



**AGENDA
REGULAR MEETING
FREEPORT CITY COUNCIL
MONDAY, JULY 1, 2024 AT 6:00 PM**

Mayor:

Jerry Cain

Council Members:

Jeff Pena

Jarvis Davis

George Matamoros

Winston Rossow

City Manager:

Lance Petty

THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS, WILL MEET ON MONDAY, JULY 1, 2024 AT 6:00 PM, AT THE FREEPORT, POLICE DEPARTMENT, MUNICIPAL COURT ROOM, 430 NORTH BRAZOSPORT BOULEVARD FREEPORT TEXAS

This meeting will be live streamed via YouTube Live and may be accessed on the City of Freeport

Facebook page: <https://www.facebook.com/freeporttexas> or by visiting

<https://www.youtube.com/@cityoffreeporttx8375/streams>

THE MEETING IS BEING HELD FOR THE FOLLOWING PURPOSES:

CALL TO ORDER: The Mayor will call the meeting to order, declare a quorum if present, and declare notices legally posted pursuant to Open Meetings Act.

INVOCATION AND PLEDGE OF ALLEGIANCE: (Council Member)

CITIZENS' COMMENTS:

Citizens who have registered with the City Secretary prior to the meeting being called to order and desire to address the City Council will be heard at this time, or the time the item is considered. Each speaker is limited to four (4) minutes, regardless of the number of agenda items to be addressed. All speakers must identify themselves by providing their name and residential address when making comments. Speakers making personal, impertinent, profane or slanderous remarks may be removed from the room and shall be barred from re-entering the meeting.

CONSENT AGENDA:

Consent Agenda items are considered to be routine in nature and may be acted upon in one motion. Any item requiring additional discussion may be withdrawn from the Consent Agenda by the Mayor, Councilmember or City Manager, and acted upon separately.

1. Consideration and possible action on the approval of City Council Meeting Minutes, from June 17, 2024 and Special City Council Meeting Minutes, from June 24, 2024. **(Clarisa Molina)**

2. Consideration and possible action approving the road closures from 12:00P.M.-9:00P.M. for KidFest August 3, 2024. **(Ana Silbas)**
3. Consideration and possible action accepting the Audited Financial Report and Auditor's Opinion for Fiscal Year ended September 30, 2023. **(Cathy Ezell)**

COUNCIL BUSINESS – REGULAR SESSION:

4. Consideration and possible action approving Resolution No. 2024-2868 for the appointment of a candidate to fill the vacant position that will expire on May 31, 2026 and for the appointment of a candidate to fill the remainder of the term for Mr. William Leitch which expires on May 31, 2025. **(Lance Petty)**
5. Consideration and possible action approving the Mayor and the City Secretary to sign and attest a Real Estate Lease with Brazos Care for 1163 square feet of space on the second floor of the Freeport City Hall located at 1201 North Avenue H. **(Lance Petty)**
6. Consideration and possible action approving the Interlocal Agreement between the City of Freeport and the Brazoria County Health Department. **(Christopher Motley)**
7. Discussion on possible remodel or sale of City Hall property located at 200 West 2nd Street. **(Lance Petty)**
8. Consideration and possible action approving Ordinance No. 2024-2733 to install two additional stop signs at the intersection of Pecan Street and 8th Street, making it a four-way stop. **(Shelby Araujo)**

WORK SESSION:

9. The City Council may deliberate and make inquiry into any item specifically listed as a Subsection under the itemized Sections A-F below, an item appearing on the City Council agenda for this meeting, on matters related to community events, or on matters that are not within the jurisdiction of the City for consideration by City Council. The City Council may not deliberate on any City matters not specifically disclosed under this Work Session or on this posted City Council Meeting agenda. City Council members and the Mayor always reserve the right to request that a matter be placed on a future agenda for consideration.
 - A. Councilman Pena Ward A announcements and comments.
 - B. Councilman Davis Ward B announcements and comments.
 - C. Councilman Matamoros Ward C announcements and comments.
Hotel Occupancy Taxes (HOT)
 - D. Councilman Rossow Ward D announcements and comments.
 - E. Mayor Jerry Cain announcements and comments.
 - F. City Manager Lance Petty announcements and comments.

CLOSED SESSION:

10. Executive Session regarding a.) (Consultation with Attorney) Update on payroll issues pursuant to Section 551.071.

COUNCIL BUSINESS – REGULAR SESSION:

11. Take any action resulting from Executive Session.

ADJOURNMENT:

12. Adjourn

Items not necessarily discussed in the order they appear on the agenda. The Council at its discretion may take action on any or all of the items as listed. This notice is posted pursuant to the Texas Open Meeting Act. (Chapter 551, Government Code).

The City Council reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by Texas Government Code Sections 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 551.073 (Deliberations about Gifts and Donations), 551.074 (Personnel Matters), 551.076 (Deliberations about Security Devices) and 551.087 (Economic Development).

ACCESSIBILITY STATEMENT This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact the City Secretary's Office at (979) 233-3526.

CERTIFICATE I certify the foregoing notice was posted in the official glass case at the front door of the City Hall, with 24 hours a day public access, 1201 North Avenue H., Freeport Texas, before 6:00 p.m. in accordance with Open Meetings Act.

Clarisa Molina

Clarisa Molina,
City Secretary, City of Freeport, Texas



State of Texas

County of Brazoria

City of Freeport

BE IT REMEMBERED, that the City Council of Freeport, Texas met on Monday, June 17, 2024 at 6:00 PM at the Freeport, Police Department, Municipal Court Room, 430 North Brazosport Boulevard Freeport Texas for the purpose of considering the following agenda items:

City Council:

- Mayor Jerry Cain
- Councilman Jeff Pena
- Councilman Jarvis Davis
- Councilman George Matamoros
- Councilman Winston Rossow

Staff:

- Lance Petty, City Manager
- David Olson, Interim City Attorney
- Clarisa Molina, City Secretary
- Cathy Ezell, Finance Director
- Toby Cohen, IT Manager
- Donna Fisher, Human Resource Director

Visitors:	David McGinty	Jim Maddox
	Sandra Leavey	Brian Jarrard
	Margaret Bachman	Lucy Ware
	Rob Bachman	Sam Reyna
	Desiree Pearson	Karla Clark
	Pamela Dancy	Nicole Mireles
	Con McCleester	Carol Parker
	Diane McCleester	Mark Parker

THE MEETING IS BEING HELD FOR THE FOLLOWING PURPOSES:

CALL TO ORDER:

Mayor Cain called the meeting to order at 6:00P.M.

INVOCATION AND PLEDGE OF ALLEGIANCE:

Invocation and Pledge was led by Councilman Rossow.

CITIZENS' COMMENTS:

Desiree Pearson resides on South Front Street. She asked if there were any updates on the felonies for Councilman Pena or his lawsuits. She said it was called to her attention that Ms. Pam Dancy finally went to the City and signed her letter after all that time of the wishy-washy back and forth with her carport. She said she was very proud of Ms. Dancy.

Sam Reyna resides at 2002 North Avenue G in Freeport. He said it was about the Mayor Pro-Tem. He said the

home rule charter section 3.05 at the meeting of the City Council and return of the annual election or canvass each year, the members of the City Council should select on a rotating basis among the wards a member of the City council who has been on City Council for at least two years to serve as Mayor Pro-Tem until the meeting of the City Council at which the returns of the Council election for the next succeeding year have been canvassed. Mr. Reyna said Councilman Pena is the only member of the Council that qualifies to be Mayor Pro-Tem because of his two-year tenure on the Council. He said the rigid interpretation of the charter permits no other interpretations. He said the charter ordinance can not be changed or modified unless the majority of the Council adopts the amendment to the charter ordinance. He said then it has to be placed on the ballot to be approved by a majority of the qualified voters. He said the majority of the Council has no respect for Councilman Pena and do not want him appointed as the Mayor Pro Tem. Mr. Reyna said he does not like him either, and he thinks he is full of BS. He said he did not like what he did to Nicole but all this ongoing fighting and growing conflict between Council members and Councilman Pena should come to a Christian halt. He said they have to come together and move past their conflicts, otherwise they will always be divided. He said to unify and promote solidarity and concentrate on their promises to solve the City problems. He said to the Council, to please not start amending the charter on their own and if they want to amend some charter ordinances, use the proper channels above all, abide by the charter. Mr. Reyna said the qualifications to be appointed Mayor Pro-Tem is two years on the Council.

Karla Clark resides at 411 Sailfish. She said she just wanted to make a statement. She said on Skinner Street there are some blinking stop lights that are really nice, and they are good for that area, but she was wondering why there are none on Avenue A and on Velasco. She said there is a lot of traffic in Velasco. She said the old Surfside road that goes out of town towards beach Buc-ees is kind of in a bad way with the trains going through, and it is hard to even get out that way, either way you go down Velasco or through there. She said she did not know if it was maintained by the City, but it is something she thinks should be looked at.

Nicole Mireles resides at 2002 North Avenue G. She said she actually took vacation today to go to the senior citizens function they had at the Riverplace. She said this is actually the second one she has taken off from work to go. She said those ladies were doing a fantastic job. She said she had so much fun and actually danced. She said she really enjoyed it, and she hopes they keep it up. She said the other thing she wanted to say was that she saw on Facebook, or it had been brought to her attention that a lot of people around the City are criticizing us. She said she says us because she lives in Freeport and this is her City. She said they are asking if they are getting prepared for the hurricane and this and that and the other. She said one of the things she would like to say to whoever is around. She said she would like to say that as citizens we need to take responsibility for our own debris around our houses. She said this is just something that is done. She said she goes up and down her neighborhood because she likes to know everything about her neighborhood. She said it is ridiculous, and it offends her for people to get on Facebook and start criticizing the city when she knows the City is doing the best they can. She said she just wanted to say to please take care of your business at home and let's all work together. She said we can all work together if you got big stuff. Ms. Mireles said it makes her sad to see some of the Code Enforcement officers drive around with their trucks full of stuff in the back of their truck. She said she knows it is not their responsibility, but they do it. She said she did not know what was going on with the trash pickup or not. She said it is ridiculous and there is just a lot of debris out there, and it makes her kind of scared with the hurricane coming in.

PRESENTATIONS/ANNOUNCEMENTS:

Presentation of Employee of the Month for the Month of May 2024.

City Manager Lance Petty presented the Employee of the Month for the Month of May 2024 to Officer Brittany Baker.

Receive for filing the Audited Financial Report and Auditor's Opinion for Fiscal Year ended September 30, 2023. Presentation by BrooksWatson and Company.

Finance Director Cathy Ezell said yes the report was late, and she wanted to go over why it was late this year. She said one thing that happened last year in October of 2022 was they converted payroll over to Incode. She said little did they know that the system was not set up correctly until they started preparing for the audit and that meant a lot of manual entries, so that delayed them coming in. She said she also wanted to give kudos to the new auditors and this was their first year and when she says they went through everything she is not kidding. She said things were found that go back to before her and everything had been corrected from the previous year, but they worked diligently to go over everything with a fine toothcomb this year. She said she just wanted to give kudos to BrooksWatson and company.

Mike Brooks with BrooksWatson and Company presented to the Council the Audited Financial Report and Auditor's Opinion for the Fiscal Year ended September 30, 2023. Mr. Brooks said he is proud to say the City did receive an unmodified audit opinion for the year. He said this is the highest level of assurance that they can give that these financial statements are free of any material misstatement and all footnotes are disclosed. He said the financial highlights were that as of the end of the year, the total citywide assets exceeded total liabilities by approximately \$42.3 million. He said the City's governmental funds where this excludes the water and sewer fund had a combined ending fund balance of \$22.6 million and increased \$6.4 million from the prior year. He said the unassigned fund balance in the general fund was \$10.5 million and the City had an overall increase in net position of \$12,263,703 for the year. Mr. Brooks said he provided two letters and one is the required auditor disclosure letter and this gives them an opportunity to discuss any issues there were with the completion of the audit. He said overall the audit went well and there were some delays at the beginning, but as far as just the interaction and cooperation with the City, everything went very smoothly and the other letter is the findings and recommendations, so they did have a few things that they identified and that they are sharing with the Council and the City as well.

Finance Director Cathy Ezell said this shows the City is in good financial shape as of the year in 2023, and it shows that the budget that was adopted was very conservative and the departments stayed on their budgets and actually there were overall savings within the City as a whole that attest to the hard work of the City's department heads that they put up with her and her saying no but also that the revenues came in higher than projected. Ms. Ezell said this shows that the budgets she has brought forth for the City Council are done conservatively, and it takes a lot of hard work to produce those budgets and then to end up with these results where there is quite a bit of money put into fund balance to help fund the next fiscal year.

Mayor Cain said all the hard work is appreciated from everybody involved. Mayor Cain said to the Council as they looked through the packet if they had any questions for Ms. Ezell to feel free to reach out to Mr. Petty and he will get the answers. Mayor Cain said legal said that it would be appropriate at this time even though it does not specify on the agenda to make a motion to accept the audit.

A motion was made by Mayor Cain to accept the audit as presented, seconded by Councilman Matamoros with discussion that followed.

Councilman Pena asked if a vote can be taken on something that is not on the agenda as an action item? Interim City Attorney David Olson said it does say receive for filing so he thinks that is broad enough for the Council to accept, and they are not taking formal action but just accepting the audit. Mr. Olson said to Councilman Pena if he does not feel comfortable doing it, this could be done on the next agenda.

Mayor Cain withdrew his motion and Councilman Matamoros withdrew his second. This item will be placed on the next agenda.

Presentation by K & L Subdivision Project.

Brian Jarrard of Jarrard Development gave an update to the Council on the K & L Subdivision Project. He said he is excited to be able to keep moving forward. He said the location of the property was near Skinner Street and Avenue K and L and approximately 19 acres on which they have been working on the development, agreements, entitlements, ownership, feasibility, and development plans over quite some time.

