerce; promotion of health, safety, and welfare for the City; and general and administrative services.

The accompanying financial statements of the District are prepared in conformity with generally accepted accounting principles for governmental entities as prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statement No. 14 and No. 34*, modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. GASB Statement No. 61 has been applied as required in the preparation of these basic financial statements and, accordingly, the District is considered a component unit of the City as of September 30, 2017.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the District's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the District 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 District's financial reporting entity status is that of a primary government are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. 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.

The City is the primary government that exercises significant influence over the District. Significant influence or accountability is based primarily on operational or financial relationships with the City. Due to the nature of the relationship between the City and the District, the District has been included as a component unit of the City for financial statement purposes.

DICKINSON MANAGEMENT DISTRICT NO. 1

A COMPONENT UNIT OF THE CITY OF DICKINSON, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

The District is managed by a Board of Directors, consisting of five directors who serve staggered terms of four years, with two or three directors' terms expiring June 1 of each odd-numbered year.

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 District. Governmental activities are normally supported by taxes and intergovernmental revenues.

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. Separate financial statements are provided for the governmental fund.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's fund. Separate statements for each fund category, governmental, are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following governmental fund:

The *general fund* is used to account for all financial transactions not properly includable in other funds. The principal source of revenue is sales tax collected by the City to be used by the District for expenditures on economic development. The general fund is always considered a major fund for reporting purposes.

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 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.

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 District 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.

Sales taxes are 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).

DICKINSON MANAGEMENT DISTRICT NO. 1

A COMPONENT UNIT OF THE CITY OF DICKINSON, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

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

1. Cash and Cash Equivalents

The District'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.

2. Receivables and Payables

Transactions between the City and the District outstanding at the end of the year are classified as "due to/from component unit/primary government."

3. Capital Assets

The District has no capital assets. Capital assets are purchased through a contribution for joint capital projects with the City and are recorded and depreciated on the City's financial statements.

4. 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 District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has no items that qualify for reporting in this category.

5. Net Position Flow Assumption

Sometimes the District 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 financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

6. Fund Balance Flow Assumptions

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

DICKINSON MANAGEMENT DISTRICT NO. 1

A COMPONENT UNIT OF THE CITY OF DICKINSON, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

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.

7. 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 District 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 District's highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the District 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 District for specific purposes but do not meet the criteria to be classified as committed. The Board of Directors 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.

8. Estimates

The preparation of the financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect 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 expenses during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The District's Board of Directors adopts an annual budget that sets forth in detail all anticipated revenues and expenses. The annual budget is prepared using the modified accrual basis of accounting. Encumbrance accounting is not utilized.

DICKINSON MANAGEMENT DISTRICT NO. 1
A COMPONENT UNIT OF THE CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2017

B. Excess of Expenditures Over Appropriations

For the year end, expenditures exceeded appropriations at the legal level of control as follows:

General fund expenditures \$ 211,505

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. As of year end, the District’s bank balance was completely insured by FDIC and pledged securities.

B. Receivables

The following comprises receivable balances at year end:

	<u>General</u>
Sales taxes	\$ 536,763
Interest	343
Total	<u>\$ 537,106</u>

IV. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the past three years.

B. Contingent Liabilities

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.

DICKINSON MANAGEMENT DISTRICT NO. 1
A COMPONENT UNIT OF THE CITY OF DICKINSON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2017

C. Significant Legal Provisions of the Legislative Act Creating the District

As discussed in note I.A., the District has been established pursuant to an act of the Texas State Legislature (the “Act”). Significant legal provisions of this Act are summarized below.

1. District Boundaries

The Act provides specifically for boundaries of the District, which includes the City.

2. City of Dickinson City Council

The Act provides that the Mayor and City Council of the City are to appoint the Board of Directors. The Directors are to serve staggered four-year terms. Additionally, the City Council must approve the issuance of any bonded indebtedness for each improvement project and the imposition of a sales tax.

3. General and Specific Powers of the District

The Act provides general powers to the District subject to general laws and regulations of the State applicable to conservation and reclamation districts created under Article XVI, Section 59 of the Texas Constitution; road districts and road utility districts created pursuant to Article III, Section 52, of the Texas Constitution; and Section 4B of the Development Corporation Act of 1979 (Article 5190.6, Vernon’s Texas Civil Statutes).

