FY2026-2027

Proposed Budget

The City of FREEPORT

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FY2027 BUDGET CHANGES

This budget presents the following changes:

- Salaries were Increased 4.75% for a Cost of Living Adjustment for Staff
- Executive Director Salary Increased 2.9% for a Cost of Living Adjustment Per Contract
- Reclassification of EDC Specialist to EDC Manager for a total salary increase of $8,974
- Health Insurance Premiums were Budgeted with a 18.4% Increase
- TMRS Decreased by 0.3%
- Training Initiatives were Increased for Staff
- Expenses were Itemized and Adjusted for Actuals on Each Line Item
- Due to Adjustments for Actuals and the Above Changes, an Overall Decrease of 9% is Expected

EDC MISSION

The purpose of the Freeport Economic Development Corporation is to promote community improvements and economic development within the City and the State of Texas and the public welfare of, for and on behalf of the City by developing, implementing, providing, and financing projects under the Act as defined by Section 4B of the Act; and for all other purposes allowed by law as permitted by the Development Corporation Act as it now exists or is hereafter amended.

EDC OVERVIEW

Under the direction of the EDC Board, and under the leadership of the EDC Executive Director, the EDC encourages business development and improvement by facilitating the addition of new businesses through advantageous incentives, supporting current businesses through advantageous grants (funded by transfers from Operating), and workforce development initiatives to strengthen the City workforce.

EDC PERSONNEL SUMMARY

Position	FY2025 Actual	FY2026 Budgeted	FY2026 Projected	FY2027 Budgeted	Increase/(Decrease)
EDC Executive Director	1	1	1	1	-
EDC Specialist	1	1	1	0	(1)
EDC Manager	0	0	0	1	1
Grand Total	**2**	**2**	**2**	**2**	-

EDC ACCOMPLISHMENTS & GOALS

FY2026 Accomplishments

- Partnered with Retail Strategies to Attract Potential Retail Development
- Litigation Settlement Agreement Completed with Realty World
- Reduced Contract Costs for Website, Property Programs, & Memberships by $30,000 Over 3 Years
- Sold Property & Initiated New Business on Main Street: Mama C Restaurant
- Leased Property & Initiated New Business: Antonelli's
- Assisted and Trained New Main Street Coordinator at City Request

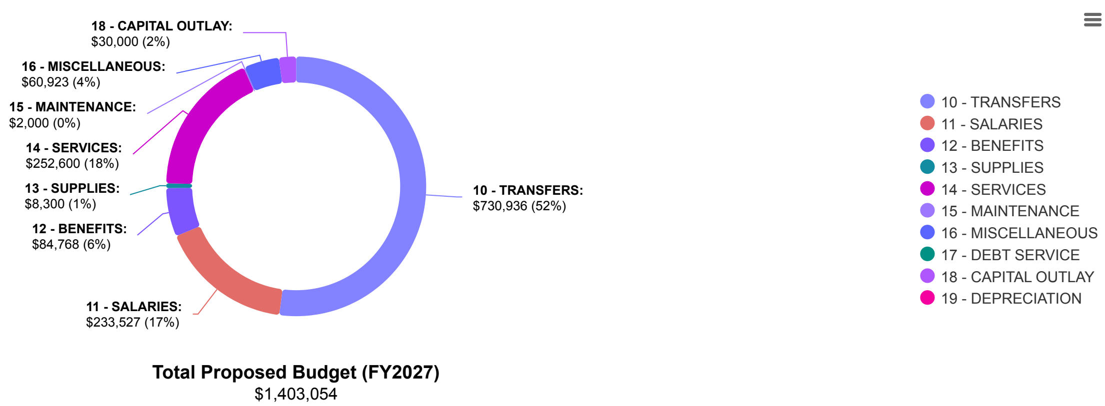
FY2027 Strategic Focus

- Beautification Initiatives Detailed in the Projects Fund, Supported by a Transfer from Operating Fund
- Infrastructure Improvements on FEDC Owned Property

FY2027 Goals

- Continue Partnership with Retail Strategies to Attract Potential Retail Development
- Continue to Seek Development for the FEDC Owned 8.8 Acre Waterfront Property
- Staff Training & Increased Network Outreach Programs
- Support City Initiatives for Improvements and Relations
- Apply for Awards Related to EDC Projects

EXPENDITURES BY EXPENSE TYPE



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COMPREHENSIVE FINANCIAL TABLE

30 - EDC Operating Fund

	ACTUALS		PRIOR YEAR BUDGET	PROJECTED TOTAL	PROPOSED BUDGET	CALCULATION	CALCULATION
	FY2025	**FY2026**	**FY2026**	**FY2026**	**FY2027**	**Change in Budget**	**Change in Budget**
Revenues							
30 - EDC OPERATING FUND							
53 - STATE TAXES							
30-318-318-300 - TAX - SALES TAX	$1,374,569	$617,438	$1,341,531	$850,000	$1,274,054	($67,477)	(5%)
53 - STATE TAXES TOTAL	**$1,374,569**	**$617,438**	**$1,341,531**	**$850,000**	**$1,274,054**	**($67,477)**	**(5%)**
59 - MISCELLANEOUS							
30-360-360-118 - SALE OF PROPERTY	–	$10	$0	$10	$0	$0	–
30-360-360-127 - INTEREST INCOME	$145,002	$76,008	$126,000	$110,000	$126,000	$0	0%
30-360-360-128 - MISC INCOME	$2,936	–	$0	–	–	$0	–
30-360-360-606 - LEASE INCOME	$3,000	$2,000	$3,000	$3,500	$3,000	$0	0%
59 - MISCELLANEOUS TOTAL	**$150,938**	**$78,018**	**$129,000**	**$113,510**	**$129,000**	**$0**	**0%**
30 - EDC OPERATING FUND TOTAL	**$1,525,508**	**$695,456**	**$1,470,531**	**$963,510**	**$1,403,054**	**($67,477)**	**(5%)**

	ACTUALS		PRIOR YEAR BUDGET	PROJECTED TOTAL	PROPOSED BUDGET	CALCULATION	CALCULATION
	FY2025	**FY2026**	**FY2026**	**FY2026**	**FY2027**	**Change in Budget**	**Change in Budget**
REVENUES TOTAL	**$1,525,508**	**$695,456**	**$1,470,531**	**$963,510**	**$1,403,054**	**($67,477)**	**(5%)**
Expenses							
30 - EDC OPERATING FUND							
10 - TRANSFERS							
30-700-031 - TRANSFER TO EDC PROJECTS FUND	$400,000	$487,500	$650,000	$650,000	$650,000	$0	0%
30-700-033 - TRANSFER TO EDC MARKETING FUND	$75,000	$56,250	$75,000	$75,000	$80,936	$5,936	8%
10 - TRANSFERS TOTAL	**$475,000**	**$543,750**	**$725,000**	**$725,000**	**$730,936**	**$5,936**	**1%**
11 - SALARIES							
30-407-100 - SALARIES/WAGES	$195,426	$95,776	$196,000	$196,000	$223,405	$27,405	14%
30-407-165 - EDUCATIONAL PAY	$1,500	$808	$1,501	$1,500	$1,501	$0	0%
30-407-175 - LONGEVITY	$148	$129	$301	$300	$421	$120	40%
30-407-180 - AUTO ALLOWANCE	$6,750	$3,250	$6,500	$6,500	$6,000	($500)	(8%)
30-407-181 - CELL PHONE ALLOWANCE	$1,200	$600	$1,200	$1,200	$1,200	$0	0%
30-407-190 - OVERTIME	–	–	$1,000	$0	$1,000	$0	0%
11 - SALARIES TOTAL	**$205,024**	**$100,563**	**$206,502**	**$205,500**	**$233,527**	**$27,025**	**13%**
12 - BENEFITS							
30-407-201 - FICA & MEDICARE	$15,233	$8,044	$15,328	$15,000	$16,543	$1,215	8%
30-407-210 - GROUP INSURANCE	$24,277	$14,887	$24,200	$24,000	$32,590	$8,390	35%
30-407-230 - TMRS	$33,338	$18,237	$32,800	$32,000	$35,271	$2,471	8%
30-407-240 - WORKERS' COMPENSATION	–	$190	$190	$190	$190	$0	0%
30-407-250 - OPEB EXPENSE	$2,886	–	$0	–	–	$0	–
30-407-291 - UNEMPLOYMENT INSURANCE	–	–	$174	$0	$174	$0	0%
30-500-500 - NET OPEB OBLIGATION	$16,199	–	$0	–	–	$0	–
12 - BENEFITS TOTAL	**$91,933**	**$41,357**	**$72,692**	**$71,190**	**$84,768**	**$12,076**	**17%**
13 - SUPPLIES							
30-407-310 - OFFICE/COMPUTER SUPPLIES	$3,899	$1,576	$7,500	$6,500	$4,000	($3,500)	(47%)
30-407-311 - POSTAGE/SHIPPING	$40	$292	$500	$500	$300	($200)	(40%)
30-407-312 - BOOKS/PUBL/SUBSCRIPTIONS	$121	$241	$1,000	$950	$250	($750)	(75%)
30-407-313 - PRINTING	–	–	$500	$0	$250	($250)	(50%)
30-407-335 - CLOTHING	$420	$138	$1,000	$500	$500	($500)	(50%)
30-407-352 - FURNITURE & FIXTURES	$1,834	$524	$3,000	$1,500	$1,000	($2,000)	(67%)
30-407-399 - OTHER SUPPLIES	$1,041	$1,128	$2,000	$1,500	$2,000	$0	0%
13 - SUPPLIES TOTAL	**$7,355**	**$3,899**	**$15,500**	**$11,450**	**$8,300**	**($7,200)**	**(46%)**
14 - SERVICES							
30-407-413 - PROFESSIONAL SERVICES	$104,322	$28,854	$35,000	$35,000	$27,800	($7,200)	(21%)
30-407-414 - CREDIT CARD PROCESSING FEES	–	–	$100	$0	$100	$0	0%
30-407-416 - PROFESSIONAL FEES-AUDITOR	$4,000	$4,000	$4,000	$4,000	$4,200	$200	5%
30-407-417 - PROFESSIONAL FEES-LEGAL	$46,061	$36,706	$100,000	$65,000	$60,000	($40,000)	(40%)
30-407-425 - CONTRACT LABOR	$5,300	–	$0	–	–	$0	–
30-407-430 - ADVERTISING	$10,301	$755	$755	$1,500	$0	($755)	(100%)
30-407-434 - MARKETING	$478	–	$0	$300	–	$0	–