Karla Clark resides at 411 Sailfish. She said in the presentation it said that construction would start on 10/2024, lots would be developed by 03/25, and homes started 04/25 of next year. She asked if it was still not decided who the builders would be? She said the address that was given was for a model home and not the builder, and asked if this was correct? She asked who is funding this, and where is the money coming from? Ms. Clark asked Mr. Jarrard as the developer, is he paying for the development and 100% of the streets, water, sewer lines, and property? Brian Jarrard said yes, that is correct. Ms. Clark asked how much is being paid for the land? She said she knows it is an EDC property. Mayor Cain said this property is the City and there will be a development agreement. Ms. Clark said they do not know the numbers and did not know how all this could be done by October and asked if it is going to be on the budget for 2025? Mayor Cain said yes and he understands they are not voting and not making anything and this is simply a presentation. Ms. Clark said this is a tight window.

COUNCIL BUSINESS – REGULAR SESSION:

Consideration and possible action on the approval of City Council Meeting Minutes, from June 3, 2024 and Special City Council Meeting Minutes, from June 7, 2024.

A motion was made by Councilman Matamoros to approve the City Council Meeting Minutes, from June 3, 2024 and Special City Council Meeting Minutes, from June 7, 2024, seconded by Councilman Davis with all present and voting "Aye" 5-0. The Council unanimously approved the motion.

Consideration and possible action approving Resolution No. 2024-2866 for the appointment of the alternate position on the Board of Adjustment.

City Manager Lance Petty said staff recommended appointing an alternate member to the Board of Adjustments. He said the Board of Adjustments has an alternate position available. He said the alternate position for Urbano Gomez expired May 31, 2024. Mr. Petty said the City Board of Adjustment shall have jurisdiction to hear all matters and make all findings regarding this article. He said the board is empowered for purposes of this article to enforce City regulations. He said there are two applications for this position.

Margaret Bachman resides at 96 Dolphin Lane. She said she feels that any City government needs to have people that are willing to hear both sides, and she is that type of person. She said she always wanted to hear both sides of every story before she makes a decision and that is why she feels she would be a good candidate for the alternate on the Board of Adjustments.

A motion was made by Councilman Matamoros to approve Ms. Margaret Bachman as the alternate for the Board of Adjustments, seconded by Councilman Rossow with all present and voting "Aye" 5-0. The Council unanimously approved the motion.

Discussion and possible action of agreed sale price for parcel one and parcel two for \$71,600.00 for Lucy Ware.

Lucy Ware said she was at the Council six months ago and everything has changed since then. She said she wanted to explain a little bit of what was going on. She said in the paper she handed to the Council the red is what she is trying to acquire and some of it belongs to the City, and some of it still belongs to the Velasco Drainage District. She said when she went to the title company, and they said the deeds and the legal description did not match. Ms. Ware said she had two surveyors look into it, and they were both saying the same thing. She said she had talked to Mr. Olson, and he was going to look into that to see what could be done to get it to match. She said the last time she offered \$45,000. She said the BWA had an easement and on that

easement she talked to BWA to find out how far she could build from there and the surveyor told her 20 feet. She said this is why she was saying there is less property than what she was originally getting. She said it is like a 60-foot lot, but it turns into really like a 40-foot lot. She said when she talked to BWA she said they said that the person that makes the determination is the City. Ms. Ware said that they will not tell her, but if she does build within 20 feet, and if they have to go and do anything, they can make her move. She said so they said they told her they could not tell her where to build, but that the City would have to be the one to do that. She said that if it is a problem, and they need to get in, they are going to get in. She said they recommended 20 feet but could not tell her. She said her question was if she is going to build, and she plans to build two houses, one on the two lots that she already owns. She said at first she was going to put one in the middle, but she decided she would put two houses there. She said she also has a property that sold right here recently and, from the appraisal was \$5 a square foot and this one is actually a little more. She said it was \$12.88 a square foot that it sold for, but it also had a 80-foot pier that fits two 50-foot yachts. She said if she compared it again and that she is not an appraiser, but she is a realtor, it would come up higher \$62,000 is what her property is worth the one she is trying purchase from the City. She said last time she offered \$45,000 and this time she would like to offer \$55,000. She said the City is trying to sell it to her for \$71,600. She said she would like to try and take care of this tonight if possible. She had been trying to do this for over two and a half years. She asked if this could be taken care of, because she would like it to close within 60 days. She said if she can get all the legal descriptions all set up and also get the Velasco Drainage District to deed over the property to the City that she is buying from the City since it actually belongs to them.

Councilman Jarvis Davis asked City Manager Lance Petty if he had any information on or anything prior to what had been discussed? Lucy Ware said she had a copy of the last minutes. City Manager Lance Petty, said the only new thing he had was that the City had the property manager do some research on it, and she was able to pull a deed where the property was deeded over in 2014. Ms. Ware asked if it was ever recorded? Mr. Petty said it showed to be recorded. Ms. Ware said the title company could not find it, and they may have made a mistake, but she would like a copy of it. City Manager Lance Petty said it was completed on May 7th 2014 and would give Ms. Ware a copy of it. Mr. Petty said as far as the easement goes, typically it is a 20-foot easement, and it is going to be 10 feet on both sides of the center line of the water main and that allows them enough room to get in the property and do the work that is needed and so it will be 10 feet on either side of the main.

Councilman Pena said he was looking at this, and he knows that they already discussed this and came to the value previously.

Lucy Ware said the value the appraiser said is subject to a survey depicting the location of the BWA waterline easement and abandoned storm drain traversing the property and the value contained herein is subject to change based on their survey.

Councilman Pena said he is more concerned about the easement and the functionality of it all, whether it is being used now for any meaningful drainage or might be available to the City going forward. He said he knows there have been a lot of drainage issues. He said and if there is no purpose in it effectively, he is inclined to try and preserve it, but if there is any kind of functionality for it, he thinks it is in our best interest as a city to preserve it. He said that he noticed that a lot of the homes that are built on the North side of the river have piers and docks and none of them are public. He said that some local residents were asking about why they not have an additional fishing pier out there. He said he thought there is enough space to put another fishing pier for the public to go through there on the north side or, for that matter on the boat dock. He said it will really help maximize the use of the public use of the river. He said those are just some of the thoughts that he had on this. He said he wanted to bring up his concerns about the easement and the overall use and accessibility to the river.

City Manager Lance Petty said he thinks the easement they are talking about is for the BWA water line so it would not be for drainage. He said it would be for the pipe that runs across the river through that property in case there are any issues with it and if it has a leak in the middle, they can get tractors in there and expose it and

make the repairs without causing any damage to her property if she purchased that property.

Councilman Rossow asked if there was a \$5,000 difference? Lucy Ware said no, for all it is \$71,600 is what the Council had said that they would sell it to her for, and she said she would do \$65,000. Ms. Ware said the difference is a little over \$6,000.

Councilman Matamoros said to Ms. Ware in the packet that is available to the public and asked if that was her signature and her initials agreed to the \$71,600? Ms. Ware said it was, and it was on the contract that she signed with Mr. Kelty. Ms. Ware said she also learned today that the city has a lot of money. Councilman Matamoros said with a lot of responsibilities. Ms. Ware said she is also going to put two \$500,000 homes there to give the City some more taxes and pay water bills. Councilman Matamoros said to Mayor Cain that he is inclined to just to leave it as is. Councilman Matamoros said they had agreed upon a price with the signature, but those are his thoughts.

Councilman Jarvis Davis asked why the price changed ? Councilman Davis said to Ms. Lucy Ware they agreed on the \$71,000 something. Ms. Ware said she had been trying to get the city to come down, and she said she does not think she should have to pay \$71,600. Ms. Ware said she does not want to bring a lot of little petty stuff in there, but people have not paid for stuff, people have gotten it for very cheap. She said different things have happened so she does not know why she has to pay the market price for it. She said she would be building two big houses there. She said she is not building them to sell them, but she is building them to have as a second home and her parents will stay in the other one if they are alive long enough, because she does not know, because this has taken forever, and it is her dream to have her dad stay there.

Councilman Pena said he had an idea, and maybe they could triangulate this, split in the middle, keep the price as it is and upon completion of those homes Ms. Ware would get a credit for performance of the \$6,000 from the City. He said it was a win-win. Mayor Jerry Cain asked if there was a time frame on that? Ms. Ware said she had three years. Councilman Pena said he would say to put it for two years as he is interested in making sure they develop. Councilman Pena said the gentleman gave a presentation on the development over on Skinner Street, and that was a giveaway for \$150,000 for 19 acres, which he is still baffled by. Lucy Ware asked the Council if they gave him 19 acres for \$150,000? Councilman Pena said he is not interested and has always said this in giving away the City of Freeport most valuable property which is waterfront property. Councilman Pena said there was an agreement and appraisal that was agreed upon, and it was signed. Councilman Pena said he can appreciate Ms. Ware asking again and there is no harm in asking, but he thinks a fair compromise is okay if the market is trending downward, and you're going to build more than you were before, two versus one, then at least in his position he would consider a credit once those structures are built. He said he would do two years for one structure not both. Lucy Ware said the other one is already her property. Councilman Pena said he is just trying to say it is a give and take and he is happy to honor the original price point, but he is also happy to consider the price reduction in the form of a credit upon performance, because the idea of acquiring this property is truly to build, and if that, truly is the case then really on a \$500,000 home 1% is nominal to the developer, the builder, homeowner, but to the City they are trying to capture much revenue as possible, and it is the Council's job to make sure that they are just watching the bottom line for the city, and it is nothing personal he would like to do things by the book. Councilman Pena said he would just like to say that he would certainly provide a pathway forward for Ms. Ware to get her credit for the performance of building the homes. Lucy Ware asked if she was a developer she would get it cheaper? Councilman Pena said the other property is not on the river, but he is just happy to concede the points as long as the construction occurs and receives a certificate of occupancy. Ms. Ware said to Councilman Pena that he was being prejudiced because if she was a big developer she would get it cheaper and so, that is prejudice is what it is. She said she has built a house in Freeport on 722 West Seventh Street, and it is very beautiful, and it just sold for \$284,000 and it looks very nice.

Pamela Dancy said the property right next to the one that Ms. Ware wants to buy was sold to an individual and

in his contract it said he had three years to build something. She said he got a very good, good, good price on that, and he had not built Jack just a driveway. Ms. Dancy asked, so if they are trying to collect money for taxes, why is the city not on top of him for not building on that property? She said she was curious about that. She said she had asked this before when Mr. Kelty was here. She asked how come these properties are sold and put in the contract they have three years to do something or the city would be able to buy it back for the price that the city sold it for? She said and nothing ever gets done. She said Ms. Ware is going to build, and they are going through all this, but there is a man that has a piece of property that was sold for \$45,000 and, had not built Jack and there is not any property taxes on that.

Sam Reyna said Mejia had the right to buy half of the right away, and he decided to let Ms. Ware have it, and he did not want any part of it. He said he did ask him when he was going to finish his house and he was tied up in building that new building over by Oyster Creek so his money was kind of tight but he would be building. Mr. Reyna said Mejia had the right to buy half of the right away but that Lucy Ware went ahead and bought it. He said Ms. Ware has been jumping through these hoops for two years. He said that property should of been sold to her two years ago. He said she made a good offer then all this time it has been sitting there and not getting no property tax on it and if they do not come to some kind of agreement it is going to sit there for another two years. He said he believes the Council should come to some kind of agreement with Ms. Ware. He said \$71,000 was a little bit too expensive. Mr. Reyna said to make some kind of agreement with it or work with it, or negotiate with it. He said to welcome her to the City Of Freeport, and she is putting houses on so we can get some property taxes.

Mayor Cain said when originally negotiating this, one of the things that really pushed him to go ahead and accept it and move on was the fact that Ms. Ware was telling the Council she was going to start building immediately. Ms. Ware said she is, and she already has her house plans done. Ms. Ware said the Council is the one that is changing. Mayor Cain said two years ago he if not mistaken there was nothing holding Ms. Ware back. Ms. Ware said yes, it was the city holding her back because she was trying to get it for less money. Mayor Cain said that was not the City, that was her wanting to get it for less money. Mayor Cain said and that was his concern. Ms. Ware asked what was Mayor Cain's concern, if it was that she did not have the money? Mayor Cain said no, that something was supposed to be started two years ago. Ms. Ware said just like Mr. Mejia was supposed to start 5 years ago. Mayor Cain said Mr. Mejia is a different contract, and he dealt with a different Council. Ms. Ware said she is also dealing with a different Council. Mayor Cain said and that is correct. Mayor Cain said he does not completely disagree with what Councilman Pena said and if Councilman Pena was to make a motion he would probably second it if Ms. Ware paid the price that was initially negotiated. Ms. Ware said the price was not negotiated and it was the price the appraiser came out with but it was never negotiated. Councilman Pena said it was the price that the Council had agreed to sell it using the information from the appraisal and so the negotiation was in the form of utilizing a professional appraisal, so there would not be any bias or, for that matter ignorance in the real estate domain, and that is why the Council hired this professional to provide that number. Councilman Pena said the Council leaned on that and voted on that.

A motion was made by Councilman Pena to keep the value at \$71,000 with the incentive of a two-year build of any one or two or three structures at a minimum of one and then, at the completion of that, give a \$6,000 credit.

Councilman Pena amended his motion for the amount of \$71,600, which was agreed upon two years ago, seconded by Mayor Cain with discussion that followed.

Ms. Ware asked how long it would take to close it? She asked how long it is going to take for the paperwork to get ready to close? Interim City Attorney David Olson said they are just talking about drafting a deed with conditions and can have it by the end of the week.

