

FY2026-2027 Budget Presentation

**City Council Workshop
Saturday, July 11, 2026**



FY2026-2027 BUDGET ENGAGEMENT

- ☺ Changes to Budget
- ☺ Easy Graphics to See Increases/Decreases
- ☺ Tax Rate Discussion
- ☺ Questions and Ideas Welcomed



WORKSHOP AGENDA

- Budget Schedule
- Budget Changes Since Last Workshop
 - Budget Overview Recap
 - Personnel Overview Recap
 - Budget Initiatives Recap
 - Financial Changes
 - Budget Impact of Each Fund
- Tax Rate
 - Education of the Tax Rate
 - CPI vs. Tax Rate vs. Operating Expenditures Trend
 - Tax Rate Option Education
 - Taxing Entity Allocation Breakdown
 - Council Priorities as a Visual

FY2026-FY2027 BUDGET SCHEDULE





BUDGET CHANGES

BUDGET OVERVIEW RECAP

FY2026 Preliminary Budget Highlights

- Restructured Budget
 - Solid Waste Moved to Water/Sewer Fund, Now Named 'Utility Fund'
 - Code Dept. Moved to Building Dept., New Name 'Community Development'
 - Golf Moved to an Enterprise Fund
 - EMS Moved to an Enterprise Fund
 - New Contingency Fund Created by Reassigning the Old IT Fund
- Infrastructure & Beautification Initiatives
- Department Requests Are Already Included; Different Than Previous Years

PERSONNEL OVERVIEW RECAP

DEPARTMENT	POSITION	# OF POSITIONS	TOTAL IMPACT
Parks	Maintenance Tech I	2	\$64,563+Benefits
Rec	Aquatics Coordinator	1	\$37,440+Benefits
Museum	Museum Director	(1)	(\$62,650+Benefits)
Streets	Maintenance Tech I	2 (+2)	\$129,126+Benefits
Service Center	Mechanic Helper	1	\$32,282+Benefits
Community Development	Plan Reviewer/Permit Coordinator	1	\$56,160+Benefits
Community Development	Building Code Supervisor	1	Removed from Budget
TIRZ	Project Manager	1	(100% TIRZ Funded)
Community Development	Building Inspector	1	Removed from Budget
IT	IT Assistant	1	\$60,000+Benefits
NET CHANGES:		10	\$316,921

BUDGET INITIATIVES RECAP

FY2026 Priority Based Budgeting Initiatives

Total Community

Investments of

\$4,743,235

→ Beautification

- EDC Increased Business Improvement Grants - \$300,000
- Beautification Board Request Line Item Created - \$50,000
- Main Street Beautification Initiative - \$20,000
- Main Street Façade Grant Program - \$15,000
- Main Street Initiative Project TBD - \$10,000
- TIRZ Parks Revitalization Project & Other Misc. Projects TBD - \$200,000

→ Infrastructure

- City Hall Project Cost - \$1,500,000
- EDC Property Improvements - \$30,000
- EDC Infrastructure Project TBD - \$500,000
- Utilities Infrastructure Project TBD - \$448,235
- Drainage/Street Improvements Project TBD - \$1,000,000
- Waterline Upgrades TBD - \$500,000
- TIRZ Infrastructure Project TBD - \$170,000

FINANCIAL CHANGES



Financial Changes Since Last Workshop

- Sales Tax Revenue **Decreased** by \$130,000 for General Fund
- Sales Tax Revenue **Decreased** by \$67,477 for EDC
 - EDC **Expense Decreases** to Account for Decreased Revenue
- Property Tax Revenue **Increased** by \$409,000
- Salary **Increases** of 3% (*Higher for Employees on Civil Service Matrix Implementation*)
- Golf Course Pump Station Motor Replacement **Added** for \$34,200
- Franchise Fee Revenue for Garbage **Decreased** by \$40,000
- State Narcotics Fund Expenses **Increased** by \$23,000 per PD Request
- TIRZ Fund Expenses **Increased** by \$370,000 for Projects TBD