	ACTUALS		PRIOR YEAR BUDGET	PROJECTED TOTAL	PROPOSED BUDGET	CALCULATION	CALCULATION
	FY2025	**FY2026**	**FY2026**	**FY2026**	**FY2027**	**Change in Budget**	**Change in Budget**
30-407-440 - ELECTRICITY	$2,063	$1,424	$6,835	$3,000	$4,000	($2,835)	(41%)
30-407-441 - WATER	$528	$758	$2,000	$1,500	$1,500	($500)	(25%)
30-407-482 - SERVICE CONTRACTS	$77,520	$37,245	$114,245	$60,000	$115,000	$755	1%
30-407-483 - SOFTWARE CONTRACTS	$26,664	$2,045	$20,000	$15,000	$40,000	$20,000	100%
14 - SERVICES TOTAL	**$277,236**	**$111,788**	**$282,935**	**$185,300**	**$252,600**	**($30,335)**	**(11%)**
15 - MAINTENANCE							
30-407-545 - BLDG/BLDG EQUIP MAINTENANCE	–	$2,000	$2,000	$500	$2,000	$0	0%
15 - MAINTENANCE TOTAL	**–**	**$2,000**	**$2,000**	**$500**	**$2,000**	**$0**	**0%**
16 - MISCELLANEOUS							
30-407-602 - SEMINARS/DUES/TRAVEL	$24,044	$16,031	$40,000	$40,000	$56,723	$16,723	42%
30-407-605 - MEALS	$848	–	$2,000	$2,000	$2,000	$0	0%
30-407-628 - PROPERTY/LIABILITY INSURANCE	$1,871	$2,165	$2,165	$2,165	$2,200	$35	2%
30-407-699 - OTHER MISC. EXPENSE	–	–	$200	$0	$0	($200)	(100%)
16 - MISCELLANEOUS TOTAL	**$26,763**	**$18,196**	**$44,365**	**$44,165**	**$60,923**	**$16,558**	**37%**
17 - DEBT SERVICE	–	–	$18,000	$0	$0	($18,000)	(100%)
18 - CAPITAL OUTLAY							
30-407-899 - CAPITAL OUTLAY	$0	–	$85,000	$60,000	$30,000	($55,000)	(65%)
18 - CAPITAL OUTLAY TOTAL	**$0**	**–**	**$85,000**	**$60,000**	**$30,000**	**($55,000)**	**(65%)**
19 - DEPRECIATION							
30-407-995 - DEPRECIATION EXPENSE	$16,235	–	$0	–	–	$0	–
19 - DEPRECIATION TOTAL	**$16,235**	**–**	**$0**	**–**	**–**	**$0**	**–**
30 - EDC OPERATING FUND TOTAL	**$1,099,547**	**$821,554**	**$1,451,994**	**$1,303,105**	**$1,403,054**	**($48,940)**	**(3%)**
EXPENSES TOTAL	**$1,099,547**	**$821,554**	**$1,451,994**	**$1,303,105**	**$1,403,054**	**($48,940)**	**(3%)**
Revenues Less Expenditures	$425,961	($126,098)	$18,537	($339,595)	$0	($18,537)	(100%)

31 - EDC Projects Fund

Proposed Budget FY2026-2027

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FY2027 BUDGET CHANGES

This budget presents the following changes:

- Continuing Business Improvement Grants at Same Increased Amount as FY26
- Wayfinding Initiatives
- One-Time Intentional Use of Reserves for an Infrastructure Project

EDC MISSION

The purpose of the Freeport Economic Development Corporation is to promote community improvements and economic development within the City and the State of Texas and the public welfare of, for and on behalf of the City by developing, implementing, providing, and financing projects under the Act as defined by Section 4B of the Act; and for all other purposes allowed by law as permitted by the Development Corporation Act as it now exists or is hereafter amended.

EDC PROJECTS FUND OVERVIEW

This fund is used to account for the various projects that have been funded by the FEDC. The projects are funded by a yearly transfer from the EDC Operating Fund (Fund 30).

EDC PROJECTS FUND PERSONNEL SUMMARY

This fund does not support any personnel.

EDC ACCOMPLISHMENTS & GOALS

FY2026 Accomplishments

- Initiated Wayfinding Project with Survey and Branding Ideas ($100,000)
- Support for Christmas on Main in Downtown Christmas Tree Lease and Purchase ($52,685)
- 2nd Street Mill and Overlay Project to Support Improved Street to Downtown from the Main Highway ($442,577)
- Business Targeted Water Valve Replacements to Support Business Activities by Reducing the Need for Boil Water Notices ($302,816)
- Completed 10 Business Improvement Grants to Support Established Businesses ($230,185)

FY2027 Strategic Focus

- Beautification Initiatives:
  - Business Improvement Grants ($300,000)
  - Wayfinding Step 2 ($100,000)
- Infrastructure Improvements:
  - Infrastructure Project TBD ($500,000)

FY2027 Goals

- Confirm Wayfinding Designs and Move to Step 2: Placement and Sign Variations
- Initiate Infrastructure Repairs and Work with City for List of Targeted Locations
- Improve the Business Improvement Grant Categories & Eligible Grant Funding Amounts
- Collaborate with the City and Private Partners on the Park Improvement Project
- Increase Transparency and Communications for Projects
- Work with City to Provide More Grants to Improvement Projects
- Increase Workforce Initiatives to Keep the Population Updated

EXPENDITURES BY EXPENSE TYPE

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COMPREHENSIVE FINANCIAL TABLE

31 - EDC Projects Fund

	ACTUALS		PRIOR YEAR BUDGET	PROJECTED TOTAL	PROPOSED BUDGET	CALCULATION	CALCULATION
	FY2025	**FY2026**	**FY2026**	**FY2026**	**FY2027**	**Change in Budget**	**Change in Budget**
Revenues							
31 - EDC PROJECTS FUND							
59 - MISCELLANEOUS							
31-360-360-127 - INTEREST INCOME	–	–	$0	$7,500	–	$0	–
59 - MISCELLANEOUS TOTAL	**–**	**–**	**$0**	**$7,500**	**–**	**$0**	**–**
62 - TRANSFERS							
31-710-710-300 - TRANSFER FROM EDC OPERATING FUND	–	$487,500	$650,000	$650,000	$650,000	$0	0%
62 - TRANSFERS TOTAL	**–**	**$487,500**	**$650,000**	**$650,000**	**$650,000**	**$0**	**0%**
31 - EDC PROJECTS FUND TOTAL	**–**	**$487,500**	**$650,000**	**$657,500**	**$650,000**	**$0**	**0%**
REVENUES TOTAL	**–**	**$487,500**	**$650,000**	**$657,500**	**$650,000**	**$0**	**0%**

	ACTUALS		PRIOR YEAR BUDGET	PROJECTED TOTAL	PROPOSED BUDGET	CALCULATION	CALCULATION
	FY2025	**FY2026**	**FY2026**	**FY2026**	**FY2027**	**Change in Budget**	**Change in Budget**
Expenses							
31 - EDC PROJECTS FUND							
10 - TRANSFERS							
31-710-030 - TRANSFER TO EDC OPERATING FUND	($400,000)	–	$0	–	–	$0	–
10 - TRANSFERS TOTAL	**($400,000)**	**–**	**$0**	**–**	**–**	**$0**	**–**
14 - SERVICES							
31-407-433 - FEDC PROJECTS	–	–	$650,000	$950,000	$900,000	$250,000	38%
31-407-436 - BUSINESS IMPROVEMENT GRANTS	$195,210	$805,372	–	–	–	$0	–
14 - SERVICES TOTAL	**$195,210**	**$805,372**	**$650,000**	**$950,000**	**$900,000**	**$250,000**	**38%**
31 - EDC PROJECTS FUND TOTAL	**($204,790)**	**$805,372**	**$650,000**	**$950,000**	**$900,000**	**$250,000**	**38%**
EXPENSES TOTAL	**($204,790)**	**$805,372**	**$650,000**	**$950,000**	**$900,000**	**$250,000**	**38%**
Revenues Less Expenditures	$204,790	($317,872)	$0	($292,500)	($250,000)	($250,000)	–

33 - EDC Marketing Fund

Proposed Budget FY2026-2027

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FY2027 BUDGET CHANGES

This budget presents the following changes:

- Expenses were Itemized and Adjusted for Actuals on Each Line Item
- An Overall Increase of 8% for Revenues and an Overall Increase of 8% for Expenses is Expected

EDC MISSION

The purpose of the Freeport Economic Development Corporation is to promote community improvements and economic development within the City and the State of Texas and the public welfare of, for and on behalf of the City by developing, implementing, providing, and financing projects under the Act as defined by Section 4B of the Act; and for all other purposes allowed by law as permitted by the Development Corporation Act as it now exists or is hereafter amended.

EDC MARKETING FUND OVERVIEW

This fund is used to account for the various sponsorships that have been funded by the FEDC. The sponsorships are funded by a yearly transfer from the EDC Operating Fund (Fund 30).

EDC MARKETING FUND PERSONNEL SUMMARY

This fund does not support any personnel.

EDC ACCOMPLISHMENTS & GOALS

FY2026 Accomplishments

- Purchase of Digital Sign to Replace Temporary Sign at High School Football Field Location ($80,000)
- Sponsored Citywide Events: America 250, Fishing Fiesta, Riverfest, Christmas on Main, Superfeast, Kidfest, Halloween Events, Business Development Breakfast, etc. ($83,000)
- Outreach Program Initiative Benefitted 15 Businesses
- Supported Senior Citizens Commission and Main Street Workshops

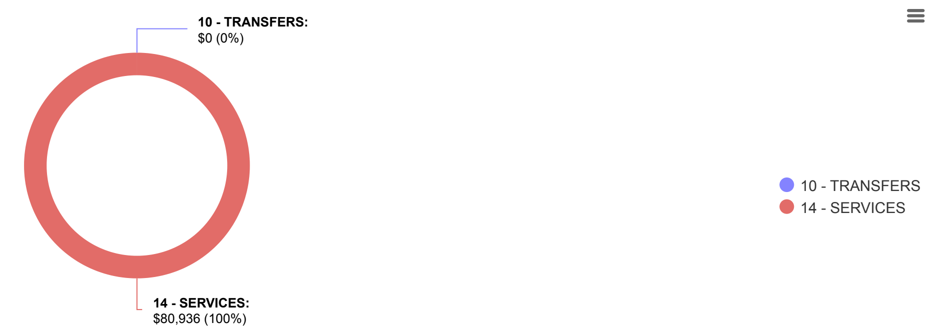
FY2027 Strategic Focus

- Beautification Initiatives:
  - N/A
- Infrastructure Improvements:
  - N/A

FY2027 Goals

- Provide More Community Outreach Initiatives
- Strengthen Business Retention and Expansion Practices for Established Businesses
- Increase Outreach to Attract New Businesses

EXPENDITURES BY EXPENSE TYPE



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COMPREHENSIVE FINANCIAL TABLE