Councilman Matamoros said he has some concerns. He asked if the Council is ready to go down this slippery

slope where everybody who has been sold something wants to come back and ask for a rebate? Ms. Ware said not to give her a rebate and she will pay \$71,600 and it was not a big deal.

Councilman Pena said well, if Ms. Ware just agreed to pay the \$71,600 and there was no need for a motion, and could move on to the next topic. Ms. Ware said she would call Carlos and see if he wants to lend her some of the money the Council gave him.

Councilman Pena said he would retract his motion and Mayor Cain said he would retract his second. Mayor Cain said no motion on item number six.

Consideration and possible action approving continuing the Cooperation Agreement between the City of Freeport and Brazoria County for the participation in the Brazoria County CDBG and HOME Program for Federal Fiscal Year 2025-2027.

Finance Director Cathy Ezell said the City of Freeport has historically participated in the Brazoria County's CDBG and HOME programs. She said the county has to re-qualify for the Community Development Block Grant and the HOME Program funds from the U.S Department of Housing and Urban Development for fiscal years 2025 through 2027. Ms. Ezell said the City in 2022 received \$250,000 for sewer line replacement on Avenue H and Avenue G. She said this year, it was applied for \$200,000 through this program to install insta valves in the water system. She said this is something that a bunch of cities in the community do participate in and so every two years the funding is received. She said the only downfall to this is it does not allow to apply on our own to the CDBG program. She said pretty much the county gets it, and then it allocates it to all the cities that are participating. Ms. Ezell said it is a recommendation to continue to participate in this program.

Councilman Pena asked if the City were to pursue its own independent cooperation agreement is Ms. Ezell's estimation that the City would get approved and potentially gain more money? Finance Director Cathy Ezell said yes and no, the issue with CDBG is that it is a point-based system, and the county is pretty much guaranteed that they will get this funding every two years and every two years the City will see funding. She said if the City was to go out on their own it is less likely that the City will get the funding that they are getting because of the fact that it is a CDBG fund that is done on a point based system and have to have certain qualifications to meet certain projects that meet their qualifications. She said the county is a little bit less stringent for the City to get the money. Ms. Ezell said the City just presents them a project as long as the funds fall within their guidelines and benefit the entire city as a whole or an area where the low to moderate income, which in the City of Freeport the whole city is considered a low to moderate income so pretty much guaranteed these funds. She said and if going out on our own, we are not guaranteed. She said it becomes a more competitive process, and it does not prevent the City from doing the programs that were done for the water wastewater and those are different programs than the CDBG funding and that is how they got the \$5 million for the wastewater treatment plant and the \$5 million for the sewer line, and then we still have stuff through the HGAC where we got the \$1.8 million for the water plant on Avenue F. She said there is still funding activities and this is pretty much kind of a guaranteed thing as long as the qualifications are met of the application and if not then we can resubmit another project and get within that money that allocation. Councilman Pena said it made sense to him to stick with the County.

A motion was made by Councilman Pena to approve continuing the Cooperation Agreement between the City of Freeport and Brazoria County for the participation in the Brazoria County CDBG and HOME Program for Federal Fiscal Year 2025-2027, seconded by Councilman Matamoros with all present and voting "Aye" 5-0. The Council unanimously approved the motion.

Consideration and possible action to award the bid for the installation of electrical service at Fire Station #2 to Danford Electric in the amount of \$48,662.66 and allow the City Manager to sign the contract.

Fire Chief Chris Motley said this was a sealed bid process on this because it is above \$30,000 and so, this is for fire station number two to continue forward on getting electricity to run to it and doing the other project as well with the engine base. Chief Motley said so his recommendation is for Danford to be awarded the electrical

agreement on this. Mayor Cain asked if this would be to the new building? Chief Motley said yes, all new services from the poll to each building.

A motion was made by Mayor Cain to award the bid for the installation of electrical service at Fire Station #2 to Danford Electric for the amount of \$48,662.66 and allow the City Manager to sign the contract, seconded by Councilman Matamoros with discussion that followed.

Councilman Pena asked if Danford Electric had done any work for the City of Freeport previously? Chief Motley said yes, they have done work in the fire station along with Pennys Electric, who also bedded either from air conditioning to electrical services install. Councilman Pena said he has not had a chance to look at the agreement between the City and Danford and previous engagements on this particular engagement. Councilman Pena asked if there was a contract or would it be developed? Interim City Attorney David Olson said yes upon approval. Councilman Pena said, upon approval is kind of the rub he wants to make sure that they are insured and bonded and have been vetted. Chief Motley said they had completed all the documents required in the seal bid and listed along with the interest questions and things like that. Councilman Pena said he knows that in a previous contract engagement there had been a lapse in due diligence, and so he just wants to make sure that, has been done and if it has not been done, that it will be done before the first check is printed and signed. City Manager Lance Petty said absolutely. Chief Motley said everything had been looked at that was submitted in reference to the contract or the seal bid process. Chief Motley said everything in the seal bid that was required documents they did submit everything to meet that agreement. Councilman Pena said he wants to know when the seal bid is reviewed, if the credentials are actually vetted for veracity. Chief Motley said it was from City Hall and himself as well, and he looked at it separately as well.

Mayor Cain called the motion to a vote with all present and voting "Aye" 5-0. The Council unanimously approved the motion.

Consideration and possible action approving Resolution No. 2024-2867 deeming items surplus and donating to local agency.

Police Chief Jennifer Howell said these are some more of the radios that she had previously come about regarding Oyster Creek for the Police Department to donate some of those to them. She said they still have some of those additional radios and, having some recent conversations with Surfside PD and Surfside EMS and realizing their need for radios they would want to deem these items as surplus to be able to give them some to help with better communication, because they do currently dispatch for Surfside EMS and, due to lack of radios it has come up with some issues before.

Mayor Cain asked if these were being donated to Surfside or to Oyster Creek? Chief Howell said this would be for Surfside, but previously it was Oyster Creek.

Councilman Pena asked if anybody donated any of their materials to the City of Freeport? Chief Howell said not since she had been there but they also have not asked for anything as well. Chief Howell said generally they go after the grants, which is how they obtain these radios and once they hit the end of life then they go after a grant for an updated radio, and then they can give those to smaller departments. Councilman Jeff Pena said he does not know if this is specific to this particular agenda item or maybe just city management. Councilman Pena asked typically on any surplus items there have been auctions done before, right? Councilman Pena asked where that money goes to? He asked if it goes to the general fund? Councilman Pena said he is curious as to why they would not want to try to do the same and maybe have it just returned to the Police Department's budget. Chief Howell said, while ultimately going to general fund, but the first priority is always going to be taking care of the community and having conversations with Surfside EMS to find out that they had one radio for all their EMS that to her is just a huge priority. Chief Howell said that also citizens going to Bryan Beach also go to Surfside beach as well, and she would want them to be able to have appropriate communication. Councilman Pena said fair enough. Mayor Cain said help the neighbors. Chief Howell said they do help them out greatly, as well as far as assisting on calls for service along 332 with the police department and so it truly is

being able to help the neighboring agencies as they help them.

A motion was made by Councilman Pena to approve Resolution No. 2024-2867 deeming items surplus and donating to local agency, seconded by Councilman Davis with all present and voting "Aye" 5-0. The Council unanimously approved the motion.

WORK SESSION:

The City Council may deliberate and make inquiry into any item specifically listed as a Subsection under the itemized Sections A-F below, an item appearing on the City Council agenda for this meeting, on matters related to community events, or on matters that are not within the jurisdiction of the City for consideration by City Council. The City Council may not deliberate on any City matters not specifically disclosed under this Work Session or on this posted City Council Meeting agenda. City Council members and the Mayor always reserve the right to request that a matter be placed on a future agenda for consideration.

Councilman Pena Ward A announcements and comments.

Councilman Pena thanked everybody for coming out and also the City staff for getting the AC working again and a shout-out to his sister for bringing a fan for all those up there who were sweating to the oldies. He thanked everyone that is volunteering on boards. He said he knew the senior picnic was today and there was some really strong attendance, and he encouraged everybody that is just turning 55 to also join. He said he thinks they will find that there is a lot of really good neighbors and camaraderie that happens at those events. He said he applauds the City staff for working hard to putting that together and, for that matter, the board of the seniors for all the hard work that they do. He said they do a lot of work. He said he would say something that he has said in the past that you do not have to like him or agree with him, but if you seek the truth, that is where he will found. He hopes the Council and the public will look at two things. He said Mr. Sam Reyna called him earlier today to tell the truth about the charter rules and when the chair of the Charter committee, who arguably knows the charter better than most, is reminding the City Council to follow the rules of the charter then he hopes that that is adhered to and heated. He said with the City audit there was an opportunity to curb the rules, but he simply asked to do it by the book. He said he tries to remain consistent. Councilman Pena said he was informed that even at the most recent Concerned Citizens meeting there was also consensus on the matter by residents in attendance. He said you do not have to like the rules or those that were elected by the public to enforce the rules, but you do not get to bend them and redefine them to meet your personal vendettas. He said when an item is illegally voted upon and or corrections need to be made, the prompt attention to correct in the era is required and any subordinate policies or ordinances that would create a legal liability to the city become secondary. He said he is hoping that this can be on the next agenda. He said he got word recently that the City is accepting BIDs for a new city attorney. He asked if this was right? City Manager Lance Petty said that is correct. Councilman Pena asked and just wanted to make sure he understood what that process will be and if he could receive documentation on what that solicitation looks like. He asked where he could find that, and where could anybody find it? City Manager Lance Petty said it can be found on the City website and the Facts newspaper as well. He there is also a push to make sure that there is safety in the City residents and commercial buildings. He said he knows that recently the EDC building was demolished, the front, back, and the roof and the sidewalls were still up and were being supported by wood brackets or braces. He said the curious thing is that it was brought to his attention by a passing resident who brought it to his attention within the first 10 seconds of them laying eyes on that and that the wood was untreated wood. He said it is an outdoor project that is supposed to be storming as it always does in hurricane season, and he would just think that they would have treated wood on there to make sure that that wood is not compromised, or for that matter, the support that that wood is supposed to be providing and hopes that the EDC is listening to this. Councilman Pena said he will be releasing the reports that he requested, and he wants to thank the City for providing those that reflect the Braztex in fact did owe over \$250,000 to the City of Freeport. He said he promised that and four law firms agreed the money is owed and to not be misinformed by the Braztex clan. He said that in an attempt to distract and misinform the public is their goal. He said he can assure many members on concerned citizens are the ones

that actually provided the Council with the information to investigate. He said they were simply the messengers as they are elected to do. He said some of those very members of Concerned Citizens were there earlier tonight and are still there. He said there were no felonies against him. Councilman Pena said he has only been investigated and charges have been made, but like all Americans, you are innocent until you are proven guilty. He said he would have his day in court to prove his innocence. He said on a serious note he would like to request the censure of George Matamoros as he has demonstrated perverse unstable lack of self-control during the closed session at the last three Council meetings and details of that will be coming. He said in the same vein he would like to request security during the executive session in order to ensure the safety of himself and the rest of the council from George Matamoros lack of self control.

Councilman Davis Ward B announcements and comments.

Councilman Davis thanked everybody that came out and congratulated everybody for stepping up, taking the challenge, and being a part of the team. He said more good citizens are needed like that. He said he appreciated everybody and the last two meetings have been kind of calm. He said the citizens go up with respect and things get done better like that. He asked who polices the two year and three year about what was being talked about? He asked if that was something for him to ask later? He said he would like to find out about when people get a contract and something has to be done in two years and then they go back and say that. City Manager Lance Petty said City staff will keep up with the fact that in a signed contract and an have it put on a calendar where they are keeping an eye on things and following up on. Mr. Petty said like the other gentleman that was being discussed, he would pull that file tomorrow and see where it stands and get caught up in that situation. Councilman Davis said that is one thing to get in touch on. Councilman Davis said that the current Council did not do that, but anything coming in with contracts from here on out with this council he would hope that it is taking care of that and hold people accountable to their word.

Councilman Matamoros Ward C announcements and comments.

Councilman Matamoros said he would like to thank all the residents who attended in person, viewed online, made comments, during citizen comments or agenda items. He said he would like to congratulate Ms. Bachman for stepping up and volunteering her time to the boards and commissions. He said he truly appreciated it. He said he knows there are still a couple of open positions within Main Street and, so if anybody is interested in volunteering their time and effort, please turn in an application. He said he knows we do have something possibly brewing in the Gulf and to please be aware of that situation with the possibility of heavy rain. He said now is the time to do preparation in making sure there is nothing blocking the gutters and things like that. He said he knows vehicles are probably the second most important thing that blocks a gutter, which will restrict water flow, and he wants to make sure that those are clear. Councilman Matamoros said the last special meeting the Council approved the parks project, and he is excited about that and is excited that the EDC took that project on and approved it. He said there is a lot of playground equipment throughout the City Parks that is in really bad condition and some of it was playground equipment when he was a kid that he would play on, and it was still being utilized. He said he was 46 years old, and so he was excited to see the new equipment being put up. Councilman Matamoros said he is excited that they are taking care of the youth of the city and that the EDC is making this investment into this, which will make it easier for them to bring more families who see nice parks and things like that. He said it makes it easier for the Council to get more developers who want to come and build, and with their help they can also help improve the parks and then the infrastructure. He said he would like to thank his employer Phillips 66 for giving a \$50,000 donation. He said this was something he spoke with corporate about and asked if they could assist. He said hopefully they are able to get some other corporate sponsors. He said he knows they are very interested, and they want to see some different things with accommodations for disabilities and things like that. He said he is happy that this is being undertaken. Councilman Matamoros said he appreciates all the hard work that Mr. Petty, EDC board, and Executive director of the board Mr. Robert Johnson put in this project. He said he cannot wait to see the fruits of all that labor with phase one and hopefully have phase two.