Additional specific powers and duties are provided for in the Act, which include the financing of improvement projects and/or services for the benefit of the City. Eminent domain powers are specifically prohibited by the Act. Improvement projects and/or services may be financed in whole or in part by the issuance of bonds.

The Act provides for the method by which the District must petition, provide notice, and hold public hearings prior to the financing of the improvement projects and/or services through assessments.

The Act also provides for the issuance of voter-approved bonded indebtedness to finance improvement projects and/or services. Specific guidelines in the Act provide for the repayment of bonds that might be issued, as well as the use of bond proceeds, available security that can be pledged in issuing the bonds, and refunding capabilities for outstanding bonds.

D. 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 District 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

DICKINSON MANAGEMENT DISTRICT NO. 1

A COMPONENT UNIT OF THE CITY OF DICKINSON, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

periods. The District will remit back to the Businesses 100 percent of sales tax revenues 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 District has the option to terminate the Agreement.

The District has entered into a 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 shall remain in effect as long as the City Agreement with this Business remains in effect. If the taxable sales threshold is met, the District will remit back to the Business 50 percent of sales tax revenues collected for that month.

The District entered into a Chapter 380 Economic Development Agreement (the “Agreement”) with another business (the “Business”). The Agreement shall remain in effect as long as the City Agreement with this Business remains in effect. 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 the entire term of the Agreement. This Business agreed to generate substantial taxable sales. If the taxable sales threshold is met, the District agreed to remit 50 percent of the sales tax revenues collected for that month.

During the current fiscal year, the District recorded expenditures related to sales tax rebates of \$2,263,543 related to the Agreements noted above.

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REQUIRED SUPPLEMENTARY INFORMATION

DICKINSON MANAGEMENT DISTRICT NO. 1

A COMPONENT UNIT OF THE CITY OF DICKINSON, TEXAS SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Sales taxes	\$ 2,929,000	\$ 2,929,000	\$ 3,214,389	\$ 285,389
Investment income	1,400	1,400	2,633	1,233
Total Revenues	2,930,400	2,930,400	3,217,022	286,622
Expenditures				
Economic development:				
Financial services	6,000	6,000	6,000	-
Legal services	5,000	5,000	2,034	2,966
Legislative services	18,000	18,000	18,000	-
Postage and delivery	500	500	13	487
Insurance expense	1,500	1,500	1,458	42
Audit services	5,500	5,500	3,636	1,864
Chapter 380 rebates	2,050,300	2,050,300	2,263,543	(213,243)
Red, white, & bayou sponsorship	25,000	25,000	25,000	-
	2,111,800	2,111,800	2,319,684	(207,884)
Intergovernmental City projects:				
Holiday decorations	45,000	45,000	66,083	(21,083)
Street lights	6,600	6,600	9,454	(2,854)
Expansion of City demolition	50,000	50,000	50,000	-
Survey services	-	-	1,140	(1,140)
Connect CTY service	8,363	8,363	8,363	-
Major ROW mowing service	38,005	38,005	38,005	-
Bus route improvements	20,000	20,000	-	20,000
Fixed route bus service	47,645	47,645	47,645	-
Vehicles/equipment purchases	304,000	304,000	304,000	-
EMS service	495,097	495,097	493,641	1,456
	1,014,710	1,014,710	1,018,331	(3,621)
Total Expenditures	3,126,510	3,126,510	3,338,015	(211,505) *
Change in Fund Balance	\$ (196,110)	\$ (196,110)	(120,993)	\$ 75,117
Beginning fund balance			700,093	
Ending Fund Balance			\$ 579,100	

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.