BUDGET IMPACT BY FUND

Slide 1 of 2

Type / Fund	Beginning Balance	Proposed Revenue	Proposed Expenditures	Ending Balance	Change
Operating Funds					
General Fund	\$13,521,720	\$19,751,135	\$19,649,697	\$13,623,158	\$101,438
Enterprise Funds					
EMS Fund	-	1,437,652	1,437,652	-	-
Golf Fund	-	1,621,540	1,596,256	25,284	25,284
Utility Fund	1,668,424	11,981,600	10,226,608	3,423,416	1,754,992
Capital Funds					
Street & Drainage Fund	2,798,754	100,000	500,000	2,398,754	(400,000)
Facilities & Grounds Fund	2,200,357	75,000	76,000	2,199,357	(1,000)
Vehicle & Equipment Fund	425,558	1,426,679	1,426,679	425,558	-
Port Settlement Projects Fund	1,355,221	1,835,000	1,575,000	1,615,221	260,000
2020 CO Bond Fund	1,087,407	30,000	500,000	617,407	(470,000)
2021 CO Bond Fund	1,066,575	30,000	500,000	596,575	(470,000)
AMI Water Meter Project Fund	335,993	-	286,000	49,993	(286,000)
Special Revenue Funds					
City Grants Fund	-	-	-	-	-
Beach Maintenance Fund	-	42,500	42,500	-	-
Hotel Occupancy Tax Fund	491,129	105,000	103,671	492,458	1,329
Court Technology Fund	23,183	900	600	23,483	300

BUDGET IMPACT BY FUND

Slide 2 of 2

Overall Projected

Increase of

\$45,626

Type / Fund	Beginning Balance	Proposed Revenue	Proposed Expenditures	Ending Balance	Change
Court Security Fund	113,069	2,000	100,337	14,732	(98,337)
Consolidated Court Security & Technology Fund	8,718	17,000	17,000	8,718	-
State Narcotics/Chapter 59 Fund	227,591	21,500	50,000	199,091	(28,500)
TIF No. 1/TIRZ Fund	1,285,608	370,000	490,137	1,165,471	(120,137)
Freeport 19 LLC Development Fund	16,419	15,350	15,000	16,769	350
Other Funds					
G.F. Contingency Fund	227,743	9,000	-	236,743	9,000
Civil Service Commission Fund	-	46,500	46,500	-	-
City-EDC Projects Fund	54,788	20,865	19,365	56,288	1,500
City Events Fund	-	204,050	204,050	-	-
Debt Service Fund	415,353	1,156,871	1,141,464	430,760	15,407
Hurricane Beryl Fund	231,551	-	-	231,551	-
Marina Operations Fund	1,197	-	-	1,197	-
EDC Funds					
EDC Operating Fund	2,099,365	1,403,054	1,403,054	2,099,365	-
EDC Projects Fund	1,225,427	650,000	900,000	975,427	(250,000)
EDC Marketing Fund	205,706	80,936	80,936	205,706	-
EDC Debt Service Fund	18,484	-	-	18,484	-
GRAND TOTAL	\$31,105,340	\$42,434,132	\$42,388,506	\$31,150,966	\$45,626