Councilman Rossow Ward D announcements and comments.

Councilman Rossow thanked everyone for coming out to be a part of the Council meeting. He said this past

weekend they had the Juneteenth celebration where Mayor Bass fed over 300 people fish that Phillips 66 donated for that event. He said it is a huge event and if you have never been to a Juneteenth event at Bates Park in Angleton you are missing a treat because everything is free like snow cones, everything is free. Councilman Rossow said he attended the senior citizen picnic today and he had a good time. He said his wife danced, and he had two left feet, so he did not and was not even trying to get out of there. He said on July the 15th there is a seminar at the Civic Center in Lake Jackson for hurricane preparedness, and it is free to the public, and it starts at 5:00P.M. and bingo starts at 6:30P.M. He said him and his wife went out and ate some fried chicken from Churchs it was a long line and a lot of people were there, and the chicken was good uncharacteristic of Churchs. He said he is so glad that they are investing into the youth which is the future now the elders are doing a good job. He said Ms. Ona the president was pretty cool. He said you have to be 55 to go and they had all kinds of entertainment for the people is glad to see the Council investing in the youth and future.

Mayor Jerry Cain announcements and comments.

Mayor Cain thanked everyone that came out. He said he wanted to remind everybody that this coming weekend is the Fort Velasco exhibit in Downtown. He said Mr. Wade Dillon takes a lot of pride and puts a lot of work into that, and he invites everybody to come and experience it. He said he would like to congratulate the new fried okra place up the road for opening. He said they sell good chicken and biscuits. He said he went over Friday just to get okra, and he was told that he had to wait until Monday. He said that rooftops is what it is going to take to move this city along. He said churchs is a chicken place, but it is a start. He said from the line they had he could tell it was a great start. He said there is a storm out there at this point in time and it is unknown if it is going to be a rain event or if it is going to be a named storm. He said to start getting prepared now, and there is nothing worse than waiting until the last minute.

City Manager Lance Petty announcements and comments.

City Manager Lance Petty said as for the storm the Public Works has done their due diligence of being ready in time for the storm to come in. He said they do have the bypass pumps sitting out already and all the storm water pumps are up and running at full capacity so they do not anticipate any problems. He said he had taken the liberty to get everything up and ready to go ahead of time. He said the lead and copper survey that is going on right now on the utility line is about 65% complete. He said they are ahead of schedule, and it will be TCEQ compliance of October 2024 is when those reports finish and they will be ahead of schedule for that. Mr. Petty said the wastewater treatment plant contractors began mobilization and construction will be starting for a new wastewater treatment plant. He said the wastewater collection line replacement project that is about 70% completed and they still have lines and manholes to take care and a lot of dress up. He said there are a lot of calls from residents with issues with the dress ups that they are providing, and they do have issues with that and not getting to it in a timely manner. He said it is important to report that to be able to stay on top of that as well with the contractor and get them out there. Mr. Petty said the parks project equipment was delivered this afternoon to Stephen F Austin and Peppermint Park and the installers are out of Oklahoma, and they plan on starting at 6:00A.M. and they were told there was some rain. He said they were not from here, so they may find out. He said they are anticipating to start installation first thing in the morning at 6:00A.M. and the two parks do have the equipment on the ground and are ready to go.

Mayor Cain thanked Councilman Matamoros for his hard work put into the Parks Project.

A motion was made by Councilman Pena to invite Chief Howell or any Commissioned Officer in Executive Session. Motion died due to a lack of a second.

CLOSED SESSION:

Executive Session regarding a.) (Deliberations about Real Property) Discuss Old City Hall, 200 West 2nd Street pursuant to Section 551.072.

The regular session closed at 7:38P.M. and Council entered into the Executive Session.

COUNCIL BUSINESS – REGULAR SESSION:

Take any action resulting from Executive Session.

Executive Session ended at 8:21P.M. and Council entered back into regular session.

There was no action from Executive Session.

ADJOURNMENT:

Adjourn

A motion was made by Councilman Matamoros to adjourn the meeting, seconded by Councilman Davis with all present and voting "Aye" 5-0. Mayor Cain adjourned the meeting at 8:21P.M.

Jerry Cain, Mayor

Clarisa Molina, City Secretary

State of Texas

County of Brazoria

City of Freeport

BE IT REMEMBERED, that the City Council of Freeport, Texas met on Monday, June 24, 2024 at 6:00 PM at the Freeport, Police Department, Municipal Court Room, 430 North Brazosport Boulevard Freeport Texas for the purpose of considering the following agenda items:

City Council:

- Mayor Jerry Cain
- Councilman Jeff Pena- Absent
- Councilman Jarvis Davis
- Councilman George Matamoros
- Councilman Winston Rossow

Staff:

- Lance Petty, City Manager
- Clarisa Molina, City Secretary
- Cathy Ezell, Finance Director
- Toby Cohen, IT Manager
- Donna Fisher, Human Resource Director
- Shelby Araujo, Building Official
- Brian Dybala, Golf Course Director
- Crystal Ruiz, Executive Administrative Assistant
- Chris Motley, Fire Chief
- Jennifer Howell, Police Chief
- Ana Silbas, Main Street Coordinator
- Wade Dillon, Museum Director
- Rudy Ragle, Public Works Director

Visitors:

- Pamela Dancy
- Karla Clark

THE MEETING IS BEING HELD FOR THE FOLLOWING PURPOSES:

CALL TO ORDER:

Mayor Cain called the meeting to order at 6:00P.M.

Mayor Cain said Councilman Pena was unable to attend the meeting tonight.

INVOCATION AND PLEDGE OF ALLEGIANCE:

Invocation and Pledge of Allegiance was led by Councilman Rossow.

CITIZENS' COMMENTS:

WORK SESSION:

Department Head Presentations.

• Wade Dillon (Museum)	6:00PM-6:15PM
• Ana Silbas (Main Street)	6:15PM-6:30PM
• Brian Dybala (Golf)	6:30PM-6:45PM
• Toby Cohen (IT)	6:45PM-7:00PM
• Shelby Araujo (Community Development)	7:00PM-7:15PM
• Rudy Ragle (Public Works)	7:15PM-7:30PM
• Cathy Ezell (Admin/Finance)	7:30PM-7:45PM
• Donna Fisher (Human Resource)	7:45PM-8:00PM
• Chief Howell (Police)	8:00PM-8:15PM
• Chief Motley (Fire)	8:15PM-8:30PM

City Manager Lance Petty said he has asked department heads to give a brief overview of their departments, accomplishments for the year, anticipate accomplishments for next year, and needs in their departments to maintain current service levels. He said departments are still working off their strategic plans, and he would like to hold questions and would prefer the Council to send him any questions over to him so he can get those answers for the Council later in the week. Mr. Petty said he would also like the Council to send over the top three priorities that they would like to see in this next fiscal year's budget so the Finance Director and himself can work to try to see what all can fit into this next budget. Mr. Petty said tonight each department will give a quick presentation and their overview. He said if there are any questions it is fine to ask as well, but he would like to try to keep it to a minimum.

Museum Manager Wade Dillon thanked Mayor Cain, Mr. Petty, Mr. Rossow, and Mr. Davis for attending Fort Velasco Day this past Saturday. He said there was a wonderful turn-out with increased participation from the community and statewide institutions and next year will mark the event's 5th year, and can expect bigger and better. He said as discussion began about the city's new fiscal year budget, he is there to speak in regard to supplemental requests for the Freeport Historical Museum. He said he is requesting a title change from Museum Manager to Museum Director. He said he is also requesting a pay raise to better reflect the quality and scope of his work. He said currently, as Museum Manager, he handles all administrative aspects of the museum from budgeting, staffing, purchasing, and reporting. Mr. Dillon said he is the sole content creator in regard to new and exclusive exhibits, museum displays, museum events, and all marketing and social media materials. He said he jointly serves as curator and Collections Manager of the museum's collection. Mr. Dillon said he wears all the hats. He said compared to what other Museum Directors are making across the state, he is on the extreme low end in regard to pay scale and doing considerably more work. He said August 20th marks his 4-year anniversary with the city and in these 4 years he has completely transformed the museum. He said he has increased visitation and has demonstrated successful, realistic, obtainable growth. He said his work has won the museum not only awards but recognition within the county and across the state that benefits our community and the potential that he sees within the historic downtown. Mr. Dillon said he wants to remain with the City of Freeport to ensure the success of the Freeport Historical Museum, thus he is asking for a title change and pay raise. Mr. Dillon said as the museum grows, so does the demand for staff. He said currently, the museum is staffed by only two full-time employees, which are him as Museum Manager and a Museum Attendant whose duties are handling museum admissions, visitor engagement, and museum upkeep. He said as they recently acquired the old college space thanks to the City Council's unanimous vote and approval, he is hoping to hire a full-time Programs Coordinator to assist in creating museum exhibits, developing and implementing programming for visitors, and organizing events. He said this would allow him further time to dedicate to the success of the museum by pursuing donors, grants, and sponsorships, as well as continuing to foster relationships with local industry leaders and statewide museum professionals for the benefit of the institution. He said hiring additional staff also eliminates scheduling conflicts that arise from having only two employees. He said as the Recreation Center has two full-time employees and three part-time employees, he would feel very comfortable with three museum employees to ensure the museum's continued success. He said he is looking to update the Exhibit Hall space. Mr. Dillon said right now, the only way he can hang frames for exhibits and events is by drilling into stucco and masonry, which is ugly and counter-intuitive. He said he is requesting supplemental funds to purchase a gallery style wall-hanging system from Gaylord

Archival which includes a track system with cables to hang as many frames as he may need for any exhibit or event. He said this will provide a clean, uniform look for all exhibits going forward. He said he would also ask the City Council to consider an increase in the Museum's advertising budget as well as building/building equipment maintenance. He said with 8,100 followers on Facebook, they do very well with online advertising, and he wants to pursue more advantageous advertising opportunities. Mr. Dillon said regarding building and building equipment maintenance, he routinely keeps an eye on the 100-year-old museum structure itself, identifying and advising, maintenance needs, cosmetic, and security improvements and acknowledges that the museum requires some, tender, love, and care. He said regarding the museum's recent expansion into the old college space, he has begun to receive donors to renovate that space. He said he recently received a check for \$2,500 to go towards updates of the new programs space and have received a commitment from another local industry leader. He said he will continue to pursue those opportunities so that he may begin work on that space as soon as possible so that it may be utilized as intended. He said he anticipates another successful year for the museum, and he wants to thank the Mayor, City Council, as well as the Freeport community for seeing the value in the coastal museum.

Main Street Coordinator Ana Silbas said the mission of the Freeport Main Street program is to economically revitalize and historically preserve the downtown area to foster an environment which celebrates rich history and diversity and offers economic, social and cultural opportunities. She said the Freeport Main Street Program was approved for re-certification in October of 2021, and they entered into the Texas Main Street program in January of 2022. She said the work that is done is that the community is guided by the Main Street approach which there are four areas, which are organization, economic vitality, design, and promotion. She said there are a total of 85 Main Street communities and right now they are the only designated Main Street community in Brazoria County and so, that is really something to be proud of to earn that designation. She said they are a part of the Texas Historical Commission, the Main Street America Network, and Texas Downtown. Ms. Silbas said all of these networks provide resources to move the downtown revitalization efforts forward. She said transformation strategies simply put transformation strategies to guide the Downtown development work. She said as of January the board had decided on going with the foundation building and business activation and development, and so regarding foundation building, they do focus on the key foundational elements that they need for a successful community program. She said, additionally in the business activation and development strategy, they focus on activating the current vacant sites in Downtown and supporting the needs of the current establishments that are already within the downtown district. Ms. Silbas said moving on into the future they do hope to do a tourism and eco recreational strategy which focuses on the assets, and they can use them as economic drives for downtown. She said it is always great to see pictures. She said they do post on Facebook highlighting all the events. She said the current projects and accomplishments as the Main Street is currently working with the UTSA center for Urban and Regional Planning Research, and also they are a vital stakeholder with Gensler. She said the Gensler project that is being conducted by the Freeport Economic Development Corporation. She said the center for Urban and Regional Planning Research is the key areas of focus that this organization is looking at the community surrounded around community design, environmental resilience, housing, transportation, historic preservation, programming and economic vitality. She said the study objectives that UTSA is currently looking at for the Downtown comprehensive plan and the plan will be made up of three parts, which includes an introduction, a Downtown plan, and historic district guidelines. She said for the 2024 project timeline as of right now they are currently in review of the preliminary draft. She said there is a community visioning session coming up but, as of right now, this is where they are at in the project and the anticipated project4 deadline is August 31. She said the recap for the Community Visioning Session there was a total of 48 community stakeholders that were attending, so hopefully, for the next session they will be able to boost that number up. She said the final visioning session is going to be held July 18th, 2024 at Freeport River Place from 6:00P.M. to 8:00P.M. and this is to highlight key priorities and strategic initiatives that are going to come out of this plan. She said highlighting the EDC Project which Main Street is a partner with because this project is right outside of the Downtown district it is important that they are working together and collaboratively to ensure that these two projects are connecting. Ms. Silbas said also there is a TIRZ which is a tax increment reinvestment zone that

was created to help finance public improvements and infrastructures for the downtown area. She said the project scopes they will have the NextTrek community recycling challenge that is currently on going which is what is being done to really promote sustainability and to assist in efforts to divert plastic waste from ending in landfills. She said this is a partnership between the Freeport Main Street program, Brazosport Breakfast Lions Club, and the Freeport Police Department. She said there is a drop-off location outside Council Chambers and at City Hall for residents to drop off plastic. She said as of today they have collected 504 pounds and the goal is 100 pounds and so they have a little less than three months to collect but it has been a really great initiative and look forward to continue it into the next year. She said the tourism friendly Texas Certified Community Program is an active project that they are currently working with the office of the governor and economic development and tourism to earn this designation to pursue tourism as an economic development strategy. She said this certification program seeks to encourage communities to participate in State government programs available to support tourism development. She said this was brought forward to them by one of the board members Edith Fisher who is the director of tourism for the Brazosport Area Chamber. Ms. Silbas said she was really glad that she brought this to the floor. She said they are currently working on Scenic City certification program which was created to provide support and recognize municipalities that are implementing high quality scenic standards for public spaces across Texas. She said some of the evaluated areas that they will be evaluating them on includes street scape, enhancements, parks, design integrity, and special programs. She said this program is really used to help municipalities improve their ordinances and highlight the relationship between nature and built environment. She said the EPA Brownsfield Assessment Grant the City was awarded this grant and Freeport Main Street will be working with the City administration and the Freeport Economic Development Corporation to assess key sites within the City to determine if there are any environmental complications prior to development. She said this is a four-year grant and this tool is basically a redevelopment tool for the community. Ms. Silbas said one thing the board has talked about is also looking to see how to get the younger generation involved. She said they are looking forward to creating a downtown ambassador program and this would offer the opportunity for the youth to have community engagement and also increase their sense of community pride, and it also build the next generation of community volunteers. She said they are really looking at ways to partner with the local school districts. She said community engagement and professional development are both really vital to the progress of the program, and it is really crucial that they continue to work with residents, local chambers, community leaders, and financial institutions to move the mission forward. She said the current operating budget is \$139,352 and the only thing that Main Street is really requesting is something simple just to reallocate some funds from, advertising line and special events to create a special projects line item within the budget, and this is just if there is some sort of project they would like to contribute too and not always have to as other groups organizations for funds, and so they can contribute to purchasing whether it be Downtown banners or whether it be hosting a downtown community clean up event. She said just so they can have something specific so that Main Street can contribute to.