33 - EDC Marketing Fund

	ACTUALS		PRIOR YEAR BUDGET	PROJECTED TOTAL	PROPOSED BUDGET	CALCULATION	CALCULATION
	FY2025	**FY2026**	**FY2026**	**FY2026**	**FY2027**	**Change in Budget**	**Change in Budget**
Revenues							
33 - EDC MARKETING FUND							
59 - MISCELLANEOUS							
33-360-360-127 - INTEREST INCOME	–	–	$0	$1,500	–	$0	–
59 - MISCELLANEOUS TOTAL	**–**	**–**	**$0**	**$1,500**	**–**	**$0**	**–**
62 - TRANSFERS							
33-710-710-300 - TRANSFER FROM EDC OPERATING FUND	–	$56,250	$75,000	$75,000	$80,936	$5,936	8%
62 - TRANSFERS TOTAL	**–**	**$56,250**	**$75,000**	**$75,000**	**$80,936**	**$5,936**	**8%**
33 - EDC MARKETING FUND TOTAL	**–**	**$56,250**	**$75,000**	**$76,500**	**$80,936**	**$5,936**	**8%**
REVENUES TOTAL	**–**	**$56,250**	**$75,000**	**$76,500**	**$80,936**	**$5,936**	**8%**
Expenses							
33 - EDC MARKETING FUND							
10 - TRANSFERS							
33-710-030 - TRANSFER TO EDC OPERATING FUND	($75,000)	–	$0	–	–	$0	–

	ACTUALS		PRIOR YEAR BUDGET	PROJECTED TOTAL	PROPOSED BUDGET	CALCULATION	CALCULATION
	FY2025	**FY2026**	**FY2026**	**FY2026**	**FY2027**	**Change in Budget**	**Change in Budget**
10 - TRANSFERS TOTAL	**($75,000)**	**–**	**$0**	**–**	**–**	**$0**	**–**
14 - SERVICES							
33-407-434 - MARKETING	$54,096	$1,266	$75,000	$55,000	$80,936	$5,936	8%
14 - SERVICES TOTAL	**$54,096**	**$1,266**	**$75,000**	**$55,000**	**$80,936**	**$5,936**	**8%**
33 - EDC MARKETING FUND TOTAL	**($20,904)**	**$1,266**	**$75,000**	**$55,000**	**$80,936**	**$5,936**	**8%**
EXPENSES TOTAL	**($20,904)**	**$1,266**	**$75,000**	**$55,000**	**$80,936**	**$5,936**	**8%**
Revenues Less Expenditures	$20,904	$54,984	$0	$21,500	$0	$0	–

Financial Management Policy

Proposed Budget FY2026-2027

FINANCIAL MANAGEMENT POLICY

The City of Freeport considers its goals, objectives and financial policy statements to be important integral parts of the budgetary process. The purpose of these policies is to safeguard the fiscal stability required to achieve the City's objectives and ensure long-term financial health.

Objectives:

A. To guide City Council and management policy decisions that have significant fiscal impact.
B. To employ balanced revenue policies that provide adequate funding for services and service levels.
C. To maintain appropriate financial capacity for present and future needs.
D. To maintain sufficient reserves so as to maintain service levels during periods of economic downturn.
E. To promote sound financial management by providing accurate and timely information on the City's financial condition.
F. To protect the City's credit rating and provide for adequate resources to meet the provisions of the City's debt obligations on all municipal debt.
G. To ensure the legal use of financial resources through an effective system of internal controls.
H. To promote cooperation and coordination with other governments and the private sector in financing.

Specifically, this policy framework mandates the pursuit of the following fiscal objectives:

I. Revenues

Design, maintain and administer a revenue system that will assure a reliable, equitable, diversified and sufficient revenue stream to support desired City services.

II. Expenditures

Identify priority services, establish and define appropriate service levels and administer the expenditure of available resources to assure fiscal stability and the effective and efficient delivery of services.

III. Fund Balance/Working Capital/ Net Assets

Maintain the fund balance, working capital and net assets of the various operating funds at levels sufficient to protect the City's credit worthiness as well as its financial position from emergencies.

IV. Capital Expenditures and Improvements

Annually review and monitor the condition of the City's capital equipment and infrastructure, setting priorities for its replacement and renovation based on needs, funding alternatives and availability of resources.

V. Debt

Establish guidelines for debt financing that will provide needed capital equipment and infrastructure improvements while minimizing the impact of debt payments on current and future revenues.

VI. Investments

Invest the City's operating cash to ensure its safety, provide for necessary liquidity and optimize yield.

VII. Intergovernmental Relations

Coordinate efforts with other governmental agencies to achieve common policy objectives, share the cost of providing governmental services on an equitable basis and support appropriate favorable legislation at the state and federal level.

VIII. Grants

Aggressively investigate, pursue and effectively administer federal, state and foundation grants-in-aid, which address the City's current priorities and policy objectives.

IX. Economic Development
Initiate, encourage and participate in economic development efforts to create job opportunities and strengthen the local economy and tax base.

X. Fiscal Monitoring
Prepare and present reports for the current and multi-year periods that analyze, evaluate and forecast the City's financial performance and economic condition.

XI. Accounting, Auditing and Financial Reporting
Comply with prevailing federal, state and local statutes and regulations. Conform to generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants (AICPA) and the Government Finance Officers Association (GFOA).

XII. Operating Budget
Develop and maintain a balanced budget that presents a clear understanding of the goals of the City Council.

I. REVENUES
The City shall use the following guidelines to design, maintain and administer a revenue system that will ensure a reliable, equitable, diversified and sufficient revenue stream to support desired City services.

A. Balance and Diversification in Revenue Sources
The City shall strive to maintain a balanced and diversified revenue system to protect the City from fluctuations in any one source due to changes in economic conditions that adversely impact that source.

B. User Fees
For services that benefit specific users, where possible the City shall establish and collect fees to recover the cost of those services. Where feasible and desirable, the City shall seek to recover full direct and indirect costs. City staff shall review user fees on a regular basis to calculate their full cost recovery levels, to compare them to the current fee structure and to recommend adjustments where necessary to facilitate City Council's policy decision regarding the level of support to be provided.

C. Property Tax Revenues/Tax Rate
The City shall strive to reduce its reliance on property tax revenues by revenue diversification, implementation of user fees and economic development. The City shall also strive to minimize tax rate increases.

D. Enterprise Funds User Fees
Enterprise funds user fees shall be set at levels enough to cover operating expenditures, meet debt obligations, provide additional funding for capital improvements and provide adequate levels of working capital and debt coverage. The City shall seek to eliminate all forms of subsidization to enterprise funds from the General Fund and seek to reduce general fund support to enterprise funds.

E. Administrative Services Charges
The City shall prepare a cost allocation plan annually to determine the administrative services charges due to the General Fund from enterprise funds for overhead and staff support. Where appropriate, the enterprise funds shall pay the General Fund for direct services rendered.

F. Revenue Estimates for Budgeting
To maintain a stable level of service, the City shall use a conservative, objective and analytical approach when preparing revenue estimates for current and multi-year periods. The process shall include analysis of probable economic changes and their impacts on revenues, historical collection rates and trends in revenues.

G. Revenue Collection and Administration
The City shall maintain high collection rates for all revenues by keeping the revenue system as simple as possible to facilitate payment. In addition, since revenue should exceed the cost of producing it, the City shall strive to control administrative costs. The City shall pursue to the full extent, allowed by state law, all delinquent taxpayers and others overdue in payments to the City.

II. EXPENDITURES
The City shall use the following guidelines to identify necessary services, establish appropriate service levels and administer the expenditure of available resources to assure fiscal stability and the effective and efficient delivery of services.

A. Current Funding Basis
The City shall operate on a current funding basis. Expenditures shall be budgeted and controlled so as not to exceed current revenues plus the planned use of fund balance accumulated through prior year savings.

B. Avoidance of Operating Deficits
The City shall take timely corrective action if at any time during the fiscal year expenditure and revenue re-estimates are such that an operating deficit is projected at year-end.

C. Maintenance of Capital Assets
Within the resources available each fiscal year, the City shall maintain capital assets and infrastructure at a sufficient level to protect the City's investment, to minimize future replacement and maintenance costs and to continue service levels.

D. Purchasing

The City shall make every effort to maximize any discounts offered by creditors/vendors individually or through aggregated cooperative purchasing with other governmental entities. Vendors with balances due to the City will have payments due to the vendor offset against the amount due to the City. The City will follow state law as well as the Purchasing Policies adopted by the City Council concerning the amount of the purchase requiring formal bidding procedures and approval by the City Council. For purchases where competitive bidding is not required, the City shall seek to obtain the most favorable terms and pricing possible. Every effort will be made to include women and minority-owned by business enterprises in the bidding process.

III. FUND BALANCE / WORKING CAPITAL / NET ASSETS

Fund balance measures the net financial resources available to finance expenditures of future periods. The City Council recognizes that good fiscal management comprises the foundational support of the entire City. The City shall use the following guidelines to maintain the fund balance, working capital and net assets of the various operating funds at levels sufficient to protect the City's creditworthiness as well as its financial position from emergencies. In the context of financial reporting, the term fund balance is used to describe the net position of governmental funds calculated in accordance with generally accepted accounting principles (GAAP) which separates fund balances into five categories:

A. Categories

Non-spendable Fund Balance is the portion of fund balance that is inherently non-spendable such as assets that will never convert to cash, assets that will not convert to cash soon enough to affect the current period, and resources that must be maintained intact pursuant to legal or contractual requirements.

Restricted Fund Balance is the portion of fund balance that reflects resources that are subject to externally enforceable legal restrictions.

Committed Fund Balance is the portion of fund balance that represents resources whose use is constrained by limitations that the City Council has imposed upon itself and that remain binding unless removed by the same action with which the limitations were imposed.

Assigned Fund Balance is the portion of fund balance that reflects the City Council's intended use of resources.

Unassigned Fund Balance is the portion of fund balance that is not categorized into one of the other categories of fund balance.

The total amounts in these last three categories (where the only constraint on spending, if any, is imposed by the government itself) is termed Unrestricted Fund Balance.

B. General Policy

Fund Balance should be used only for non-recurring expenditures, major capital purchases, or emergencies that cannot be accommodated through current year savings.

C. Fund Balance Classification

For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first and then unrestricted fund balance. Expenditures incurred on the unrestricted fund balances shall be reduced first from the committed fund balance, then from the assigned fund balance, and lastly from the unassigned fund balance.

D. Committed Fund Balance

Fund Balance of the City must be committed for a specific source by formal action of the City Council. Amendments or modifications to the committed fund balance must also be approved by formal action of the City Council. Committed fund balance does not lapse at year-end. The formal action required to commit fund balance shall be either by resolution or majority vote.

E. General Fund Unassigned Fund Balance

The City shall strive to maintain an undesignated General fund balance equal to 25% of budgeted expenditures for the General Operating Fund. Maintaining the General Fund Unassigned Fund Balance at this level provides sufficient working capital and a margin of safety to address local emergencies without borrowing. If the General Fund Unassigned Fund Balance drops below 25%, it shall be recovered at a rate of 1% minimally each year. At the end of the current fiscal year, the City anticipates a positive budget variance in the General Fund. After determining the desired fund balance in the General fund, the remainder of the positive budget balance will be transferred to other funds and/or projects as directed by the City Council. The General Fund Unassigned Fund Balance shall be appropriated by the City Council either by resolution or majority vote.