**Dickinson Management District Number 1
Agenda Item Data Sheet**

MEETING DATE April 4, 2018

TOPIC:	Accept Annual Disclosure Statements For Executive Director and Investment Officers For The District.
---------------	--

BACKGROUND:	This is an annual item for the Board's acceptance.
--------------------	--

RECOMMENDATION:	Staff recommends acceptance of the annual Disclosure Statements for the Investment Officers.
------------------------	--

ATTACHMENTS:	<ul style="list-style-type: none"> • Disclosure Statement Under Public Funds Investment Act for Chris Heard • Disclosure Statement Under Public Funds Investment Act for Stephanie Russell • Disclosure Statement Under Public Funds Investment Act for Gabrielle Bernal
---------------------	---

FUNDING ISSUES	<input checked="" type="checkbox"/> Not applicable <input type="checkbox"/> Not budgeted <input type="checkbox"/> Full Amount already budgeted. <input type="checkbox"/> Funds to be transferred from Acct.# - -
-----------------------	---

SUBMITTING STAFF MEMBER	EXECUTIVE DIRECTOR APPROVAL
Stephanie Russell, Assistant City Administrator/CFO	

ACTIONS TAKEN		
APPROVAL	READINGS PASSED	OTHER
<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input type="checkbox"/> 3 rd	

MEMORANDUM

Date: March 29, 2018

To: Board of Directors
Dickinson Management District No. 1 (the "District")

Copy: Board of Directors
Attorney for the District
Bookkeeper for the District
Texas Ethics Commission

From: Chris Heard, Executive Director

Subject: DISCLOSURE UNDER THE PUBLIC FUNDS INVESTMENT ACT

As Executive Director and Investment Officer for the District, I submit this disclosure of my relationships with entities or individuals who are offering, have offered, or may offer to engage in an investment transaction with the District as of the date of this memorandum, in compliance with the Public Funds Investment Act and with the District's Investment Policy.

1. I have the following "personal business relationships" with individuals or entities who are offering to engage, have offered to engage or may offer to engage in an investment transaction with the District.

(a) I own (i) ten per cent (10%) or more of the voting stock or shares or (b) \$5,000 or more of the fair market value of the following business organizations: None

_____.

(b) I have received from the following business organizations funds that exceed ten percent (10%) of my gross income for the previous year: None

_____.

(c) I acquired from the following business organizations during the previous year investments with a book value of \$2,500 or more for my personal account: None

_____.

2. I am related within the second degree of affinity (marriage) or consanguinity (blood) as determined by Chapter 573, Government Code, to the following individuals who are seeking, have sought or may seek to sell an investment to the District: None
_____.

3. I acknowledge that this disclosure will be filed with the Board of Directors of the District and the Texas Ethics Commission by the District.

(SIGNATURE)

MEMORANDUM

Date: March 29, 2018

To: Board of Directors
Dickinson Management District No. 1 (the "District")

Copy: Board of Directors
Attorney for the District
Bookkeeper for the District
Texas Ethics Commission

From: Stephanie Russell, Investment Officer

Subject: DISCLOSURE UNDER THE PUBLIC FUNDS INVESTMENT ACT

As bookkeeper and Investment Officer for the District, I submit this disclosure of my relationships with entities or individuals who are offering, have offered, or may offer to engage in an investment transaction with the District as of the date of this memorandum, in compliance with the Public Funds Investment Act and with the District's Investment Policy.

1. I have the following "personal business relationships" with individuals or entities who are offering to engage, have offered to engage or may offer to engage in an investment transaction with the District.

(a) I own (i) ten per cent (10%) or more of the voting stock or shares or (b) \$5,000 or more of the fair market value of the following business organizations: None

_____.

(b) I have received from the following business organizations funds that exceed ten percent (10%) of my gross income for the previous year: None

_____.

(c) I acquired from the following business organizations during the previous year investments with a book value of \$2,500 or more for my personal account: None

_____.

2. I am related within the second degree of affinity (marriage) or consanguinity (blood) as determined by Chapter 573, Government Code, to the following individuals who are seeking, have sought or may seek to sell an investment to the District: None
_____.

3. I acknowledge that this disclosure will be filed with the Board of Directors of the District and the Texas Ethics Commission by the District.