Karla Clark resides at 411 Sailfish. She said on the projects such as the Main Street Board and the Museum she asked where we stand on our line items for money and money out? She said because the festivals and stuff are wonderful but asked what do we make of those? She said maybe Cathy can get that. Ms. Clark said because in her vision we have to look at what these things are going to make us to be there and make us and what we get in return to paying for all the things that they are doing there.

Golf Course Director Brian Dybala said as the Council can see from the reports out it has been a pretty busy year. He said going over some of the accomplishments and projections; last year they reached their goal of 30,000 guests which rounds play and this year they are on track for 31,000 which would be all time highs for the Golf Course. He said the revenue budget this fiscal year is at \$762,000 and they are actually right on track and mother nature willing, as going into the warm season they are actually on track to get right at \$1 million so it has been a nice increase. He said in tournaments like Phillips and some of the maker tournaments or big tournaments that are coming in which he calls quality tournaments have really helped with the tournament

scheduling, which is actually also at an all-time high. Mr. Dybala said the weekend tournament days are actually completely booked through the remainder of this calendar year. He said driving range revenue is on track to double this year as well. He said the youth program which they have 14 and under play for free is actually over 1,000 rounds this year and 18 and under will be close to 5,000 rounds, so that means when starting, that was a major goal with 17 and 18 years ago, it was a major goal to actually have a youth program to see the community not only that but the High School but actually have three High School events every year as well as Brazosport home to their golf team. He said there are three events which each event has about 9 to 10 schools throughout the area that show up and so that is been as well as nice to see. He said this year the budget is basically flat from last year except a new golf cart fleet which that lease expires going into next year. He said looking at some of these expenses they have tried to keep as flat as possible and if they have any growth even as prices go up where they are at, there will see some challenges of trying to stay in kind of under the supplies in the vehicle and grounds maintenance just because of the wear and tear they are seeing with additional tournaments supplies and everything kind of as the more people go in the shop those numbers go up. He said they will try their best to star as flat as possible in that area. He said with the grocer that they continue to see over the past year years his staff has done an excellent job of maxing out their daily sheet especially on the weekends with the current golf cart fleet they do have to block some of these tee times to make sure that the current reservations are taken care of. He said if they go through the tee sheet and they book every single one they just do not have the fleet to accommodate that. He said also the close to the max capacity it will be difficult when looking like at the merchandise numbers and those numbers have grown over the years when starting to making out the tee sheet you are not having more people come in the pro shop. He said right now they are averaging well on the weekends they are doing about 155 rounds and that is maxing out. He said with that you are maxing out those numbers and you are not having more people coming in and it is going to be difficult to grow and the merchandise obviously without a grill and stuff like that the food and beverages at some point you are kind of at the limit so that down the road that is probably the point to say what to do or what can be done to grow that. He said with some of the expensive stuff he does have a rate increase of \$2 per round for this next fiscal year with a \$10 per month membership to kind of help offset. He said if putting these numbers out with 31,000 this will definitely help offset some of the expenses.

IT Manager Toby Cohen said he currently handles all the technology needs for the city, ensuring everything runs smoothly and efficiently. He said he wanted to share what he does in the IT department and highlight some of the big successes from this year, and give a look at future plans. He said his department helps the City run by implementing new technology while removing downtime and fixing problems as they arise, and improving life for the residents and employees. He said what he does as the only current member of the IT Department, his responsibilities cover a wide range of tasks to keep the technology in top shape. He said key of which include: monitoring and managing the City's internal and external networks and servers to keep them secure and running. He said this includes checking for any problems and protecting against viruses and malware, as well as keeping them updated and monitored 7 days a week. He said he runs the helpdesk to log in and resolve all staff reported issues as quickly and efficiently as possible to ensure they are promptly solved and/or do not re-occur where possible. Mr. Cohen said he trains City staff on software use and prevents cybersecurity threats such as phishing and impersonation. He said he employed measures to protect and monitor against unauthorized access attempts. He handles all communication devices for the City, including mobile phones, desk phones, call queues, telephone menu options, and emergency broadcast systems. He said he redesigned and ran the audio and video for all City Council meetings, ensuring clear and smooth streaming, including the microphone he is using right now to talk to the Council. He said he schedules and broadcasts all the current live-streamed meetings and assists staff with event posting and minutes by providing transcriptions after they have been recorded. He said he manages onboarding and off boarding user accounts and provisioning necessary IT equipment where needed. Mr. Cohen said he manages and maintains the City's social media accounts and City Hall's business page, keeping the online presence updated and relevant. He said he maintains, upgrades, and configure all physical servers, firewalls, and workstations for the City, excluding the Police Department. He said he manages licenses and vendor contracts for the services they use, and oversee the partnerships with big-name corporations like Dell, Verizon, AT&T, Apple, and Google. He

said he replaces and schedules devices that are aging out of function to ensure the departments continue to work properly before the devices stop working. He said he oversees physical and network security systems, including door controllers and cameras, as well as wiring and programming. He said he manages the budget for computer and network maintenance and ensures compliance with state regulations. Mr. Cohen said he writes and updates IT policies to reflect best practices and ensure safety. He said he handles patch management and asset management to keep the systems updated and secure. He said also the process threat and protection metrics so they can be measured as an understandable rating score in his Director Reports. He said he advises City Hall in all technical queries and engage in active problem-solving and solution design to improve the City from a technical standpoint. He said he manages all the City's copiers and desk printers, including routine maintenance and establishing better contracts and devices. He said he writes custom programs and code to assist departments in need of a creative solution without breaking a budget to introduce it. He said he is always available for emergency response calls regarding critical functions like network outages, ensuring all the primary systems have backups and are reliable and a considerable amount more as needed. He said the key accomplishments this year are full integration of a new phone System. He said he significantly improved the communication capabilities not only enhancing the quality and reliability of the phone services but also resulted in substantial cost savings from removing outdated systems costs. He said he is sure some of the Council and residents will remember the many problems and outages there were occasionally with the old system. He said as of current today there have yet to experience any major outages with the current system, which has set multiple fallback measures should one ever occur. He said he helped with a new network build at City Hall. He said this project involved creating more than 60 new connections across two floors in less than two weeks and ensuring that all departments have reliable and fast phone, and network access while improving security features simultaneously. He said his new setup has greatly improved the communication, security, and operational efficiency. He said in addition he has identified and started the implementation of new key options for the backup solutions. He said these provide with greater control over activating backups in the event of emergencies while also achieving cost savings. Mr. Cohen said this enhancement ensures that the data backup is more reliable and the recovery processes is more efficient allowing to maintain continuity of services even in challenging situations. He said he successfully responded to and resolved an estimated 1,235 problems this fiscal year so far which means about 6 a day on top of regular administrative and maintenance duties. He said the future plans and goals are introducing a new website design: one of his key projects moving forward is the introduction of a new website design. He said this proposal has been submitted for the new fiscal budget year and aims to enhance the community impact by making online services more user-friendly and accessible. He said a study by the Nielsen Norman Group shows that a website is often the first impression residents and businesses get of our city and it should be easy to navigate so users can quickly find what they need, whether it's contacting the right department or paying a utility bill. He said just like how 65% of hotel bookings are done exclusively online, the City's website must provide a seamless and efficient experience for users. Mr. Cohen said this updated design would provide better resource access and improve the overall experience for residents, as well as provide much more functionality for ADA compliance and viewing content in multiple languages. He also said proposing a new technician staff position he said he has also submitted a proposal for the new fiscal budget year to add a new technician staff position. He said his duties require more than 19 hours of manpower per day to maintain effectively. He said this workload has been negatively impacting his health over the three years since he built this department from the ground up. He said without additional support, there is no backup plan for running the department, and all technology in the city hinges on him constantly providing support and maintenance. He said even on days off or sick days, he is still the only one available to answer help with ticket issues and fixing things remotely. He said a new technician would help distribute the workload, ensure that the technology remains in top condition, and allow him to continue providing the excellent service he strives for to the City. He said also a full server refresh is his third proposal is for a full server replacement for City Hall. He said the existing server hardware is aging out of its warranty range at the end of this fiscal year and will become a liability if not replaced. He said he has suggested replacing the equipment with a more hands-on solution that relies on more technical skill to operate and offers much higher control over managing the server structure for the City. Mr. Cohen said this will generate a significant reduction in warranty and replacement costs. He said this will ensure that the

server infrastructure is robust, secure, and capable of meeting the current and future needs. He said he appreciates the support and consideration for these proposals by investing in the technology, they are investing in the future of the City, ensuring that they can continue to provide excellent service to the community and stay ahead of the ever-evolving technological landscape.

Karla Clark said she would agree that Mr. Cohen would need some additional help. She asked and said she was wondering about the different software and if they have their own protection? She said she knows that each department probably has a different software. She asked if Mr. Cohen does the security and everything through those and if they do not have their own security systems that they put tickets into they all go to Mr. Cohen? IT Manager Toby Cohen said when it comes down to system security you do not want like a million different protection programs because they are going to bet heads with each other so you basically want as much open communication and internal network as you can while being overly protected from the outside. Mr. Cohen said you want really a firewall security software managing as a whole per site so City Hall manage per sites and any other connected networks should all be protected from something separate. Mr. Cohen said you do not want like a finance protection software, you do not want like a water utility protection software, what you want is to where they live to be protected. Ms. Clark asked if the software that Mr. Cohen uses if those companies do not have a built-in can program that has that protection in it? Mr. Cohen said there is auditing but at the end of the day software is software and something is either attacking it or it is not and you want to prevent the unauthorized attack attempts. Ms. Clark asked if Mr. Cohen controls the company's software? Mr. Cohen said the communication he opens a secure channel between the City and the vendor so that they can send what they need to without a ticket. Ms. Clark asked so a ticket goes to Mr. Cohen and then he sends it to the software people? Mr. Cohen said yes if needed. Ms. Clark said she does agree that it would be a good idea for him to have some help.

Building Official Shelby Araujo said the Building department oversees and regulates construction activities throughout Freeport. She said they ensure that building projects comply with safety codes, zoning regulations, and other relevant laws. She said they have accomplished the training and implementation of new permitting software to provide better services to the citizens and contractors through the online portal. Mr. Araujo said they have demoed 11 buildings and took 23 in front of the Board of Adjustments. She said they started the educational stages for the new rental inspection program and, finally, they have had 8 new businesses open and 11 preconstruction meetings for new potential businesses. She said their goals and objectives are to revise the current sign ordinance to fit the needs of Freeport with feedback from the community and businesses. She said they will continue to expand the educational program, by providing more community education that will reduce the need for re-inspections by having pre construction meetings, providing inspection checklist and handouts. She said the major changes in 2024-2025 are: salaries have been increased 3% for the cost of living adjustment, employee retirement increased by .75%, health insurance is estimated to increase 10%, all expenditures for Code Enforcement have been moved to the Police Department, they have filled the Rental Inspector position, and they have filled the Building Inspector position.