TAX RATE EDUCATION

TAX RATE COMPARISON

Per Capita Comparison							
	Property Tax Rate	General Fund Expenditures	Other Revenues	Population	General Fund Total Cost of Services	Property Tax Burden per Resident	Return on Investment per Dollar of Tax Paid
City of Lake Jackson	0.378911	28,516,900	22,090,875	27,803	1,025.68	231.13	443.8%
Village of Jones Creek	0.520000	1,548,894	1,048,925	1,955	792.27	255.74	309.8%
City of Freeport	0.514210	21,806,960	18,553,657	10,508	2,075.27	309.60	670.3%
City of Pearland	0.630000	132,664,175	83,725,253	134,900	983.43	362.78	271.1%
City of Brazoria	0.651499	3,678,565	2,541,440	2,866	1,283.52	396.76	323.5%
City of Angleton	0.515200	18,936,785	10,437,016	21,295	889.26	399.14	222.8%
City of Clute	0.465000	15,682,903	10,778,303	10,821	1,449.30	453.25	319.8%
City of Alvin	0.685000	24,442,236	10,269,273	28,780	849.28	492.46	172.5%
Village of Surfside	0.292900	2,266,363	725,166	677	3,347.66	2,276.51	147.1%

WHY A TAX RATE TO BEGIN WITH?

- General Fund is funded by a variety of resources (sales tax, charges for services, franchise fees, industrial payments in lieu of taxes, property tax revenue)
- After all costs are resources are identified and analyzed, City Management must identify any potential budget deficits
- Texas Law states a budget must be balanced for adoption
- If an operating deficit exists, the property tax revenue may need to increase to ensure adequate funding exists for adoption

RESOURCES AVAILABLE

FreeportTX.gov/financial-budget

IncideContent MgrAP AutomationESS LoginExecuTimeCity of Freeport, Tex...OpenGovTexas Gulf BankRemote DepositMeetings ViewOpenEdgeIRS PmtsIRISTMRSComptrollerPlanetBidsAmazonTexas CLASSTexPool LoginCode of Ordinances...eGrantsTMLFEMATDEMClearGov



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Subscribe to City of Freeport, TX - Community Feedback

Community Feedback is an online forum for civic engagement. Read what others are saying about important City of Freeport topics, then post your own statement. City officials will read the statements and incorporate them into their decision process.

When you post your first statement, you will be asked for your name and home address. This confidential information is only used to identify statements from residents in and near City of Freeport - so that users know which statements are from local ...

BUSINESS, FEES, AND EDUCATIONAL INFORMATION

Finance Department Resources

Learn About Your City's Finances

Doing Business With the City

Hotel Occupancy Taxes

Master Fee Schedule

Finance Policies

Finance Forms

Explore these educational guides to learn how the City manages its finances. These PDF slideshows explain the basics of fund accounting and the budgeting process in a clear, easy-to-follow format. Whether you're a resident, student, or just curious about how local government works, these resources break down the numbers step by step.

Fund Accounting 101.pdf – A beginner-friendly slide presentation that explains the principles of fund accounting and how it applies to city government finances.

Budgeting 101.pdf – An educational slideshow that walks through the budgeting process, including how funds are planned, allocated, and managed.

Financial Transparency Center

The Transparency section of the Finance Department website is designed to provide residents, stakeholders, and governing officials with clear, accessible insight into the City's financial operations. This area serves as a centralized hub for key financial documents and reporting, including adopted budgets, annual financial reports, audit results, debt information, investment reports, and other required public disclosures.

The section reflects the department's commitment to accountability and open government by presenting financial information in a straightforward and user-friendly format. By making these records readily available, the Finance Department promotes public trust, supports informed decision-making, and ensures compliance with state transparency requirements.

To Submit a Public Information Request: Please visit: <https://freeporttx.justia.com/publicportal/home/newrequest> or contact the City Secretary at (979) 233-3526.