F. Other Operating Funds Unassigned Fund Balance; Enterprise Working Capital

In other operating funds, the City shall strive to maintain a positive unassigned fund balance (working capital) position to provide sufficient reserves for emergencies and revenue shortfalls. In addition, the city will seek to maintain a working capital (current assets minus current liabilities) balance equal to 33% budgeted expenditures for the Water and Sewer Utility Enterprise fund.

IV. CAPITAL IMPROVEMENTS

A. Capital Expenditures and Improvements

The City shall annually review and monitor the condition of the City's capital equipment and infrastructure, setting priorities for its replacement and renovation based on needs, funding alternatives and availability of resources.

B. Capital Improvements Program

The City shall annually review the Capital Improvements Program (CIP), potential new projects and the current status of the City's infrastructure, replacement and renovation needs, updating the program as appropriate. All projects, ongoing and proposed, shall be prioritized based on an analysis of current needs and resource availability. For every project, all operation, maintenance and replacement expenditures shall be fully at cost. The CIP shall also present the City's long-term borrowing plan, debt payment schedules and other debt outstanding or planned, including general obligation bonds, revenue bonds, Certificates of obligation, lease/purchase agreements and certificates of participation.

C. Replacement of Capital Assets on a Regular Schedule

The Vehicle/Equipment Replacement Fund is the primary source of funds for all of the City's vehicle and equipment purchases, both replacements and additions. The City shall annually prepare a schedule for the replacement of its non-infrastructure capital assets. Within the resources available each fiscal year, the City shall replace these assets according to this schedule. The City desires to fund all vehicle and equipment purchases through donations, auction proceeds, grant proceeds, and budget transfer from General fund.

D. Capital Expenditure Financing

The City recognizes that there are several methods of financing capital requirements: (1) budget the funds from current revenues; (2) take the funds from fund balance/retained earnings as allowed by the Fund Balance Policy; (3) utilize funds from grants and foundations; or (4) borrow money through debt. Debt financing includes general obligation bonds, revenue bonds, Certificates of obligation, lease/purchase agreements and certificates of participation. The City Council will determine the appropriate use of financing for capital expenditures on an as-needed basis and during the budget development process each year.

V. DEBT

When the use of debt financing is determined by the City Council to be appropriate, the City shall use the following guidelines for debt financing which will provide needed capital equipment and infrastructure improvements while minimizing the impact of debt payments on current and future revenues.

A. Use of Debt Financing

Debt financing, including general obligation bonds, revenue bonds, certificates of obligation, certificates of participation and lease/purchase agreements, shall only be used to purchase capital assets. Debt payments should be structured to provide that any capital assets that are funded by the debt have a longer life than the debt associated with those assets.

B. Amortization of Debt

The City shall structure new debt issue payment schedules to utilize the City's declining debt payment schedules to keep tax increases for debt to a minimum. Capital projects that, by their character or size, are outside the normal core service projects will require careful evaluation of financial feasibility.

C. Affordability Targets

The City shall use an objective analytical approach to determine whether it can afford to assume new debt beyond the amount it retires each year. This process shall compare generally accepted standards of affordability to the current values for the City. These standards shall include debt per capita, debt as a percent of taxable value, debt service payments as a percent of current revenues and current expenditures and the level of overlapping net debt of all local taxing jurisdictions. The process shall also examine the direct costs and benefits of the proposed expenditures as determined in the City's annual update of the Capital Improvements Program. The decision on whether or not to assume new debt shall be based on these costs and benefits and on the City's ability to "afford" new debt as determined by the aforementioned standards. The City shall use cities with similar bond ratings for debt ratio benchmarks.

D. Sale Process

The City shall use a competitive bidding process in the sale of debt unless the nature of the issue warrants a negotiated bid.

E. Rating Agencies Presentations

Full disclosure of operations and open lines of communication shall be made to the rating agencies. City staff, with assistance from financial advisors, shall prepare the necessary materials and presentations for the rating agencies.

F. Continuing Disclosure

The City is committed to continuing disclosure of financial and pertinent credit information relevant to the City's outstanding securities.

G. Debt Refunding

City staff and the City's financial advisor shall monitor the municipal bond market for opportunities to obtain interest savings by refunding outstanding debt.

VI. INVESTMENTS

As adopted by the City Council, it is the policy of the City of Freeport that the administration and investment of funds be handled as its highest public trust. The City's available cash shall be invested according to the City's Investment Policy that is adopted by the City Council on an annual basis in accordance with the requirements of Chapter 2256 of the Texas Government Code. The primary objectives, in priority order, of the City's investment activities shall be preservation and safety of principal, liquidity and yield. The earnings from investment will be used in a manner that best serves the public trust and interest of the City of Freeport.

The investment policy applies to all financial assets of the City of Freeport. These funds are accounted for in the City's comprehensive annual financial report and include the General, Special Revenue, Debt Service, Capital Projects, and Proprietary Funds. All cash of the various funds (excluding bond funds) are combined into the pooled cash fund for efficiency and maximum investment opportunity. Interest revenue derived from the pooled cash fund is allocated to the participating funds (annually) based on the relative cash balance of each fund. Bond funds are invested in separate investment pool accounts. Maintaining these funds in separate accounts simplifies the calculation necessary for the reporting of arbitrage earnings. All funds in the pooled cash fund are to be administered in accordance with this policy.

The City's depository account requires two authorized signatures to sign all checks to ensure the safety of funds.

VII. INTERGOVERNMENTAL RELATIONS

The City shall coordinate efforts with other governmental agencies to achieve common policy objectives, share the cost of providing government services on an equitable basis and support appropriate favorable legislation at the state and federal levels.

A. Interlocal Cooperation in Delivering Services
In order to promote the effective and efficient delivery of services, the City shall work with other local jurisdictions to share on an equitable basis the costs of services, to share facilities and to develop joint programs to improve service to its citizens.

B. Legislative Program
The City shall cooperate with other jurisdictions to actively oppose any state or federal regulation or proposal that erodes municipal authority, attempts to remove local control over city issues, services or programs, or mandates additional City programs or services and does not provide the funding for implementation.

VIII. GRANTS

The City shall seek, apply for, obtain and effectively administer federal, state and foundation grants-in-aid that address the City's current and future priorities and policy objectives.

A. Grant Guidelines
The City shall seek, apply for and obtain those grants that are consistent with priority needs and objectives identified by Council.

B. Direct and Indirect Costs
The City shall recover indirect costs to the maximum amount allowed by the funding source. The City may waive or reduce direct and indirect costs if doing so will significantly increases the effectiveness of the grant.

C. Grant Review
The City shall review all grant submittals for their cash or in-kind match requirements, their potential impact on the operating budget and the extent to which they meet the City's policy objectives. If there are cash match requirements, the source of funding shall be identified and approved prior to application. An annual report on the status of grant programs shall also be prepared.

D. Grant Program Termination
The City shall terminate grant-funded programs and associated positions as directed by the City Council when grant funds are no longer available unless alternate funding is identified.

E. Grant Payment Procedures
Once grant funds are received and invoice approval acknowledged by signature on the original invoice, a demand check is entered into the system by the Finance Director's office, then printed and disbursed by the Finance Director. Both the City Manager and Finance Director signatures appear on the approved checks. Checks are then disbursed to the appropriate vendors. The Finance Director is responsible for ensuring that checks are signed and disbursed within five (5) days for the Texas Department of Agriculture and three (3) calendar days for the Texas General Land Office of receiving grant funds.

F. CFR 200 Appendix II Provisions
a. Contracts for more than the simplified acquisition threshold, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by 41 U.S.C. 1908, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.

b. All contracts in excess of $10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be effected and the basis for settlement.

c. Equal Employment Opportunity. Except as otherwise provided under 41 CFR Part 60, all contracts that meet the definition of "federally assisted construction contract" in 41 CFR Part 60-1.3 must include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, "Equal Employment Opportunity" (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and implementing regulations at 41 CFR part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."

d. Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of $2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland "Anti-Kickback" Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.

e. Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708). Where applicable, all contracts awarded by the non-Federal entity in excess of $100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5). Under 40 U.S.C. 3702 of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C.

3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

f. Rights to Inventions Made Under a Contract or Agreement. If the Federal award meets the definition of "funding agreement" under 37 CFR § 401.2 (a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that "funding agreement," the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.

g. Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended—Contracts and subgrants of amounts in excess of $150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

h. Debarment and Suspension (Executive Orders 12549 and 12689)—A contract award (see 2 CFR 180.220) must not be made to parties listed on the governmentwide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), "Debarment and Suspension." SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

i. Byrd Anti-Lobbying Amendment (31 U.S.C. 1352)—Contractors that apply or bid for an award exceeding $100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.

j. See § 200.323.

k. See § 200.216.

l. See § 200.322.

IX. ECONOMIC DEVELOPMENT

The City shall initiate, encourage and participate in economic development efforts to create job opportunities and strengthen the local economy and tax base.

A. Commitment to Expansion and Diversification

The City shall encourage and participate in economic development efforts to expand Freeport's economy and tax base, to increase local employment and to invest when there is a defined specific long-term return. These efforts should focus not only on new areas but also on established sections of Freeport where redevelopment can generate additional jobs and other economic benefits.

B. Tax Abatements

The City shall follow the Guidelines for Tax Abatement adopted by the City Council to encourage commercial and/or industrial growth and development throughout Freeport. The City shall balance the long-term benefits of tax abatements with the short-term loss of tax revenues prior to the granting of the abatement. Factors considered in evaluating proposed abatements for development include the location of the project, its size, the number of temporary and permanent jobs created, the costs and benefits for the City and the impact on Freeport's economy and other factors specified in the City's Guidelines for Tax Abatement as well as applicable state laws.

C. Increase Non-Residential Share of Tax Base

The City's economic development program shall seek to expand the non-residential share of the tax base to decrease the tax burden on residential property owners.

D. Coordinate Efforts with Other Jurisdictions

The City's economic development program shall encourage close cooperation with other local jurisdictions to promote the economic well being of the area.

E. Use of Other Incentives

The City shall use enterprise zones as allowed by law and shall seek new sources to encourage business expansion. The City shall also coordinate with state and federal agencies on offering any incentive programs they may provide for potential economic expansion.

X. FISCAL MONITORING

Reports shall be prepared and presented on a regular basis to analyze, evaluate and forecast the City's financial performance and economic condition for the current year and for multi-years.

A. Financial Status and Performance Reports

Quarterly reports shall be prepared comparing expenditures and revenues to current budget for fiscal year-to-date, and to prior year actual fiscal year-to-date. Balance sheets and budget highlight notes are also provided. Timely information including comparisons of expenditures to budgeted amounts shall be provided to all department heads and directors on a monthly basis.

B. Five-Year Forecast of Revenues and Expenditures
A five-year forecast of revenues and expenditures, including a discussion of major trends affecting the City's financial position, shall be prepared. The forecast shall examine critical issues facing the City, economic conditions and the outlook for the upcoming budget year.