Public Works Director Rudy Ragle said the City of Freeport Department of Public Works is comprised of five main divisions which include street and drainage, parks and grounds, building maintenance, administration, and recreation department. He said staff of 33 full time, 2 part time, and 16 seasonal lifeguards who possess special skills and knowledge acquired through education, training, and experience to meet the public needs. Mr. Ragle said some of the many responsibilities of the department include: maintain 73 miles of drainage, maintain 21 miles of culvert piping, maintain 63 miles of streets, maintain 68 miles of sidewalks, maintain 1.8 miles of walking trail, maintains 20 miles of alley way, maintains signage, perform pothole repair, maintain 112 city owned lots, fleet maintenance, perform sweeping on streets, multi-use paths and parking lots, remove hazardous objects from right-of-way, controls vegetation along streets and drainage, perform storm and debris clean up, assist with seasonal events, provides after hours emergency coverage, and construction inspections for capital improvement projects. He said also in the administrative services they provide: customer service and reception, financial analysis for the Public Works Department, generate work orders, maintain City fuel

operation, and assist with seasonal events. He said in the parks and grounds department they do the following: maintain 9 parks, perform weed control, landscaping, baseball/softball field maintenance, football/soccer field maintenance, litter control of parks and open spaces, maintain and repair on park equipment, sanitizing of park restrooms, sanitation of facility rentals, set up for rentals, beach litter control and maintenance, assists with seasonal and special events, and provide after hours emergency coverage. He said for building maintenance they do the follow: perform HVAC repairs on City facilities, perform electrical on City facilities, perform plumbing repairs on City facilities, perform carpentry repairs on City facilities, perform streetlight repairs, install equipment for the operation of City facilities, assist with seasonal events, and provide after hours emergency coverage. Mr. Rudy said for the Recreation Center they do the following: maintain recreation center (basketball court, racquetball, weight room, and community pool), sanitization of facility, organize and manage youth and adult programs, and organize and plan park events (Holiday on the Brazos, Fright Night, Daddy Daughter Dance, Eggstravaganza, and Riverfest). He said the major accomplishments this year are: Phase 1 & 2 completion of concrete road improvements, waste water collection line improvements, and continuation of the sidewalk replacement program. Mr. Ragle said the needs for the upcoming budget are: skid steer, John Deer gator, and 2 zero turn mowers.

Finance Director Cathy Ezell said she wanted to touch on something Ms. Araujo said in her presentation. She said when they first started the budget process there was an estimate of a 10% increase in health insurance, and so they got to see the preliminary, however the BIDs are in, and are not expecting any increase in health insurance cost. She said Ms. Fisher and the new firm got the City where they are expecting a 0% increase. She said the administration budget includes the City Manager, City Secretary, Finance, Human Resources, and GIS/Property Management. She said the biggest accomplishments in 2023-2024 were moved City Hall, hired new City Engineer going through the request for qualifications process, and sent out request for proposal for City Attorney services. She said also will try to find ways to provide services the most effective and efficient way to the Citizens. Ms. Ezell said on the finance/payroll side in 2023-2024 they did the following: scanned all records for 2023-2024 that included invoices, adjusting journal entries, bank/investment statements, and miscellaneous records, reviewed all stale dated checks, reissued what could be reissued, processed all other to be paid to State of Texas as escheat property, received the distinguished budget award from Government Finance Officers Association of the United States and Canada for 2023-2024 Budget, created EFT policy, and revised the purchasing policy. Ms. Ezell said the goals for her department for 2024-2025 are: to create a transparency program, create five-year capital program, obtain Distinguished Budget Award for 2024-2025 Budget, and obtain certificate of achievement for excellence in financial reporting. She said she is requesting the budgeting software that will make this process more effective and efficient. She said everything is done manually now and it is very time-consuming and the budgeting software will also help prevent keying error. She said this is her only request again this year is for that budgeting software. She said she is also in charge of municipal court and this year their accomplishments are: continued to work the back log of cases as they averaged about 150 cases a month, scanning records into court software, and the Court supervisor obtained Court Clerk I Certification. She said the goals for this department are: completing working the back log of cases, Court Supervisor obtain Court Clerk II Certification, and Court Clerk obtain Court Clerk I Certification. Ms. Ezell said she is also over the utility billing department and in 2023-2024 they did the following: restructured the department and promoted two employees to Utility Billing Clerk and Customer Service Clerk II, and all clerks are bilingual, opened drive thru to better serve customers, and created forms to have more detailed records of customer requests. She said the goals for next year are to continue to find ways to make the customer service more effective and efficient and obtain automated meter reading system and this will take billing from 15 days to an approximately 3 days with re-reads being included and this will allow to offer an app to customers to monitor their water usage. She said the supplemental request for this department was an additional customer service clerk. She said this clerk would allow the drive thru to remain open all day and also it would allow for the cross training of permit clerk duties.

Councilman Davis asked if Ms. Ezell had asked for the budget software last year also? Finance Director Cathy Ezell said yes.

Karla Clark resides on 411 Sailfish. She said on the insurance and retirement for the staff from what she understood from last year's budget she asked if the City still pays 100% medical, dental, and vision and there is no input from the employee? Finance Director Cathy Ezell said the City pays for 100% of employee only coverage for medical, dental, and vision and they pay 40% of employee dependent on the base plan. Ms. Clark asked if it is 100% per employee and they pay an additional 40% for all their children or one spouse or dependent? Ms. Clark asked if she had 5 kids and 1 husband the City will pay for 40% of that? Ms. Ezell said yes. Ms. Clark asked and on the match on the retirement what is the City's match on the retirement? Ms. Ezell said 2 to 1. Ms. Clark said she knows the employees are good and people are asking for more but she does not know that there are probably any other governmental entities that do this much up and above for their employees. Ms. Clark said she thinks it is a lot and the employees are very fortunate to have this because it is a lot.

Human Resource Director Donna Fisher said up until February of 2024 she was a department of one and now she has an HR assistant and so they are looking forward to being able to do a few more things or keep a few more things from falling behind. She said one of the big areas that they have is talent acquisition. She said they have engaged department heads in the recruitment process so that they can have the best candidates for their positions. She said they work with them to develop accurate job postings and job descriptions. She said they keep track of each applicant submitted which is why one of her supplemental requests is for a more robust tracking system that will help with the marketing efforts. Ms. Fisher said in fiscal year 2023 the Human Resources has processed 304 applications, through June 18th, 2024 Human Resources has processed 379 applications and the tracking system that they have does not give them a lot of the metrics that they would like to have. Ms. Fisher said her department assists other department heads in structuring interview questions, sit on interview panels, and other assistance during the interview process. She said once the department heads check the references and make a conditional job offer, then they make sure the pre-employment screens are conducted, which include drug testing, criminal history check, medical, and physical, and all of that is just to hire someone. She said then there is the new hire orientation which is really more a new hire paperwork at this point but they assist employees with completing the new hire paperwork. Ms. Fisher said they use digital training for cybersecurity, sexual harassment, and ethics training, and give every new employee a printed version of the most up to date policy manual. She said performance management is another area even during years where there is not a merit increase that is not feasible, performance management still helps supervisors and employees to have discussions about job performance, work objectives, clear expectations, and then she will work with department heads to help them with either counseling employees or when employees need discipline. She said for training and development they are always looking for options for skills and knowledge development for all of the employees. She said last year Eileen Beagly from Olson and Olson came and did a harassment awareness and prevention class for all of the supervisors from first line up to department head. She said compensation management and payroll procession that is worked with finance but they are responsible for quarterly unemployment reports, annual W-2s, and as part of the compensation management, if the budget allows they are working to propose a residency incentive to get employees to move to Freeport. She said the medical, dental, vision, and other benefits Ms. Ezell already talked about and they work closely together. She said on the contractual and financial aspects the consultant HUB international became the consultant in April and they have done a wonderful job at keeping costs down. She said they do not have the final numbers yet but they should and they will have them by the second City Council meeting in July but Ms. Fisher has been told there is no increase. Ms. Fisher said for employee relations a lot of that is done through policies and they are systematically reviewing and updating the policy manual to make the policies relevant to make them understandable and keep them up to date with current laws. She said this year they have made revisions to the social media policy, direct free workplace policy, harassment in the workplace policy, application process policy, leave donation policy, tuition reimbursement policy, and the ethics policy. She said there are still a few months left to revise some more. She said they also want to work on employee relations through communication. She said any employee can go to her office at any point in time for any matter of concern. She said they can not always match the pay of other cities but they can treat the employees in a manner that

motivates them to stay. She said there is not a single employee that she would not welcome in her office to talk about whatever they need to talk about whether it be personal or professional. She said one of the final areas is worker's compensation and they ensure that all worker's compensations claims are processed within the deadlines required by the Texas Department of Insurance. She said they make sure that the employee and the supervisor are informed of the status of the claim and help manage the claims process and they work with treating physicians. Ms. Fisher said she works with Texas Municipal League intergovernmental risk pool who is who handles the workers comp and they have the goal of reducing claims. She said they also have an annual worker's compensation audit where they sit down and look at the claims were they over the past year and how that compares to the total payroll and what departments are having more claims and then they look at safety training to help reduce those claims.

Pamela Dancy resides at South Front Street. She said she is a little wary because last year City Hall asked for additional staff in the office and they were told that everybody was going to be cross-trained then and she believes Councilman Matamoros had brought up as being cross-trained. She said and now they are talking about that again. She said it seems to her like the government City Hall is getting larger but have not gained more citizens. She said she would like this to be kind of thought as getting more policies and do not have the citizens. She said it seems like it is just a big government happening here and which means more money is being spent.

Police Chief Jennifer Howell said some of the achievements for the 2023-2024 year were they did some partial salary increases for some of the key positions such as officers, dispatchers, jailers, and animal control. She said this allowed to be able to approach recruiting a little more aggressively and increase the ability to become more of a competitive police department. She said they started implementing some cross training and succession planning for the future. She said recently regarding Captain Gillchriest they do have several other key players in the organization that have more than 25 years or more of service and so, any day they could just decide they are tired and, retire but preparing and everything for that succession plan. She said they also redesigned the organization chart which included the Corporal positions which were created last year and again allowing or that succession planning and a better division of labor. Chief Howell said they have update the technology to be able to stay up to date and then also in compliance. She said they became re accredited as a recognized agency through the Texas Police Chiefs Association. She said halfway through the year the Code and Building department had separated and have moved to the Police Department as a new unit for them. She said they also increased community programs to include like the Citizens Police Academy and Explorers program will be starting up soon. She said for the goals and objectives for the 2024-2025 year she would like to request finance and everything to take the Code Department budget and the Police Department budget and merge those into one. She said right now they are running off two budgets and since they are now going to be one department, she had requested in everything to merge those departments as far as finance goes. Chief Howell said one of her requests would also be for finance to receive her budget software to be able to help better in everything. She said reviewing on salary increases and looking at to be able to provide a new pay matrix potentially for the 2025-2026 year. She said increase in aggressively training and develop and mentor staff to be able to serve the citizens which also includes continuing on with some additional cross training positions. She said they want to aggressively pursue more grants and any time they can save the City some fund they definitely want to take on those options. She said she also wants to work more towards updating some of the City ordinances that are rather outdated and a line with 21st century policing and more of the needs of the community currently. She said previously last year they have taken the IT account and made it into one large account for the City which Toby was utilizing on that means. She said at the Police Department they actually have kind of their own IT person. She said he is a licensed officer, so he wears many hats in the department and is a very key player. She said his title is that of a detective but he does run all the IT for the Police Department. She said he also handles all the grants, and then he oversees a number of projects that they have going on as well. She said she would like to be able to kind of maintain everything and the different things that they have going on the Police Department because for Police Departments and the City there is two different sets of requirements that are associated with those and when Mr. Cohen talks about some of the

different software and everything they need that stuff and they do need the antivirus but they have certain guidelines and requirements that the State and the Federal Government sets on them on and tells them what they are going to have to do in order to be a Police Department. Chief Howell said she also wants to redesign the code operations to better align with the Police Department's mission, vision, and core values. She said so with that creating a more positive code enforcement interaction in the community as compared to some of the interactions that have occurred in the past. She also said, part of her request and everything combining PD and code budget into one and finance getting the budget software she would like to look at a 5% Cola increase in everything for all the staff across the board. She said she also is asking for additional personnel in either two different areas to either have an additional admin position then that way she can take some of those duties off of sergeants to be able to have them more out in the field or have two additional patrol officers. She said money wise would be around the same to be able to have more staff and everything out on the streets. Chief Howell said she would also request some additional supplies such as like some stop sticks and SWAT gear. She said the vest the SWAT guys currently wear and everything are outdated and wanting to get those up to compliance. She said then again separating the IT account to be able to have the Police Department stand separately on its own with that. She said she would also like to continue with the vehicle rotation of three units every year which is what has been done in the past just to be able to keep down on lower maintenance cost for the City and rotate those out. She said she would also like to make some changes at the Police Department some updating in such having like a designated interview room which would require a little bit of remodel. She said right now they do not have a quiet or designated area. She said there is not a private area for them to be able to conduct interviews. Chief Howell said in addition some updates to dispatch consoles and then radar and liar guns to be able to help out with the traffic enforcement as well.