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TRUTH IN TAXATION

Property owners have the right to know about increases in their properties' appraised value and to be notified of the estimated taxes that could result from the new value

A taxing unit must publish its no-new-revenue tax rate and its voter approval rate before adopting an actual tax rate

Four Guiding Principles

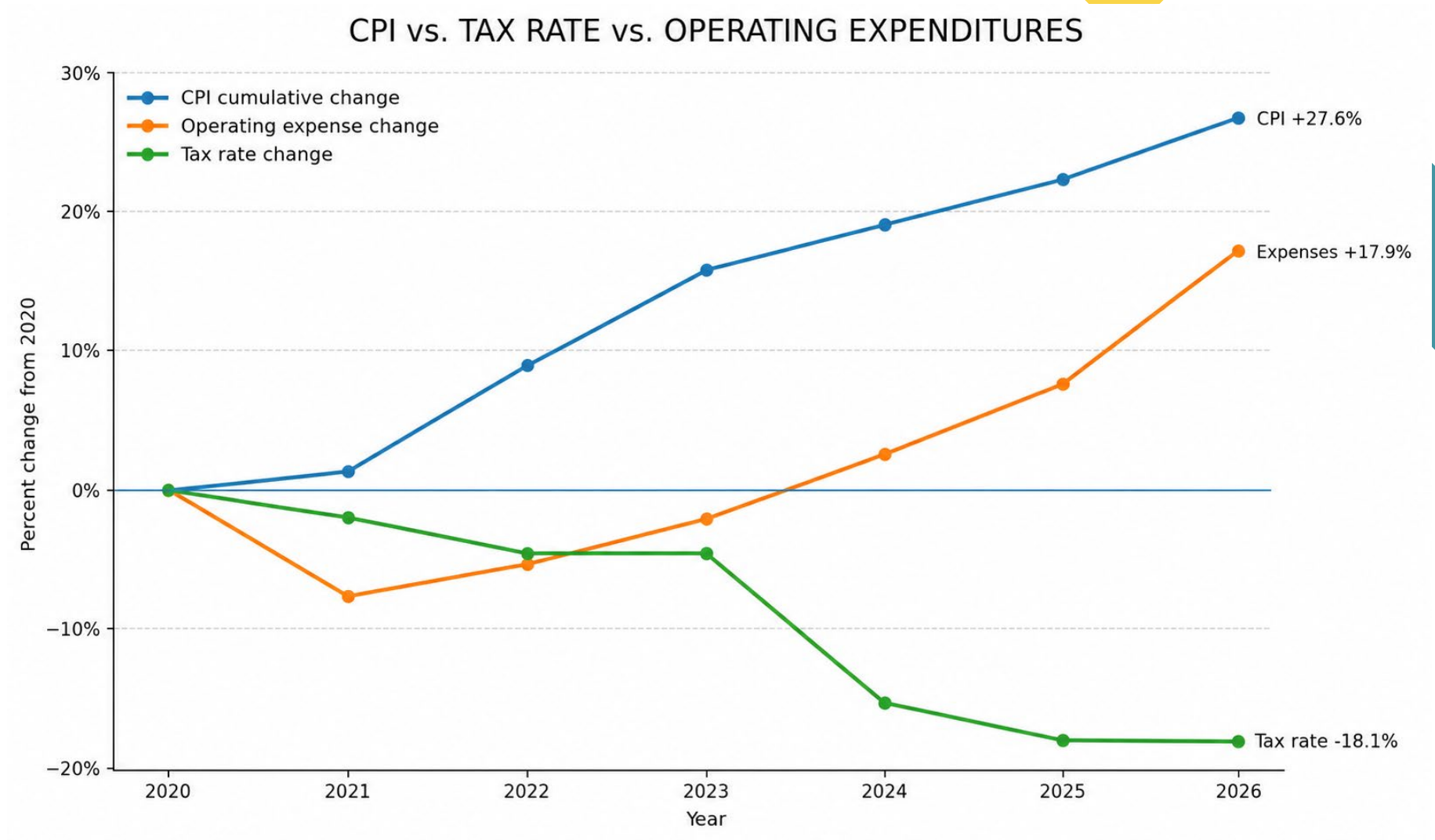
A taxing unit must publish special notices and hold one public hearing before adopting a tax rate that exceeds the lower of the voter approval rate or the no-new-revenue tax rate

If a city adopts a tax rate exceeding the voter approval rate (3.5% M&O growth plus unused increment rate), a city must hold an automatic election in November