Stephanie Russell

(SIGNATURE)

MEMORANDUM

Date: March 29, 2018

To: Board of Directors
Dickinson Management District No. 1 (the "District")

Copy: Board of Directors
Attorney for the District
Bookkeeper for the District
Texas Ethics Commission

From: Gabrielle Bernal

Subject: DISCLOSURE UNDER THE PUBLIC FUNDS INVESTMENT ACT

As Executive Director and Investment Officer for the District, I submit this disclosure of my relationships with entities or individuals who are offering, have offered, or may offer to engage in an investment transaction with the District as of the date of this memorandum, in compliance with the Public Funds Investment Act and with the District's Investment Policy.

1. I have the following "personal business relationships" with individuals or entities who are offering to engage, have offered to engage or may offer to engage in an investment transaction with the District.

(a) I own (i) ten per cent (10%) or more of the voting stock or shares or (b) \$5,000 or more of the fair market value of the following business organizations: None

_____.

(b) I have received from the following business organizations funds that exceed ten percent (10%) of my gross income for the previous year: None

_____.

(c) I acquired from the following business organizations during the previous year investments with a book value of \$2,500 or more for my personal account: None

_____.

2. I am related within the second degree of affinity (marriage) or consanguinity (blood) as determined by Chapter 573, Government Code, to the following individuals who are seeking, have sought or may seek to sell an investment to the District: None
_____.

3. I acknowledge that this disclosure will be filed with the Board of Directors of the District and the Texas Ethics Commission by the District.

Gabrielle Bernal

(SIGNATURE)

**Dickinson Management District #1
Agenda Item Data Sheet**

MEETING DATE April 4, 2018

TOPIC:	Briefing and Discussion Concerning Quarterly Investment Report & Financials For Period Ending December 31, 2017.
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BACKGROUND:	<p>Per the District's Investment Policy, the Investment Officer shall prepare an investment report at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last quarter. This investment report covers the quarter ending December 31, 2017.</p> <p><u>Investment Report</u> As of December 31, 2017, the District had \$846,028 in cash and \$736 interest paid year-to-date, an 169% increase from this time last fiscal year.</p> <p><u>Budget vs. Actuals</u></p> <ul style="list-style-type: none"> ▪ Sales Tax Revenue is slightly under projected with 24% realized to-date. This is a 4.6% increase from this time last year. ▪ 380 Rebates are trending under projected proportional to Sales Tax Revenue. ▪ All other items are under budget and trending as expected for the period. ▪ Current Revenue Less Expenditures is \$ 461,843 which is a 3% decrease from this time last year. <p><u>Balance Sheet</u> Total Assets to the end of the period are \$ 1,388,070 while total liabilities \$347,128 leaving the District with \$1,040,943 in Total Equity. This is a 11% decrease from this time last fiscal year.</p>
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RECOMMENDATION:	None.
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ATTACHMENTS:	<ul style="list-style-type: none"> • Quarterly Investment and Financial Report For FY2017-2018 Quarter Ending December 31, 2017
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FUNDING ISSUES	<input checked="" type="checkbox"/> Not applicable <input type="checkbox"/> Not budgeted <input type="checkbox"/> Full Amount already budgeted. <input type="checkbox"/> Funds to be transferred from Acct.# - -
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SUBMITTING STAFF MEMBER	EXECUTIVE DIRECTOR APPROVAL
Stephanie Russell, Assistant City Administrator/CFO	

ACTIONS TAKEN		
APPROVAL <input type="checkbox"/> YES <input type="checkbox"/> NO	READINGS PASSED <input type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input type="checkbox"/> 3 rd	OTHER

Dickinson Management District #1

Fiscal Year 2017-2018

Quarterly Investment & Financial Report

Period Ending December 31, 2017

**DICKINSON MANAGEMENT DISTRICT #1
FY 2017-2018 INVESTMENT REPORT
PERIOD ENDING DECEMBER 31, 2017**

Account	Interest Rate	Purchase Date	Due Date	Days to Maturity	Book Value	Beginning Market Value	Ending Market Value	Market Value Change	Interest Paid Year to Date
Capital One	0.35%	NA	Demand	1	\$ 846,028	\$ 785,404	\$ 846,028	\$ 60,624	\$ 736
Total (all cash & investments)					\$ 846,028	\$ 785,404	\$ 846,028	\$ 60,624	\$ 736

Weighted Average Rate (WAR)	0.35%
Weighted Average Maturity (WAM)	1.00 days

Investment schedules presented per the provisions of the Texas Code Chapter 2256 (Public Funds Investment Act) and the District's Investment Policy

The District requires its depository banks to provide collateral for all deposits in excess of Federal Deposit Insurance. As of December 29, 2017, the total market value of collateral pledged by Capital One Bank, N.A. to the City and the District was \$20,444,191.51.