Fire Chief Chris Motley said his department addresses fire protection, rescue, emergency medical services, and emergency management. He said they have multiple missions there under one department. He said on the achievements for 2023-2024 they addressed the EMS billing reduction and collection rate, establish charity care pay which went into place last November it dropped from 11% on theirs down to 8.5%. He said recently it was approved the interlocal grant for public safety radio communications Port Freeport and industry that is moving forward in progress. He said they are also managing pretty well with aging fleet. He said EMS has been upgraded from the COVID money and is seeing the aging fleet as in the fire truck which is about 21 years old. He said they are managing that right now with a decent preventative maintenance program. He said the biggest accomplishments and achievements have been as well the FEMA American Firefighter grant, which this year was 24 radios that were purchased they have been bought and paid for and now working on the plug code. Chief Motley said the year before that was the training grant for over \$100,000 and administrating that now and looking for an extension on that because of COVID it played a role in being able to go to school and things like that. He said the goals and objectives for 2024-2025 is to implement a consistent training program for fire suppression EMS and technical rescue. He said currently they have five that have been through the technical rope rescue class recently two weeks ago they had two in Angleton which they hosted that as a department in the State of Texas at Angleton Fire Field where TDM came in and hosted free tuition on that accomplishment. He said that accomplishment trained 15 firefighters in the State of Texas. He said goals and objectives for next year is opening up station two and properly distributing the equipment and personnel for better response on the North End of the town. He said this includes from the Old River to the North City limits. He said also looking at recruit and retention personnel within the end career and reserve membership. He said they are looking at that on policy right now in reserve membership which is a volunteer program bringing that back and implementing that. Chief Motley said they are currently in the process but finishing in the next years fiscal year be a separate training plan for all personnel to address the response need in the community and document it properly. He said right now they have made the first steps and staff for Texas Commission on Fire Protection and the training program so they can teach in-house instead of having to send folks out for a lot of their certifications. He said the budget present to City administration and the Council is pretty tight. He said in seven years he believes that last year was the first time they really asked for the increase in vehicle maintenance. He said they kind of moved money around as things happened to address those needs. He said they sat down and went by each like like they do each year and said they have to increase

in certain places so they have made those adjustments in the budget itself as the proposal, but a lot of those were based on actual cost. He said the printing costs went up for copiers than what they were paying. He said the PPE expenses have gone up meaning the protective gear also having to be compliant with the standard as well that they are sending it off to be tested to make sure it is stitched were the water the vapor barrier is protecting the firefighter does not get steam burn. He said another increase they are looking at is the Knox box program and one of the capital proposals was administrating that to the City buildings. He said the prevention program looking at adding a smoke alarm program to the City. He said they have seen a couple of calls where that initial call is very important between everybody getting out or barely getting out that was significant over on West 10th Street and looking to address this at the National Night Out program. Chief Motley said maintenance was increased based on actual numbers they ship everything out because on actual numbers they ship out everything because the equipment is pretty heavy. Chief Motley said he manages two budgets Fire and EMS is kept separate so that they can actually break away when they apply for grant reimbursement or for Medicaid or Medicare. He said it is shown in the expenses overall in there is the same costs that they address on the fire budget with the PPE because the PPE in that chapter addresses those employees paid out that account so that is why that increase. He said so many other prevention programs just like Zoll and cardiac monitors they are outsourced to make sure that they work and so if there is a problem a third party review has taken care of that. He said that is the only increase they have added this year. He said other than his capital proposal they are proposing a software program for the arsonist guard but they are going to step out of that this time and reevaluate that with existing programs he mentioned earlier about the Knox Box entry program and it is listed as a capital as well. He said he submitted just to keep in front into the strategic plan of adding three EMS personnel only division labor because the EMS calls are starting to go up as well but that will be determined later in the budget if it is acceptable or not. He said under grant awards they were awed in November and of October \$100,000 towards a large truck chassis. He said he approached the industry on that and he visited with a neighboring community to see where their support is on this. He said he would also like to ask for the whole truck in the budget if possible and if it does not make it through. Chief Motley said he has applied for three other grants but they are not really needing to be budgeted. He said it is a safer grant, replacement vehicle grant, and fire equipment as well. He said he informed City administration what the estimated costs on that was.

Karla Clark resides at 411 Sailfish. She asked how many abatement is there going off and payments in lieu of and how many? She asked how many of those are still going to be paying in the preliminary values from the CAD? She asked if it has gone up or gone up? Ms. Clark said the website for the City as far as she can see where she lives in Bridge Harbor they could not get out of their homes for two days because of the water and it is the tide and she realized that the sun was shining in town and a little big of rain but they could not get out for two days. Ms. Clark asked who maintains that road that comes in off of 332 be it Sailfish or Casco? She asked if the City maintain that or the county? She said she never once saw any vehicles from the City, Police Department, and Emergency Department to go out and check out there. She said the other thing is people were going in the out road which was the most logical thing to do because you could not get around to go the other way but if they had at least someone at the PD when those situations happen. She said this was unexpected but it is like they were just kind of left out there because everybody keeps forgetting Bridge Harbor. She said a kind of arrangement for someone to go in an out and like they had some blockage down there where you go in on Casco but people would pick them up and move them. She said the water when it pushes in it is not good for the property and they just need a better way to maneuver traffic out there when that happens and to keep people out there that should not be in there.

Councilman Davis thanked the department heads for all their hard work and what they are doing. He said it sounds like a lot of people are wearing several different hats in their department. He said people have said Freeport is not growing but he thinks they have been understaffed for a while. He said so he applauds the directors for all their hard work and what they are doing. Councilman Davis said hopefully they all can come together and try to get some help out there.

Councilman Matamoros thanked the department heads for each of their presentations and time giving the Council the highlights and requests. He said there are some things within the request that of course are not going to be able to meet and do not have enough funds. He said he wished they could, but also had to think about the residents. He said he would be taking a list of questions to Mr. Petty on what the department heads have stated that they would like to have and needs.

Councilman Rossow thanked the department heads and his hats off to each and every one of them because he knows they are doing the best with what they have. He said hopefully they can meet some of the requests, and the department heads are doing a great job. He said to keep up the good work.

Mayor Cain thanked everybody for the hard work that is put on into this at this point. He said they still have until October to August to get this finished. He thanked the department heads and for the hard work that is coming but also for the hard work that they put into the City on a daily even when not working on the budget. He said he knows there is not one in there that only one hat during the day and it does get frustrating and gets difficult at times, but they are doing great job.

City Manager Lance Petty thanked the department heads as they are doing a great job. He said they are representing the City well and their departments. He said he will be putting together the most conservative budget that they can still provide excellent service to the citizens and that is the goal every year. Mr. Petty said Cathy and himself will now start to work after this presentation and the Council should all have the proposed budgets on the July 1st meeting or July 15th Council meeting. He said once they get the budget book out they will start scheduling one on one meetings with the Council to go line item by line item and so everyone knows exactly what they are looking at in the budget and so there is no questions at all if he needs a department head to go in as well for their budgets he will do that as well. He said he is a firm believe and getting all the Council in there and going line item by line item so they can really have an understanding on the budget and what they are voting on. He said this will be the next steps and they have been waiting on some numbers from the County and things like that and so as far as the health insurance goes are assumptions until they actually do come in. He said they can not afford all the supplemental need but they will look at them and make the best decision for the City of Freeport.

Councilman Davis said it was a good thing to see that every department head had goals for their job and positions. He said goals is the key to success and growth. He said to keep pushing for the goals so they can hopefully come together and help them make the goals come to reality.

ADJOURNMENT:

Adjourn

A motion was made by Councilman Matamoros to adjourn the meeting, seconded by Councilman Rossow with all present and voting "Aye" 5-0. The Council unanimously approved the motion.

Mayor Cain adjourned the meeting at 7:24P.M.

Jerry Cain, Mayor

Clarisa Molina, City Secretary



City Council Agenda Item #2.

Title: Consideration and possible action approving the road closures from 12:00P.M.-9:00P.M. for KidFest August 3, 2024.

Date: July 1, 2024

From: Ana Silbas, Mainstreet Coordinator

Staff Recommendation: Main Street Staff recommends the approval of road closures for KIDFEST 2024 in Historic Downtown Freeport. This free community event focuses on highlighting our designated Main Street Area in accordance to the Main Street Four Point Approach and serves as a quality of life component for our residents.

Item Summary: Freeport Main Street Program will host KIDFEST on Saturday, August 3, 2024 from 3pm-7pm in Downtown Freeport. This year's theme is: Wildlife Adventure. The planned activities for this event include inflatables/waterslides, food, DJ, face painting, caricature artists, community organization booths and more. The road closure times allow for ample set up and clean up for this event.

The requested road closures on Saturday, August 3, 2024 include the following:

12:00 PM- 9:00 PM -- E. Park and W. Park from 2nd Street to 4th Street (200-300 blocks), Road Barrels at Broad and E. Park alley, Road Barrels at Broad and West Side of W. Park

Background Information: This is an annual summer event for the youth in our community.

Special Considerations: N/A

Financial Impact: Freeport Main Street will seek sponsorships to help cover expenses. Currently, there are two event sponsors: Freeport Economic Development Corporation (Main Event Sponsor- \$5,000) and Texas Gulf Bank, N.A. (Activity Sponsor- \$1,000).

Board or 3rd Party Recommendation: The Freeport Historical Commission & Main Street Advisory Board supports KIDFEST as one of its annual community events.

Supporting Documentation:

1. KIDFEST 2024 Road Closure Map

2. KIDFEST 2024 Event Flyer

KIDFEST 2024 ROAD CLOSURE MAP





2024 KIDFEST

WILDLIFE

A D V E N T U R E

AUGUST 3, 2024

CALLING ALL EXPLORERS!

Join us for a day filled with interactive exhibits, animal encounters, nature crafts, and endless fun! Let your imagination run wild as we discover the magic of the great outdoors together!

INFLATABLES | FOOD | MUSIC | FACE PAINTING
GAMES & MORE!

FREE

3PM-7PM

Historic Downtown Freeport
Memorial Park
296 East Park Avenue

CONTACT: ANA SILBAS, MAIN STREET COORDINATOR
PHONE: 979-871-0114 | EMAIL: ASILBAS@FREEPORT.TX.US

EVENT SPONSORS



FREEPORT
ECONOMIC DEVELOPMENT CORPORATION



TEXAS GULF BANK, N.A.



City Council Agenda Item #3.

Title: Consideration and possible action accepting the Audited Financial Report and Auditor's Opinion for Fiscal Year ended September 30, 2023.

Date: July 1, 2024

From: Cathy Ezell, Finance Director

Staff Recommendation: Staff recommends accepting the Audited Financial Report and Auditor's Opinion.

Item Summary: As required by Local Government Code 103.001, an independent audit has been completed by the certified public accounting firm of BrooksWatson and Company for the year ended September 30, 2023. Annual financial statements have been prepared based on the audit, including the auditor's opinion. It is being requested that City Council accept the receipt of the Annual Financial report, and Auditor's Opinion.

Background Information: On June 17, 2024, Mike Brooks of BrooksWatson and Company presented the Audited Financial Report and Auditor's Opinion for the Fiscal Year ended September 30, 2023, to the City Council. He presented that the City was in good financial standing and that the City received an unmodified opinion of the City Financials. This is highest opinion that can be given by an auditing firm.

Special Considerations: N/A

Financial Impact: N/A

Board or 3rd Party Recommendation: N/A

Supporting Documentation:

1. Freeport 9.30.23 AFR-Final

CITY OF
FREEPORT, TEXAS

1201 NORTH AVENUE H | FREEPORT, TX 77541
WWW.FREEPORTTX.GOV | 979.233.3526

2023

**ANNUAL
FINANCIAL
REPORT**

FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2023



(This page intentionally left blank.)

ANNUAL FINANCIAL REPORT

of the

City of Freeport, Texas

**For the Year Ended
September 30, 2023**

(This page intentionally left blank.)

City of Freeport, Texas

TABLE OF CONTENTS

September 30, 2023

FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis	5

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position	20
Statement of Activities	24

Fund Financial Statements

Governmental Funds:

Balance Sheet	26
Reconciliation of the Balance Sheet to the Statement of Net Position- Governmental funds	29
Statement of Revenues, Expenditures, and Changes in Fund Balance- Governmental Funds	30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	33

Proprietary Funds:

Statement of Net Position	34
Statement of Revenues, Expenses, and Changes in Fund Net Position	37
Statement of Cash Flows	38

Notes to the Financial Statements	41
--	-----------

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual - General Fund	84
Schedule of Changes in Net Pension Liability and Related Ratios	86
Schedule of Employer Contributions to Pension Plan	88
Schedule of Changes in OPEB Liability (TMRS) and Related Ratios	90
Schedule of Changes in OPEB Liability (Healthcare) and Related Ratios	92

COMBINING AND INDIVIDUAL FUND STATEMENTS

Combining Balance Sheet – Nonmajor Governmental Funds	96
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds	98
Schedule of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual – Debt Service Fund	100



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Freeport, Texas (the "City") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Freeport, Texas, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We are required to be independent of City of Freeport, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair

presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note V.G. to the financial statements, due to various accounting corrections, implementation of GASB 96, and the reclassification of the EDC as a discretely presented component unit, the City restated beginning fund balance/net position for the general fund, water/sewer fund, governmental activities, business-type activities, and component unit activities. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 12, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Brooks Watson & Co.

Brooks Watson & Co.
Certified Public Accountants
Houston, Texas
June 12, 2024

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

(This page intentionally left blank.)

City of Freeport, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

September 30, 2023

As management of the City of Freeport, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information contained in this report.

Financial Highlights

- The City's total combined net position is \$42,335,949 at September 30, 2023.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$22,629,198, an increase of \$6,422,329.
- The City had an overall increase in net position of \$12,263,703.
- The City closed the year with a net pension liability of \$7,267,291.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

City of Freeport, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2023

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, and economic development. The business-type activities of the City include water and sewer, and sanitation operations.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

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

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

The City maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, capital projects fund, and 2020 CO bond CIP fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in a separate section of the report.

The City adopts an annual appropriated budget for its general, debt service, 2020 CO bond CIP, special revenue and water/sewer funds. A budgetary comparison statement has been provided for the general and debt service fund to demonstrate compliance with their respective budget.

City of Freeport, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2023

Proprietary Funds

The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer utility operations. All activities associated with providing such services are accounted for in this fund, including administration, operation, maintenance, debt service, capital improvements, meter maintenance, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise.

Proprietary financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the utility fund, which is considered to be a major fund of the City.

Component Units

The City maintains the accounting and financial statements for two component units. The Freeport Economic Development Corporation is a discretely presented component unit displayed on the government-wide financial statements.

The TIRZ fund is a special purpose fund that collects property taxes within its boundaries for the purpose of infrastructure development. The fund's board consists of the City Council and is reported as a blended component unit, as it functions similar to a department of the City.

Notes to Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The required RSI includes a budgetary comparison schedule for the general fund, schedule of changes in the net pension liability and related ratios and schedule of employer contributions for the Texas Municipal Retirement System. RSI can be found after the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Freeport, assets and deferred outflows exceeded liabilities and deferred inflows by \$42,335,949 as of September 30, 2023, in the primary government.