XI. ACCOUNTING, AUDITING AND FINANCIAL REPORTING

The City shall comply with prevailing local, state and federal regulations. The City will maintain accounting practices that conform to generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB), the authoritative standard setting body for units of local government. the American Institute of Certified Public Accountants (AICPA) and the Government Finance Officers Association (GFOA). The City Council shall select an independent firm of certified public accountants to perform an annual audit of all operations. The City may participate in the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting program.

XIII. OPERATING BUDGET

The City shall establish an operating budget that links revenues and expenditures to the goals of the City Council. The City shall strive to participate in the Government Finance Officers Association's Distinguished Budget Presentation Award program.

Financial Management Policies - Approved December 19, 2022, Resolution No. 2022-2772

Chart of Accounts

Proposed Budget FY2026-2027

CITY OF FREEPORT CHART OF ACCOUNTS

Funds	
10	General Fund - this fund is used for the City's general operating activities
12	City Grants Fund - this fund is used to track various City grant activities
14	Streets & Drainage Fund - used for capital streets and drainage projects
15	Golf Fund - used to track revenues and expenditures for the Municipal Golf Course.
16	Marina Fund - this fund is not used
17	Beach Maintenance Fund - this fund is used to track expenses for beach maintenance
18	Hotel Occupancy Tax Fund - used for restricted expenditures funded by the Hotel Occupancy Tax
20	EMS Fund - used to track revenues and expenditures for EMS operations.
21	Facilities & Grounds Fund - used for capital improvements to City facilities and grounds
22	Equipment & Vehicle Replacement Fund - used for replacement of equipment and vehicles
23	G.F. Contingency Fund - this fund is used for General Fund unforeseen circumstances.
24	City-EDC Project - this fund is used to account for projects funded by the admin payment from the EDC
25	Port Settlement Projects Fund - this fund used to account for projects by funds received from Port Freeport
26	City Events Fund - this fund is used to account for revenues and expenditures directly related to City sponsored events.
30	EDC Operating Fund - used for the expenditures for the City's component unit
31	EDC Projects Fund - this fund is used to account for the various projects that have been funded by the EDC
33	EDC Marketing Fund - this fund is used to account for marketing expenditures that have been funded by the EDC
34	EDC Debt Service - used for debt of the City's component unit
40	Court Technology Fund - used for restricted expenditures funded by court fees
41	Court Security Fund - used for restricted expenditures funded by court fees
42	Combined Court Security & Technology Fund - used for restricted expenditures funded by court fees.
45	Civil Service Commission Fund - used for expenditures directly related to the Civil Service Commission.
56	Water/Sewer Fund - used to account for the City's enterprise activities
64	Debt Service Fund - used for the payment of the City's debt service
66	2020 CO Bond Fund - used for capital projects funded by the 2020 Certificates of Obligations
67	2021 CO Bond Fund - used for capital projects funded by the 2020 Certificates of Obligations
68	AMI Water Meter Project Fund - used to track the expenses related to the water meter installation project
70	TIRZ Fund - used for restricted expenditures funded by property taxes
71	Freeport 19, LLC Development Fund - used as the escrow account for the development project.
100	Hurricane Beryl Fund - used to track expenses related to Hurricane Beryl
Departments	

400	Mayor & Council - used to account for the activities of City Council.
407	Economic Development - used to account for the activities of economic development
410	Administration - used to account for the activities of administrative staff and council
417	Information Technology - used to account for activities of information technology
420	Service Center - used to account for activities of vehicle and equipment maintenance
430	Municipal Court - used to account for the activities of the Municipal Court.
525	Police Department - used to account for the activities of the Police Department
530	Fire Department - used to account for the activities of the Fire Department
535	EMS - used to account for the activities of EMS
558	Community Development - used to account for the activities of the Building Department
564	Garbage - used to account for the activities of the garbage collection
565	Water/Sewer - used to account for the activities of the Water/Sewer Department
575	Streets - used to account for the activities of the Streets Department
576	Beach Maintenance - this department will not be used anymore
577	Main Street - used to account for the activities of Main Street
578	Historical Museum - used to account for the activities of the Museum
579	Sr Citizens Commission - used to account for the activities of the Senior Citizens Commission
615	Water/Sewer Debt Service - used to account for water/sewer debt service
650	Library - used to account for the activities of the Library
655	Parks - used to account for the activities of the Parks Department
656	Golf Course - used to account for the activities of the golf course
665	Recreation - used to account for the activities of the recreation department
700	Transfer To - used to account for transfers to other funds
710	Transfer From - used to account for transfers from other funds
Revenues	
301-100	AMBULANCE REVENUE - Fee charged for emergency medical services
301-101	EMS REV - INTERLOCAL - Funding from other governmental agencies for emergency medical services
302-100	EMS WATER BILL DONATIONS - Fee paid by citizens for emergency medical services
310-110	TAX - PR - CURRENT YEAR - Taxes due for the budget year
310-120	TAX - PR - PRIOR YEARS - Taxes due for prior years
311-110	TAX - PR - P & I CURRENT YEAR - Penalty and interest due for delinquent taxes
311-120	TAX - PR - P & I PRIOR YEARS - Penalty and interest due for delinquent taxes for prior years
312-010	TAX - BRAZOSPORT INDUST DIST - Payments in lieu of taxes for industrial district agreements
312-020	TAX - FREEPORT INDUST DIST - Payments in lieu of taxes for industrial district agreements
312-021	TAX - FREEPORT LNG INDUSTRIAL DI - Payments in-lieu of taxes for industrial district agreements
318-300	TAX - SALES TAX - General sales tax revenue
318-410	TAX - FRANCHISE - UTILITIES - Gross receipt tax and rights-of-way rentals charged to utilities
318-430	TAX - FRANCHISE - TELECOM - Gross receipt tax and rights-of-way rentals charged to telecom
318-450	TAX - FRANCHISE - GARBAGE - Gross receipt tax and rights-of-way rentals charged to garbage
318-500	TAX - HOTEL-MOTEL OCCUPANCY - Tax collected from short-term rental establishments
318-700	TAX - MIXED BEVERAGE - Gross receipt tax charged for mixed beverage sales
320-100	PERMIT - ALCOHOLIC BEVERAGE - City fee charged on the issuance of state alcoholic beverage permits
320-200	PERMIT - HEALTH - City fee charged for the issuance & inspections of food dealers
320-800	PERMIT - CHAUFFERS-TOWING - City fee charged for the issuance of a towing permit
320-801	PERMIT - TAXI CABS - City fee charged for the issuance of a taxi cab permit
320-802	PERMIT - PEDDLERS - City fee charged for the issuance of peddlers permit
320-804	PERMIT - DANCE HALL - City fee charged for the issuance of a dance hall permit
320-805	PERMIT - PLAT FILING FEES - City filing fee charged for plats
320-806	PERMIT - TRAILER PARKS - City fee charged for the issuance of a trailer park permit
320-807	PERMIT - MISC. - City fee charged for the issuance of a miscellaneous permit not listed in another line item
320-809	PERMIT - SHORT TERM RENTAL - City fee charged to register short-term rental property

320-810	PERMIT - RENTAL INSPECTION - City fee charged for the rental inspection of a registered rental property
321-110	PERMIT - BUILDING - City fee charged for the issuance & inspection of a building
321-120	PERMIT - ELECTRICAL - City fee charged for the issuance & inspection of electrical permits
321-125	PERMIT - SAFETY - City fee charged for the issuance & inspection of safety permits
321-126	PERMIT - FIRE - City fee charged for the issuance & inspection of fire safety systems
321-130	PERMIT - PLUMBING - City fee charged for the issuance & inspection of plumbing
321-136	RELEASE OF LIENS - Payments for the release of liens
344-300	GARBAGE - REVENUE - Charges for garbage service
344-301	GARBAGE OVERAGE - Charges for bulk garbage services
344-700	GARBAGE - BAD DEBT WRITE-OFF -
347-102	COURT COLLECTION FEES - Fees collected by the Municipal Court
347-200	POOL RECEIPTS - City fee charged for use of the City pool
347-300	RECREATION CENTER FEES - Fees charged for the Recreation Center
347-350	PROGRAM FEES - Fees charged for programs at the Recreation Center
347-351	EVENT REVENUE - Revenue for special events, including sponsorships
347-501	RIVERPLACE RENTAL REVENUE - Fee charged for the rental of River Place
347-502	VELASCO COMMUNITY HOUSE - Fee charged for the rental of Velasco Commity House
347-503	FMP RENTAL REVENUE - Fee charged for the rental of Freeport Municipal Park
347-504	FMPG RENTAL REVENUE - Fee charged for the rental of Freeport Municipal Park Gazebo
347-505	FCHP RENTAL REVENUE - Fee charged for the rental of Freeport Community House Pavilion
347-508	ARRINGTON PARK RENTAL - Fee charged for the rental of Arrington Park
347-509	SENIORS RENTAL REVENUE - Fee charged for Senior rental activites
347-511	PROMOTIONS REVENUE - Fees for special events
347-550	PARK RENTAL - Charge for the rental of various parks not listed in another line item
347-579	SENIOR CITIZENS PAYMENTS - Charges for Senior events
349-101	GOLF REV - RECEIPTS - Charges for rounds of golf purchased
349-200	GOLF REV - CART RENTAL - Charges for the rental of golf carts
349-401	GOLF REV - MERCHANDISE - Charges for golf merchandise purchased
349-402	GOLF REV - PREPARED FOODS - Charges for prepared foods at the golf course
349-403	GOLF REV - BEER SALES - Charges for the sale of beer at the golf course
349-404	GOLF REV - SOFT DRINKS&CHIPS - Charges for soft drink and chip sales at the golf course
349-450	GOLF REV - MEMBERSHIPS - Charges for membership fees at the golf course
350-100	MUNICIPAL COURT REVENUE - Fee collected when authorized with conviction
350-305	ADM FEES - DEFENSIVE DRIVING - Fee collected when authorized with conviction
360-100	INTEREST INCOME - Interest earned on deposited or invested City cash
360-101	MISC INCOME - Revenues that are not otherwise provided with a specific line item
360-103	UTILITY REIMBURSEMENTS - Reimbursements for utilities by lease tenants
360-104	SUPERFEAST DONATIONS - Donations for the use of Superfeast
360-105	MARINE OPERATIONS REVENUE-LNG - Revenue for operation of marine expenditures
360-110	MUSEUM REVENUES-BUILDING RENT - Fees charged for the rental of the Museum
360-200	SALE OF PROPERTY - Proceeds for the sale of surplus property
360-300	TAX ABATEMENT FEE - Fee charged for application for tax abatement
360-400	GRANT REVENUE - Includes funding reimbursements from other governmental agencies
360-430	GRANT REVENUE - PD - Includes funding reimbursements from other governmental agencies, specifically for the Police Department
360-460	FEMA DISASTER RELIEF - Includes funding reimbursement, specifically from FEMA
360-470	GRANT REV-GLO BEACH MAINT - Includes funding reimbursement, specifically from GLO, specifically for the Beach Maintenance Reimbursement grant
360-605	INTERST REVENUE - VERIZON - An audit related line item, used to show accrued interest on the Verizon Tower lease agreement
360-651	SPECIAL EVENT REVENUE - Charges/donations/sponsorships for special events hosted by the City