Unrealized gain/loss is the difference between the market value of the City's securities and what it paid for them. Gains and losses are realized only when a security is sold prior to maturity. Since it is the City's practice to hold all securities to maturity, it is unlikely that unrealized gains and losses will be realized. As of December 31, 2017 the District had no unrealized gains or losses.

Stephanie Russell

Prepared By: Stephanie Russell, Investment Officer

3/29/2018

Date

Gabrielle Bernal

Gabrielle Bernal, Investment Officer

3/29/2018

Date

DICKINSON MANAGEMENT DISTRICT #1
FY2017-2018
REVENUE & EXPENDITURES
PERIOD ENDING DECEMBER 31, 2017*

	FY2017-18 Original Budget	Actuals Period to Date	Under/ (Over)	Percent
REVENUE				
Sales Tax Revenue	3,341,306	803,254	2,538,051	24.0%
Interest Income	2,097	736	1,361	35.1%
TOTAL REVENUE	3,343,403	803,990	2,539,413	24.0%
EXPENDITURES				
Contractual & Operating				
380 Rebates	2,338,914	189,845	2,149,069	8.1%
Audit Services	5,500	-	5,500	0.0%
Financials Services	6,000	1,500	4,500	25.0%
Insurance Expense	1,458	1,458	-	100.0%
Legal Services	5,000	-	5,000	0.0%
Legislative Services	18,000	4,500	13,500	25.0%
Office Supplies/Postage	500	2	498	0.4%
Subtotal Contractual & Operating	2,375,372	197,304	2,178,068	8.3%
Programs				
Connect CTY Service	8,363	2,091	6,272	25.0%
Expansion of City Demolition	50,000	12,500	37,500	25.0%
Major ROW Mowing Service	38,005	9,501	28,504	25.0%
Expansion of EMS -Medic 2	451,333	-	451,333	0.0%
Fixed Route Bus Service	47,645	47,645	-	100.0%
Local Match-Bus Stop Improv.	20,000	-	20,000	0.0%
Holiday Decorations	65,500	23,106	42,394	35.3%
Street Light Install	9,500	-	9,500	0.0%
Subtotal Programs	690,346	94,843	595,503	13.7%
Grants				
Red, White & Bayou Sponsorship	25,000	-	25,000	0.0%
Dickinson Volunteer Fire Dept	50,000	50,000	-	100.0%
Subtotal Grants	75,000	50,000	25,000	66.7%
Capital				
EMS-Cardiac Monitors	25,000	-	25,000	0.0%
Vehicles & Equipment Purchase	50,000	-	50,000	0.0%
Subtotal Capital	75,000	-	75,000	0.0%
TOTAL EXPENDITURES	3,215,718	342,147	2,873,571	10.6%
REVENUE-EXPENDITURES	127,685	461,843		

**Unaudited*

DICKINSON MANAGEMENT DISTRICT #1
FY2017-2018
BALANCE SHEET
PERIOD ENDING DECEMBER 31, 2017*

Assets

Current Assets

Cash

Capital One - Operating Account 846,028

Total Cash 846,028

Accounts Receivable

Sales Tax Receivable 541,779

Due From Other Funds -

Accrued Interest 263

Total Accounts Receivable 542,042

Total Current Assets 1,388,070

Total Assets \$ 1,388,070

Liabilities & Equity

Liabilities

Current Liabilities

Accounts Payable

Due To Other Funds 347,128

General Accounts Payable -

Total Accounts Payable 347,128

Total Current Liabilities 347,128

Total Liabilities 347,128

Equity

Beginning Fund Balance 579,100

Net Income 461,843

Total Equity 1,040,943

Total Liabilities & Equity \$ 1,388,070