BRIEF REVIEW OF THE PROCESS

- Appraisal District provides the property values to the City
- Governing body drafts the budgets
- Tax Assessor calculates the rates and provides to the City by August 8th
- Governing body proposes the tax rate and sets the public hearing date
- Tax Assessor publishes the notice for the hearing on the tax rate for the City
- Governing body holds the public hearing
- Governing body adopts the tax rate
- Tax Assessor mails the tax bills with the adopted rate

WHAT WE FACE TODAY



Total Operating Cost Increase: 17.9% | Total CPI Increase: 27.6% | Total Tax Rate Decrease: (18.1%)

TAX RATE PURPOSE

Interest and Sinking (I&S)

- Funds the annual principal and interest payment on debt and is calculated first

Maintenance and Operations (M&O)

- Funds the ongoing General Fund operations and is calculated second

Tax Rate = M&O Rate + I&S Rate

- Only the M&O rate can be adjusted, the I&S rate must be adopted

Calculation Formula

- $\text{Tax Rate} \times \text{Taxable Value} / \$100 = \text{Your City Tax Levy (\$ paid to the City)}$

PROPERTY TAX RATE OPTIONS

TAX RATE OPTION	WHAT IT MEANS	BUDGET IMPACT	THINK OF IT LIKE
No-New-Revenue (NNR)	Generates approximately the same amount of property tax revenue from <u>existing</u> properties as last year. Revenue growth comes primarily from new construction.	Lowest revenue available.	We maintain today's level of services if costs stayed the same but funds <u>no new initiatives</u> .
Voter-Approval Rate (VAR)	Highest rate Council may adopt without requiring a voter election. Allows revenue growth for <u>increased operating costs</u> .	Supports inflationary cost increases, personnel, operations, and public safety while avoiding an election.	We keep up with inflation, normal City operations, and can <u>fund new initiatives</u> without delays.
De Minimis Rate	Highest rate allowed by law without a voter election for <u>qualifying</u> cities. Provides additional taxing capacity above the VAR to generate an additional \$500,000 in revenue.	Maximum operating revenue available without an election. May be used for major service needs or financial stability.	We address additional community priorities, generally used for a <u>temporary situation</u> for adoption.

ELECTION REQUIREMENTS

IF ADOPTED TAX RATE IS:	ELECTION REQUIREMENTS (IF ANY)
BELOW voter-approval tax rate	No election required
ABOVE voter-approval tax rate	Election Required**
ABOVE voter-approval tax rate but BELOW de minimis tax rate	Voters may petition for an election*
ABOVE voter-approval tax rate and ABOVE the de minimis tax rate	Election Required**

- * See Tax Code Sec. 26.075 for details on when voters may petition for an election.
- ** Must adopt rate by August 21st if potential election, to meet legal deadlines

PROPERTY TAX RATE BREAKDOWN



PROPERTY TAX RATE BREAKDOWN

TAXING ENTITY	TAX RATE	% OF TOTAL TAX BILL	ESTIMATED ANNUAL TAX ON \$135,900 MEDIAN HOME
Port Freeport	0.000000	0.00%	\$0
Brazoria County Road & Bridge	0.042210	2.04%	\$57.36
Velasco Drainage District	0.079124	3.81%	\$107.52
Brazoria County	0.262548	12.66%	\$356.60
Brazosport College	0.278592	13.43%	\$378.41
City of Freeport	0.514210	24.79%	\$698.61
Brazosport ISD	0.897500	43.27%	\$1,219.70
TOTAL	2.074184	100.00%	\$2,818.20

COUNCIL PRIORITIES AS A VISUAL

Priority	NNR	VAR	De Minimis
Minimize taxes	★ ★ ★	★ ★	★
Maintain services	★	★ ★ ★	★ ★ ★
Invest in future needs	★	★ ★	★ ★ ★



Thank you!

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