360-700	MOWING/DEMOLITION LIENS - Charges for mowing or demolition of properties
360-802	DONATIONS - MUSEUM EXPANSION PRO - Donations for the use of the Museum expansion project
360-803	REC FATHER-DAUGHTER DANCE - Fees charged for the Father-Daughter Dance, hosted by the Recreation Center
360-805	MEMBERSHIPS - HISTORICAL MUSEUM - Charges for membership fees at the Museum
360-811	MUSEUM DONATIONS - MISC. EXHIBITS - Donations for the use of exhibits at the Museum
360-812	MUSEUM GIFT SHOP REVENUE - Charges for items of resale at the Museum gift shop
360-910	DONATIONS - HISTORICAL MUSEUM - Donations specifically for use by the Museum
360-911	DONATIONS - POLICE - Donations specifically for use by the Police Department
360-920	DONATIONS - MISCELLANEOUS - Donations made to the City for use of an unspecified department or event
360-921	DONATIONS - KIDS FEST - Donations specifically for use for the KidsFest event, hosted by Main Street
360-925	DONATIONS - VETERAN'S MEMORIAL - Donations specifically for use for the Veteran's Memorial
363-100	EDC REVENUE - Funds received from the FEDC for administrative services
370-005	CASH OVER OR SHORT - Includes any cashier overages/shortages accounted for in their day-to-day cash handling
399-000	PROCEEDS FROM SALE OF BOND - Financing proceeds for capital purchased by the EDC
399-100	INSURANCE RECOVERY - Funds received for insurance claims
399-525	INSURANCE RECOVERY - PD - Funds received for insurance claims, specifically for the Police Department
525-420	GRANT REVENUE - Includes funding reimbursements from other governmental agencies, specifically for the Police Department
530-420	GRANT REVENUE - Includes funding reimbursements from other governmental agencies, specifically for the Fire Department
750-170	SBITA PROCEEDS - An audit related line item, used to show proceeds from SBITA
750-180	LEASE PROCEEDS - An audit related line item, used to show proceeds from leases
381-200	Water Revenue - charge for water service
381-201	Water Revenue - Misc - charge for miscellaneous water service
381-202	Garbage Can Revenue - this account is not used
381-300	Sewer Revenue- charge for sewer service
381-300	Sewer Revenue - Misc - charge for miscellaneous sewer service
381-500	Sewer Surcharge - charge for sewer service
381-600	Water Tap Fee - charge for water tap
381-600	Sewer Tap Fee - charge for sewer tap
381-700	Bad Debt Write-Off - payments on bad debt
381-701	Credit Adjustments - this account is not used
381-800	Payment Discounts - this account is not used
381-900	Connect & Disconnect Fees - charge for connection and disconnection for water service
370-005	Cash Over or Short - cash deposit overage or shortage
399-000	Proceeds from Sale of Bond - financing proceeds for capital purchases
399-050	Contributions/Capital - funding of capital from various sources
399-100	Insurance Recovery - funds received from insurance claims
399-200	Underwriter's Discount - financing proceeds for capital purchases
399-950	Contributions from EDC Debt - this account is not used
Expenditures	
SALARIES	
100	Salaries/Wages - salaries and hourly wages paid to full-time City employees
110	Sales/Wages Part-Time - salaries and hourly wages paid to part-time City employees
165	Educational Pay - education/certification pay paid to qualified City employees
175	Longevity - annual longevity pay paid to full-time regular City employees
180	Auto Allowance - stipend to employees for transportation
181	Cell Phone Allowance - stipend to employees for cell phone
182	Moving Allowance - stipend to employee for moving
185	Uniform Allowance - stipend to employees for uniforms
190	Overtime - hourly overtime wages paid to full-time regular City employees

191	Grant Overtime - hourly overtime wages paid to full-time regular City employees to be reimbursed by grants
192	Overtime - Other - Other - hourly overtime wages paid to full-time firefighters that are not otherwise provided in another line item
193	Overtime - Training - Training - hourly overtime wages paid to full-time firefighters for training
199	Salary/Auto Transfer - this account is not used
BENEFITS	
201	FICA & Medicare - 7.65% of all employee wages, overtime, and longevity
210	Group Insurance - medical, dental, and long-term disability insurance for eligible employees
230	TMRS - the City's contribution to City employees' retirement
240	Workers' Compensation - workers' compensation insurance
245	Pension Expense - payment to Texas Municipal Retirement System to reduce unfunded liability
240	OPEB Expense - payment for other post-employee benefits to reduce unfunded liability
291	Unemployment Insurance - self-insured payments to eligible former employees
SUPPLIES	
310	Office/Computer Supplies - general office and computer supplies
311	Postage/Shipping - mailing and shipping expenses
312	Books/Publ/Subscriptions - books, publications and subscriptions
320	Other Electronics - other electronics not classified computer supplies
331	Agricultural/Botanical - agricultural and botanical supplies
333	Program - supplies for City programs
335	Clothing - uniforms, shirts, and apparel for employees
343	Oil and Grease - oil and grease for vehicles and equipment
344	Garage Parts - parts for the maintenance shop
352	Furniture & Fixtures - office furniture and building fixtures
383	EMS Expendables - medical supplies for Emergency Medical Service
385	Small Tools & Equipment - hand and portable power tools
389	Chemicals - chemicals
390	Fuel-Mileage Reimb. - fuel for City equipment and vehicles and mileage reimbursement to City employees
391	Jail Supplies - supplies for the jail
392	Janitorial Supplies - cleaners, cleaning materials and tools
394	Police/Fire Prevention Supplies - general supplies for investigations and public education fire safety supplies
395	Ammunition/Gun Supplies - ammunition and supplies for guns
399	Other Supplies - consumable supplies that are not otherwise provided for in another line item
SERVICES	
400	City Council Stipends - monthly stipend and meeting attendance for City Council
401	Merchandise - supplies to be sold as merchandise at Golf Course
402	Food for Resale - food to be sold at the Golf Course
403	Beer for Resale - beer to be sold at Golf Course
405	Soft Drinks & Snacks - snacks and drinks to be sold at the Golf Course
406	Fees - fees to regulatory agencies
407	Collection/Billing Agency Fees - services provided for collection of municipal court and EMS billing services
411	BLDG Demolition/Mowing - services for demolition of structures and mowing
413	Professional Services - services provided by a professional service company
414	Bank Charges - banking and credit card fees
415	Telecommunications - telephone, cell phone, cable, internet, and long-distance charges
425	Contract Labor - labor provided by contractors for City services
426	Physicals/Screening - physicals and drug and alcohol screenings for employees
429	Rental Registration Prog - services for rental inspections
430	Advertising - advertising for the City
431	Animal Facility - agreement with SPCA for animal control facility

434	Marketing - marketing for the City
435	Special Events/Special Projects - special events conducted by the City and economic development projects
437	Veteran's Memorial - expenditure for parade and Veteran's Memorial
438	Community Projects - used for annual community events
440	Electricity - monthly electrical service charges
441	Water - monthly water service charges
442	Gas Entex - monthly gas service charges
470	Equipment Rental - rental of equipment
471	Rentals - rental of storage units, buildings, etc.
479	Appraisal District - the City's share of the Brazoria County Central Appraisal District's annual operating budget.
480	Prisoner Medical - medical services for prisoners
482	Service Contracts/SCBA - contracts for various services provided
483	Software Contracts - software contract-related expenditures
484	Tax Collections - tax collection services provided by Brazoria County
485	Laundry Services - uniform cleaning services
486	Museum Exhibits - services and supplies for Museum exhibits
487	Janitorial Contract - janitorial monthly contract expenditure
498	Waste Disposal - services for waste disposal
490	Board Request/Brazosport Chamber of Commerce - Library board funding request and chamber of commerce membership
491	Brazoria County Alliance - membership to Alliance
495	Oyster Creek Agreement - fee for sewer service provided by Oyster Creek
496	BWA Water Resale - purchase of water from Brazosport Water Authority
498	Veolia - Other - services provided by Veolia not covered by contract
499	Other Services/Veolia Contract Operations - services not otherwise provided in another line item and water/sewer operation services provided by Veolia
	MAINTENANCE
524	Vehicle Maintenance - repairs and preventative maintenance of motor vehicles
530	Street/Draing/Sidewalk Maint - repairs and maintenance to streets, drainage and sidewalks
533	Culvert Tile - repairs and maintenance to culvert tiles
543	Electronics/Comp Maint - cost of maintenance for computer software and hardware
545	BLDG/BLDG Equip Maintenance - general building maintenance and supplies
546	Land/Grounds Maint - landscape and grounds maintenance and supplies
547	Signs Maintenance - repairs and maintenance of street signs
548	Traffic Lights Maintenance - repairs and maintenance of street lights
553	Pool Maintenance - repairs and preventitive maintenance of pool
560	Equipment/Water System Maintenance - repairs and preventative maintenance on equipment and the water system
570	Wastewater System Maintenance - repairs and preventative maintenance of wastewater system
575	Lift Station Maintenance - repairs and preventative maintenance of lift stations
591	Beach Maintenance Expense - maintenance of the beach
	MISCELLANEOUS
602	Seminars/Dues/Travel - expenses related to seminars, conferences, association meetings, classes, courses, continuing education and professional dues
601	Faithful Performance Bond - judges bonds
604	Public Office Liability - public official bonds
605	Meals - meals for meetings
610	Employee/Volunteer Relations - expenditures to build employee and volunteer relations
620	Narcotic Expense - supplies for narcotics investigations
621	K-9 Expense - supplies for K-9s
625	Marine Operations/Emergency Management - supplies related to marine operations and Emergency Management services
628	Property/Gen Liab Insurance - property and general liability insurance
629	Vehicle Insurance - liability and in some instances casualty insurance

680	380 Agreements - developer agreements
684	Technology Fund Expense - technology for court
685	Security Fund Expense - security for court
687	Damage Claims - insurance deductibles
690	Elections - election services provided by Brazoria County
692	Reserve Fireman Incentives - supplies for reserve fireman
692	Reserve Fireman Pension - pension for reserve fireman
695	College Reimbursement - tuition reimbursement for employees
696	Enery Efficient Grant - this account is not used
699	Other Sundry - purchases that are not otherwise provided for in another line item
995	Depreciation Expense - depreciation of assets
DEBT SERVICE	
004	Bond Issue Cost Amortization - this account is not used
700	Principal - to account for principal payments
705	Cost of Bond Issue - cost of issuance of bond
710	Interest Expense - interest payments
730	Debt Service Fees - debt service fees
775	Lease Interest - interest payments
776	Lease Principal - principal payments
900	Accrual Principal - this account is not used
905	Cost of Bond Issue - this account is not used
940	Bond Issue Amortization - this account is not used
CAPITAL OUTLAY	
801	Veteran's Memorial Expense - construction of Veteran's Memorial
874	Riverside Lift Station - this account is not used
875	Grant Expenditures - purchase and construction of capital equipment and projects for water/sewer services funded by grants
876	Lift Station Pumps - this account is not used
880	Land Acquisition - purchase of land
898	Grant Expenditures - purchase and construction of capital equipment and projects funded by grants
899	Capital Outlay - purchase and construction of capital equipment and projects
999	Accrual Capital Outlay - this account is not used
TRANSFERS	
700-010	Transfer to General Fund - transfer to operating fund for expenditures
700-014	Transfer to Streets & Drainage - transfer to streets & drainage for expenditures
700-015	Transfer to Marina Operations - this account is not used
700-016	Transfer to Beach Maint - this account is not used
700-018	Transfer to Hotel-Motel Tax - transfer to HOT fund to create fund
700-020	Transfer to Ambulance - this account is not used
700-021	Transfer to Facilities - transfer to capital fund for expenditures
700-022	Transfer to Equip Replace - transfer to capital fund for expenditures
700-023	Transfer to IT Fund - transfer to capital fund for expenditures
700-030	Transfer to EDC - transfer to EDC for expenditures
700-031	Transfer to EDC Projects - transfer from EDC for projects
700-033	Transfer to EDC Marketing - tranfer from EDC for marketing
700-034	Transfer to EDC Debt Service - this account is not used
700-038	Transfer to Marina Const - this account is not used
700-040	Transfer to Court Tech - transfer to court fund to create fund
700-043	Transfer to State Seized - transfer to seizure fund to create fund
700-046	Transfer to LLEBG - this account is not used

700-056	Transfer to Water & Sewer - ransfer to utility fund for expenditures
700-064	Transfer to Debt Svc - transfer to debt service fund for debt payment
700-065	Transfer to Debt Svs Fnd 65 - this account is not used
700-066	Transfer to CO2021 Cap Fund - transfer to capital projects fund
700-076	Transfer to Urban Renewal - this account is not used
710-010	Transfer from General Fund - transfer from operating fund for expenditures
710-014	Transfer from Street & Drg - transfer from street fund for expenditures
710-018	Transfer from Hotel-Motel Tax - transfer from HOT fund for expenditures
710-024	Transfer from EDC-City Projects fund - transfer from the City-EDC Projects Fund for a project agreed upon by both the City and the EDC
710-030	Transfer from EDC - this account is not used
710-056	Transfer from Utility Fund - transfer from utility fund for expenditures
710-063	Transfer from CO 2008 - this account is not used
710-066	Transfer from 2020 CO Fund - this account is not used
710-070	Transfer from TIRZ - transfer from TIRZ for expenditures

Common Acronyms

Proposed Budget FY2026-2027

COMMON ACRONYMS IN MUNICIPAL BUDGETING

Acronym	Definition
ADA	Americans with Disabilities Act – Federal law requiring accessibility for individuals with disabilities.
AMI	Advanced Metering Infrastructure – Technology used for automated, real-time meter reading (often for water/electric utilities).
ARPA	American Rescue Plan Act – Federal funding program aimed at COVID-19 recovery efforts.
CIP	Capital Improvement Program – Long-term plan for infrastructure and major project investments.
CO	Certificate of Obligation – A type of debt instrument issued by cities for funding public projects without voter approval.
CP	Capital Projects – Construction or major repair of buildings, roads, utilities, or other infrastructure.
CVTRZ	City, Village, and Township Revenue Sharing – State-shared revenue (term varies by state/locality).
EOC	Emergency Operations Center – A centralized command facility for coordinating emergency response.
ETJ	Extraterritorial Jurisdiction – The legal ability of a city to exert authority beyond its boundaries.
FTE	Full-Time Equivalent – A way to measure staffing levels by converting part-time hours into full-time employee equivalents.
FY	Fiscal Year – A 12-month period used for budgeting and financial reporting (e.g., FY2025).
GAAP	Generally Accepted Accounting Principles – Standard framework of accounting rules and procedures.
GASB	Governmental Accounting Standards Board – Organization that issues accounting standards for U.S. governments.
GF	General Fund – The primary fund used to account for a city's core services and operations.
GIS	Geographic Information System – Technology for mapping and analyzing spatial data.
GO	General Obligation – Bonds backed by the full faith and credit of the issuing municipality.
HR	Human Resources – The department managing employee relations, benefits, and staffing.
IT	Information Technology – Services related to computing, telecommunications, and technical infrastructure.
M&O	Maintenance and Operations – Routine costs of running departments, buildings, and equipment.
MSA	Master Service Agreement – A contract outlining the terms of ongoing work between a city and a vendor.
OPEB	Other Post-Employment Benefits – Benefits provided to retired employees, excluding pensions.
RFP	Request for Proposal – A document soliciting bids from vendors to perform services or provide goods.
SRF	Special Revenue Fund – Fund used to track revenues legally restricted for specific purposes.
TIF	Tax Increment Financing – A funding method that uses future tax gains to finance current improvements.
TIRZ	Tax Increment Reinvestment Zone – A specific area designated for reinvestment using TIF revenues.
TxDOT	Texas Department of Transportation – State agency overseeing transportation infrastructure (replace with state-specific version if outside Texas).
WWTP	Wastewater Treatment Plant – Facility that processes and treats sewage and wastewater.

Glossary

Proposed Budget FY2026-2027

GLOSSARY

Abatement: A reduction or elimination of a real or personal property tax, motor vehicle excise, a fee, charge, or special assessment imposed by a governmental unit. Granted only on application of the person seeking the abatement and only by the committing governmental unit.

Accounting System: The total structure of records and procedures that identify, record, classify, and report information on the financial position and operations of a governmental unit or any of its funds, account groups, and organizational components.

Accrued Interest: The amount of interest that has accumulated on the debt since the date of the last interest payment, and on the sale of a bond, the amount accrued up to but not including the date of delivery (settlement date). (See Interest)

ACFR: Annual Comprehensive Financial Report - A detailed report of an organization's financial activities and performance over the fiscal year.

Amortization: The gradual repayment of an obligation over time and in accordance with a predetermined payment schedule.

Appropriation: A legal authorization from the community's legislative body to expend money and incur obligations for specific public purposes. An appropriation is usually limited in amount and as to the time period within which it may be expended.

Arbitrage: As applied to municipal debt, the investment of tax-exempt bonds or note proceeds in higher-yielding, taxable securities. Section 103 of the Internal Revenue Service (IRS) Code restricts this practice and requires (beyond certain limits) that earnings be rebated (paid) to the IRS.

Assessed Valuation: A value assigned to real estate or other property by a government as the basis for levying taxes.

Assets: Items owned by an organization that have economic value, such as cash, investments, property, and equipment.

Audit: An examination of a community's financial systems, procedures, and data by a certified public accountant (independent auditor), and a report on the fairness of financial statements and on local compliance with statutes and regulations. The audit serves as a valuable management tool in evaluating the fiscal performance of a community.

Audit Report: Prepared by an independent auditor, an audit report includes: (a) a statement of the scope of the audit; (b) explanatory comments as to the application of auditing procedures; (c) findings and opinions. It is almost always accompanied by a management letter which contains supplementary comments and recommendations.

Available Funds: Balances in the various fund types that represent non-recurring revenue sources. As a matter of sound practice, they are frequently appropriated to meet unforeseen expenses, for capital expenditures or other one-time costs.

Balance Sheet: A statement that discloses the assets, liabilities, reserves and equities of a fund or governmental unit at a specified date.

Betterments (Special Assessments): Whenever a specific area of a community receives benefit from a public improvement (e.g., water, sewer, sidewalk, etc.), special property taxes may be assessed to reimburse the governmental entity for all or part of the costs it incurred. Each parcel receiving benefit from the improvement is assessed for its proportionate share of the cost of such improvements. The proportionate share may be paid in full or the property owner may request that the assessors apportion the betterment over 20 years. Over the life of the betterment, one year's apportionment along with one year's committed interest computed from October 1 to October 1 is added to the tax bill until the betterment has been paid.

Bond: A means of raising money through the issuance of debt. A bond issuer/borrower promises in writing to repay a specified sum of money, alternately referred to as face value, par value or bond principal, to the buyer of the bond on a specified future date (maturity date), together with periodic interest at a specified rate. The term of a bond is always greater than one year. (See Note)

Bond and Interest Record: (Bond Register) – The permanent and complete record maintained by a treasurer for each bond issue. It shows the amount of interest and principal coming due each date and all other pertinent information concerning the bond issue.

Bonds Authorized and Unissued: Balance of a bond authorization not yet sold. Upon completion or abandonment of a project, any remaining balance of authorized and unissued bonds may not be used for other purposes, but must be rescinded by the community's legislative body to be removed from the community's books.

Bond Issue: Generally, the sale of a certain number of bonds at one time by a governmental unit.

Bond Rating (Municipal): A credit rating assigned to a municipality to help investors assess the future ability, legal obligation, and willingness of the municipality (bond issuer) to make timely debt service payments. Stated otherwise, a rating helps prospective investors determine the level of risk associated with a given fixed-income investment. Rating agencies, such as Moody's and Standard and Poors, use rating systems, which designate a letter or a combination of letters and numerals where AAA is the highest rating and C1 is a very low rating.

Budget: A plan for allocating resources to support particular services, purposes and functions over a specified period of time. (See Performance Budget, Program Budget)

Capital Assets: All real and tangible property used in the operation of government, which is not easily converted into cash, and has an initial useful life extending beyond a single financial reporting period. Capital assets include land and land improvements; infrastructure such as roads, bridges, water and sewer lines; easements; buildings and building improvements; vehicles, machinery and equipment. Communities typically define capital assets in terms of a minimum useful life and a minimum initial cost. (See Fixed Assets)

Capital Budget: An appropriation or spending plan that uses borrowing or direct outlay for capital or fixed asset improvements. Among other information, a capital budget should identify the method of financing each recommended expenditure, i.e., tax levy or rates, and identify those items that were not recommended. (See Capital Assets, Fixed Assets)

Cash: Currency, coin, checks, postal and express money orders and bankers' drafts on hand or on deposit with an official or agent designated as custodian of cash and bank deposits.

Cash Flow: The movement of money into or out of an organization, showing its liquidity and ability to meet financial obligations.

Cash Management: The process of monitoring the ebb and flow of money in and out of municipal accounts to ensure cash availability to pay bills and to facilitate decisions on the need for short-term borrowing and investment of idle cash.

Certificate of Deposit (CD): A bank deposit evidenced by a negotiable or non-negotiable instrument, which provides on its face the amount of such deposit plus a specified interest payable to a bearer or to any specified person on a certain specified date, at the expiration of a certain specified time, or upon notice in writing.

Classification of Real Property: Assessors are required to classify all real property according to use into one of four classes: residential, open space, commercial, and industrial. Having classified their real property, local officials are permitted to determine locally, within limitations established by statute and the Commissioner of Revenue, what percentage of the tax burden is to be borne by each class of real property and by personal property owners.

Collective Bargaining: The process of negotiating workers' wages, hours, benefits, working conditions, etc., between an employer and some or all of its employees, who are represented by a recognized labor union, regarding wages, hours and working conditions.

Compliance: Adherence to relevant laws, regulations, and internal policies governing financial reporting and operations.

Consumer Price Index: The statistical measure of changes, if any, in the overall price level of consumer goods and services. The index is often called the "cost-of-living index."

Cost-Benefit Analysis: A decision-making tool that allows a comparison of options based on the level of benefit derived and the cost to achieve the benefit from different alternatives.

Debt Burden: The amount of debt carried by an issuer is usually expressed as a measure of value (i.e., debt as a percentage of assessed value, debt per capita, etc.). Sometimes debt burden refers to debt service costs as a percentage of the total annual budget.

Debt Service: The repayment cost, usually stated in annual terms and based on an amortization schedule, of the principal and interest on any particular bond issue.

Encumbrance: A reservation of funds to cover obligations arising from purchase orders, contracts, or salary commitments that are chargeable to, but not yet paid from, a specific appropriation account.

Enterprise Funds: An enterprise fund is a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. It allows a community to demonstrate to the public the portion of the total cost of a service that is recovered through user charges and the portion that is subsidized by the tax levy, if any. With an enterprise fund, all costs of service delivery — direct, indirect, and capital costs — are identified. This allows the community to recover total service costs through user fees if it chooses. Enterprise accounting also enables communities to reserve the "surplus" or net assets unrestricted generated by the operation of the enterprise rather than closing it out to the general fund at year-end. Services that may be treated as enterprises include, but are not limited to, water, sewer, hospital, and airport services.

Equalized Valuations (EQVs): The determination of the full and fair cash value of all property in the community that is subject to local taxation.

Equity: The residual interest in the assets of an organization after deducting liabilities, representing the owners' stake in the business.

Estimated Receipts: A term that typically refers to anticipated local revenues, often based on the previous year's receipts and represents funding sources necessary to support a community's annual budget. (See Local Receipts)

Exemptions: A discharge, established by statute, from the obligation to pay all or a portion of a property tax. The exemption is available to particular categories of property or persons upon the timely submission and approval of an application to the assessors. Properties exempt from taxation include hospitals, schools, houses of worship, and cultural institutions. Persons who may qualify for exemptions include disabled veterans, blind individuals, surviving spouses, and seniors.

Expenditure: An outlay of money made by municipalities to provide the programs and services within their approved budget.

Fiduciary Funds: Repository of money held by a municipality in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and other funds. These include pension (and other employee benefits) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

Financial Statements: Reports summarizing an organization's financial activities and position, including the balance sheet, income statement, and cash flow statement.

Fiscal Year: The 12-month period for which an organization plans the use of its funds, typically not the same as the calendar year.

Fixed Assets: Long-lived assets such as buildings, equipment and land obtained or controlled as a result of past transactions or circumstances.

Fixed Costs: Costs that are legally or contractually mandated, such as retirement, FICA/Social Security, insurance, debt service costs or interest on loans.

Float: The difference between the bank balance for a local government's account and its book balance at the end of the day. The primary factor in creating a float is clearing time on checks and deposits. Delays in receiving deposit and withdrawal information also influence floating.

Full Faith and Credit: A pledge of the general taxing powers for the payment of governmental obligations. Bonds carrying such pledges are usually referred to as general obligation or full faith and credit bonds.

Fund: An accounting entity with a self-balancing set of accounts that are segregated for the purpose of carrying on identified activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

Fund Accounting: Organizing financial records into multiple, segregated locations for money. A fund is a distinct entity within the municipal government in which financial resources and activity (assets, liabilities, fund balances, revenues, and expenditures) are accounted for independently in accordance with specific regulations, restrictions or limitations. Examples of funds include the general fund and enterprise funds. Communities whose accounting records are organized according to the Uniform Municipal Accounting System (UMAS) use multiple funds.

GAAP: Generally Accepted Accounting Principles - Standard accounting principles, standards, and procedures that companies use to compile their financial statements.

GASB 34: A major pronouncement of the Governmental Accounting Standards Board that establishes new criteria for the form and content of governmental financial statements. GASB 34 requires a report on overall financial health, not just on individual funds. It requires more complete information on the cost of delivering value estimates on public infrastructure assets, such as bridges, roads, sewers, etc. It also requires the presentation of a narrative statement of the government's financial performance, trends and prospects for the future.

GASB 45: This is another Governmental Accounting Standards Board major pronouncement that each public entity accounts for and reports other post-employment benefits in its accounting statements. Through actuarial analysis, municipalities must identify the true costs of the OPEB earned by employees over their estimated years of actual service.

General Fund: The fund used to account for most financial resources and activities governed by the normal appropriation process.

General Obligation Bonds: Bonds issued by a municipality for purposes allowed by statute that are backed by the full faith and credit of its taxing authority.

Governing Body: A board, committee, commission, or other executive or policymaking body of a municipality or school district.

Indirect Cost: Costs of a service not reflected in the operating budget of the entity providing the service. An example of an indirect cost of providing water service would be the value of time spent by non-water department employees processing water bills. A determination of these costs is necessary to analyze the total cost of service delivery. The matter of indirect costs arises most often in the context of enterprise funds.

Internal Controls: Policies and procedures implemented by an organization to ensure the reliability of financial reporting and compliance with laws and regulations, aiming to prevent fraud and errors.

Interest: Compensation paid or to be paid for the use of money, including amounts payable at periodic intervals or discounted at the time a loan is made. In the case of municipal bonds, interest payments accrue on a day-to-day basis, but are paid every six months.

Interest Rate: The interest payable, expressed as a percentage of the principal available for use during a specified period of time. It is always expressed in annual terms.

Investments: Securities and real estate held for the production of income in the form of interest, dividends, rentals or lease payments. The term does not include fixed assets used in governmental operations.

Liabilities: Debts or obligations owed by an organization, including loans, accounts payable, and accrued expenses.

Line Item Budget: A budget that separates spending into categories, or greater detail, such as supplies, equipment, maintenance, or salaries, as opposed to a program budget.

Local Aid: Revenue allocated by the state or counties to municipalities and school districts.

Maturity Date: The date that the principal of a bond becomes due and payable in full.

Municipal(s): (As used in the bond trade). "Municipal" refers to any state or subordinate governmental unit. "Municipals" (i.e., municipal bonds) include not only the bonds of all political subdivisions, such as cities, towns, school districts, special districts, counties but also bonds of the state and agencies of the state.

Net Income: The difference between an organization's revenues and expenses, representing its profit or loss for a specific period.

Note: A short-term loan, typically with a maturity date of a year or less.

Objects of Expenditures: A classification of expenditures that is used for coding any department disbursement, such as “personal services,” “expenses,” or “capital outlay.”

Official Statement: A document prepared for potential investors that contains information about a prospective bond or note issue and the issuer. The official statement is typically published with the notice of sale. It is sometimes called an offering circular or prospectus.

Operating Budget: A plan of proposed expenditures for personnel, supplies, and other expenses for the coming fiscal year.

Overlapping Debt: A community's proportionate share of the debt incurred by an overlapping government entity, such as a regional school district, regional transit authority, etc.

Performance Budget: A budget that stresses output both in terms of economy and efficiency.

Principal: The face amount of a bond, exclusive of accrued interest.

Program: A combination of activities to accomplish an end.

Program Budget: A budget that relates expenditures to the programs they fund. The emphasis of a program budget is on output.

Proprietary Funds: Funds used to record the financial transactions of governmental entities when they engage in activities that are intended to recover the cost of providing goods or services to the general public on a user-fee basis.

Purchased Services: The cost of services that are provided by a vendor.

Refunding of Debt: Transaction where one bond issue is redeemed and replaced by a new bond issue under conditions generally more favorable to the issuer.

Reserve Fund: An amount set aside annually within the budget of a town to provide a funding source for extraordinary or unforeseen expenditures.

Revaluation: The assessors of each community are responsible for developing a reasonable and realistic program to achieve the fair cash valuation of property in accordance with constitutional and statutory requirements. The nature and extent of that program will depend on the assessors’ analysis and consideration of many factors, including, but not limited to, the status of the existing valuation system, the results of an in-depth sales ratio study, and the accuracy of existing property record information.

Revenues: Inflows of resources or other enhancements of assets of an organization, usually from sales of goods or services.

Revenue Anticipation Note (RAN): A short-term loan issued to be paid off by revenues, such as tax collections and state aid. RANs are full faith and credit obligations.

Revenue Bond: A bond payable from and secured solely by specific revenues and thereby not a full faith and credit obligation.

Revolving Fund: Allows a community to raise revenues from a specific service and use those revenues without appropriation to support the service.

Sale of Real Estate Fund: A fund established to account for the proceeds of the sale of municipal real estate other than proceeds acquired through tax title foreclosure.

Stabilization Fund: A fund designed to accumulate amounts for capital and other future spending purposes, although it may be appropriated for any lawful purpose.

Surplus Revenue: The amount by which cash, accounts receivable, and other assets exceed liabilities and reserves.

Tax Rate: The amount of property tax stated in terms of a unit of the municipal tax base; for example, $14.80 per $1,000 of assessed valuation of taxable real and personal property.

Tax Title Foreclosure: The procedure initiated by a municipality to obtain legal title to real property already in tax title and on which property taxes are overdue.

Trust Fund: In general, a fund for money donated or transferred to a municipality with specific instructions on its use. As custodian of trust funds, the treasurer invests and expends such funds as stipulated by trust agreements, as directed by the commissioners of trust funds or by the community's legislative body. Both principal and interest may be used if the trust is established as an expendable trust. For nonexpendable trust funds, only interest (not principal) may be expended as directed.

Uncollected Funds: Recently deposited checks included in an account's balance but drawn on other banks and not yet credited by the Federal Reserve Bank or local clearinghouse to the bank cashing the checks. (These funds may not be loaned or used as part of the bank's reserves, and they are not available for disbursement.)

Undesignated Fund Balance: Monies in the various government funds as of the end of the fiscal year that are neither encumbered nor reserved, and are therefore available for expenditure once certified as part of free cash.

Unreserved Fund Balance (Surplus Revenue Account): The amount by which cash, accounts receivable, and other assets exceed liabilities and restricted reserves. It is akin to a "stockholders' equity" account on a corporate balance sheet. It is not, however, available for appropriation in full because a portion of the assets listed as "accounts receivable" may be taxes receivable and uncollected. (See Free Cash)

Valuation (100 percent): The legal requirement that a community's assessed value on property must reflect its market, or full and fair cash value.