City of Freeport, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2023

The largest portion of the City's net position, \$23,741,775, reflects its investments in capital assets (e.g., land, city hall, police station, streets, and drainage systems, as well as the public works facilities), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2023			2022		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and						
other assets	\$ 26,400,553	\$ 5,520,566	\$ 31,921,119	\$ 19,124,344	\$ 6,172,979	\$ 25,297,323
Capital assets, net	21,225,408	12,141,802	33,367,210	17,218,387	9,541,701	26,760,088
Total Assets	47,625,961	17,662,368	65,288,329	36,342,731	15,714,680	52,057,411
 Deferred Outflows	 3,008,597	 39,515	 3,048,112	 1,119,811	 14,455	 1,134,266
 Other liabilities	 2,296,660	 1,682,407	 3,979,067	 2,646,046	 1,272,514	 3,918,560
Long-term liabilities	15,785,444	4,613,720	20,399,164	12,251,989	4,968,701	17,220,690
Total Liabilities	18,082,104	6,296,127	24,378,231	14,898,035	6,241,215	21,139,250
 Deferred Inflows	 1,619,039	 3,222	 1,622,261	 1,953,995	 26,186	 1,980,181
 Net Position:						
Net investment in						
capital assets	13,827,683	9,914,092	23,741,775	13,719,772	9,063,763	22,783,535
Restricted	8,115,069	-	8,115,069	480,088	-	480,088
Unrestricted	8,990,663	1,488,442	10,479,105	6,410,652	397,971	6,808,623
Total Net Position	\$ 30,933,415	\$ 11,402,534	\$ 42,335,949	\$ 20,610,512	\$ 9,461,734	\$ 30,072,246

Governmental activities current assets increased by \$7,276,209 when compared to the prior year primarily due to greater cash on hand, resulting from operating surpluses in the current year and the Port Freeport settlement of \$7.1 million. Total capital assets increased by \$6,607,122 due to new capital investments and infrastructure improvements throughout the year. Total long-term liabilities increased

City of Freeport, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2023

by \$3,178,474 primarily due to new lease issuances and the increase in the City's net pension liability outweighing current year principal payments.

Statement of Activities:

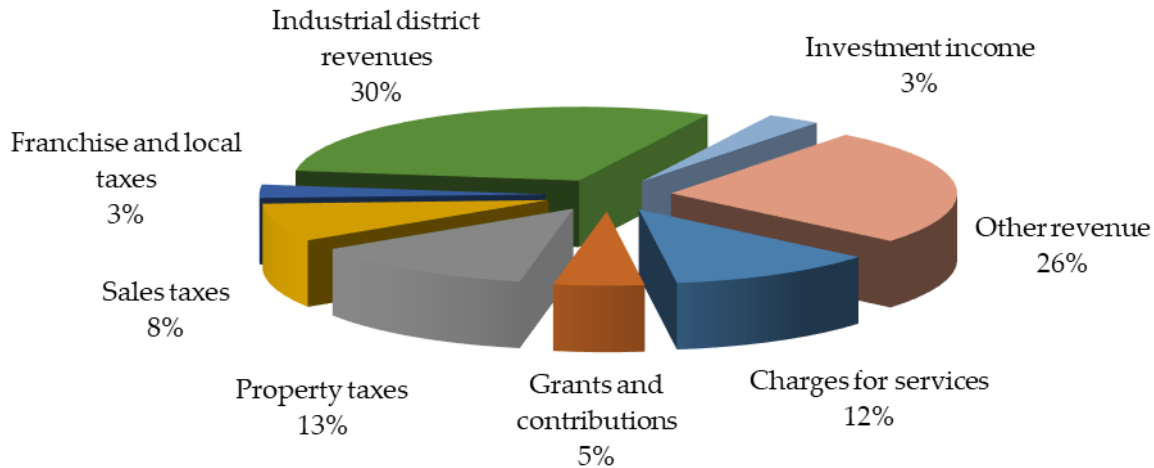
The following table provides a summary of the City's changes in net position:

	For the Year Ended September 30, 2023			For the Year Ended September 30, 2022		
			Total			Total
	Governmental	Business-Type	Primary	Governmental	Business-Type	Primary
	Activities	Activities	Government	Activities	Activities	Government
Revenues						
Program revenues:						
Charges for services	\$ 3,479,747	\$ 7,927,835	\$ 11,407,582	\$ 2,920,785	\$ 6,733,436	\$ 9,654,221
Grants and contributions	1,509,322	1,217,480	2,726,802	1,900,995	759,058	2,660,053
General revenues:						
Property taxes	3,807,185	-	3,807,185	3,822,191	-	3,822,191
Sales taxes	2,471,744	-	2,471,744	2,391,139	-	2,391,139
Franchise and local taxes	861,962	-	861,962	644,134	-	644,134
Industrial district revenues	8,954,728	-	8,954,728	8,171,633	-	8,171,633
Investment income	901,481	171,423	1,072,904	147,462	40,158	187,620
Other revenue	7,601,020	-	7,601,020	617,012	-	617,012
Total Revenues	29,587,189	9,316,738	38,903,927	20,615,351	7,532,652	28,148,003
Expenses						
General government	3,870,507	-	3,870,507	2,640,068	-	2,640,068
Public safety	8,878,677	-	8,878,677	7,991,155	-	7,991,155
Culture and recreation	3,642,702	-	3,642,702	3,575,471	-	3,575,471
Streets and drainage	2,036,705	-	2,036,705	1,915,628	-	1,915,628
Sanitation	747,174	-	747,174	887,107	-	887,107
Service center	227,444	-	227,444	216,009	-	216,009
Interest and fiscal charges	130,460	91,397	221,857	134,696	102,531	237,227
Water and sewer	-	7,015,158	7,015,158	-	6,418,544	6,418,544
Total Expenses	19,533,669	7,106,555	26,640,224	17,360,134	6,521,075	23,881,209
Change in Net Position						
Before Transfers	10,053,520	2,210,183	12,263,703	3,255,217	1,011,577	4,266,794
Transfers	269,383	(269,383)	-	(173,000)	173,000	-
Total	269,383	(269,383)	-	(173,000)	173,000	-
Change in Net Position	10,322,903	1,940,800	12,263,703	3,082,217	1,184,577	4,266,794
Beginning Net Position	20,610,512	9,461,734	30,072,246	17,528,295	8,277,157	25,805,452
Ending Net Position	\$ 30,933,415	\$ 11,402,534	\$ 42,335,949	\$ 20,610,512	\$ 9,461,734	\$ 30,072,246

City of Freeport, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2023

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.

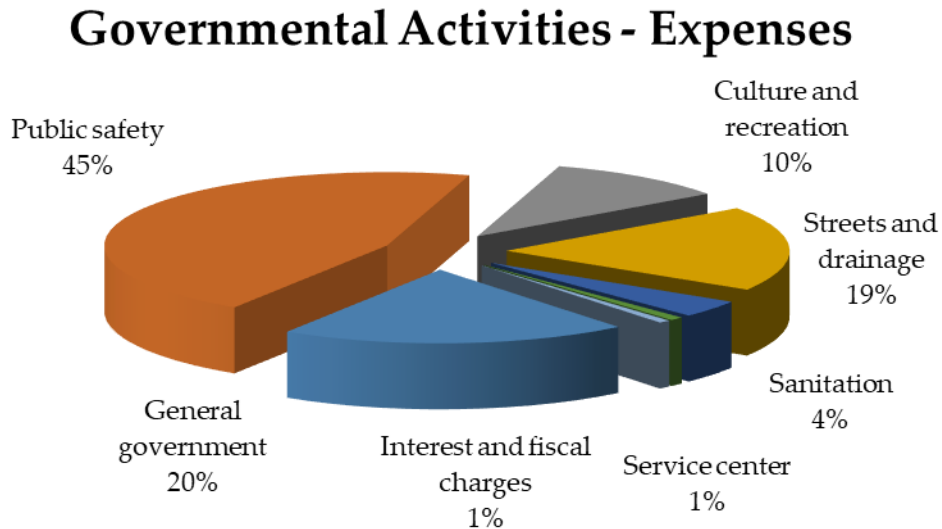
Governmental Activities - Revenues



For the year ended September 30, 2023, revenues from governmental activities totaled \$29,587,189. Industrial district revenues are the City's largest revenue sources. Charges for services increased by \$558,962 or 19% primarily due to greater ambulance/EMS services and building permits issued in the current year. Grants and contributions decreased by \$391,673 or 21% primarily due to nonrecurring operating grants and intergovernmental revenues received from the EDC in the prior year. Franchise and local tax revenues increased by \$217,828 or 34% primarily due to greater hotel occupancy rates and utility franchise fees received in the current year. Industrial district revenues increased by \$783,095 or 10% primarily due to local economic growth. Investment income increased by \$754,019 or over 100% due to greater interest-bearing accounts and the realization of higher interest rates in the current year. Other revenues increased by \$6,984,008 or over 100% due to the nonrecurring settlement funds received from Port Freeport in the current year. All other revenues remained relatively stable when compared to the previous year.

City of Freeport, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2023

This graph shows the governmental function expenses of the City:

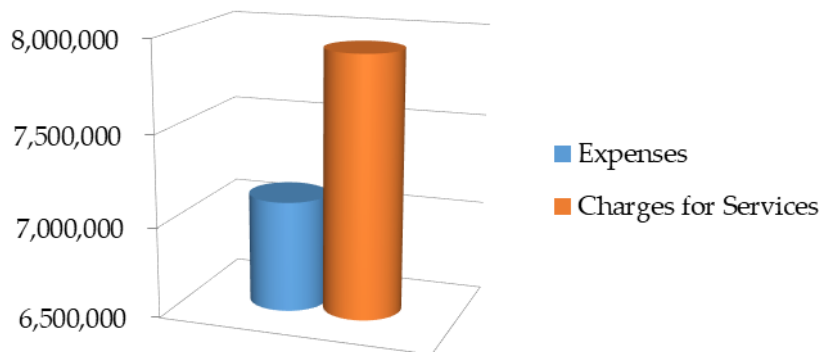


For the year ended September 30, 2023, expenses for governmental activities totaled \$19,533,669. This represents an increase of \$2,173,535 or 13% from the prior year. General government expenditures increased by \$1,230,439 or 47% due to an increase in the pension liability, nonrecurring record scanning project expenses, legal services, and IT costs recognized in the current year. In addition, employee benefit costs increased due to a greater net pension liability at the end of the current year. Public safety increased by \$887,522 or 11% primarily due to greater employee salaries and employee benefit expenses (as mentioned above) in the current year. Sanitation expenses decreased by \$139,933 or 16% due to the City changing garbage service companies in the current year. The new company charges lower rates. All remaining expenses remained relatively consistent with the previous year.

City of Freeport, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2023

Business-type activities are shown comparing operating costs to revenues generated by related services.

Business-Type Activities - Revenues and Expenses



For the year ended September 30, 2023, charges for services by business-type activities totaled \$7,927,835. This is an increase of \$1,194,399 or 18% from the previous year. This increase is directly related to greater water/sewer rates charged to customers, increased demand, and continued City growth. Investment income increased by \$131,265 or over 100% due to the realization of higher interest rates over the course of the year.

Business-type activities expenses increased by \$585,480 or 9% primarily due to greater water purchases, resulting from dryer weather conditions, greater Veolia contract rates, and increased asset depreciation in the current year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

As of the end of the year the general fund reflected a fund balance of \$10,556,882. The general fund had a net increase in fund balance for the year of \$2,356,487. This increase was primarily due to greater than anticipated revenues and less than expected expenditures. In addition, the fund received greater industrial district revenues when compared to the prior year.

City of Freeport, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2023

The capital projects fund reflected a fund balance of \$7,100,000, which represents an increase of \$7,100,000. The fund balance was zero at the end of the prior year. The change in fund balance is a direct result of the Port Freeport settlement funds totaling \$7,100,000, which was received in the current year.

There was a decrease in the 2020 CO Bond CIP fund of \$3,933,333 during the year, leaving a year end fund balance of \$812,048. The decrease in fund balance is a direct result of significant capital outlay expenditures exceeding investment income in the current year.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

There was a total positive budget variance of \$3,182,572 in the general fund. This represents a combination of positive revenue, expenditure, and other financing sources variances of \$1,249,425, \$1,063,688, and \$869,459, respectively. The City amended the original general fund budget for fiscal year 2023 by increasing total revenues by \$185,908 and increasing total expenditures by \$809,079. The general government, principal, and interest/fiscal charges expenditures exceeded appropriations at the legal level of budgetary control.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$21,278,768 in a variety of capital assets and infrastructure, net of accumulated depreciation. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34. The City's business-type activities funds had invested \$12,141,802 in a variety of capital assets and infrastructure, net of accumulated depreciation.

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

- Continued renovations on City Hall for \$114,543.
- Continued with phase two of reconstructing streets totaling \$3,174,332.
- Updated windows and doors at the library for \$49,017.
- Velasco House renovations totaling \$57,770.
- Park updates totaling \$57,502.
- Purchased a new fuel tank for \$30,000.
- Purchased two new vehicles for \$115,748.
- Purchased equipment for vehicles for \$44,032.

City of Freeport, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2023

- Purchased a new PD server for \$92,640.
- Purchased a new ambulance for \$233,600.
- Purchased ambulance equipment totaling \$100,288.
- Purchased two code vehicles for \$80,008.
- Purchased a dump truck for \$78,705.
- Stormwater improvements and rehab totaling \$73,768.
- Purchased a new mower for \$41,780.
- Made various street improvements totaling \$1,033,083.
- Improvements to the Riverside parking lot for \$73,500.
- Relocation of water lines totaling \$51,883.
- Wastewater improvements totaling \$1,069,265.
- Water pump improvements totaling \$61,244.
- Purchased meters totaling \$44,019.
- Lift station rehab totaling \$1,577,538.
- Sewer line replacements and updates totaling \$289,751.

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

LONG-TERM DEBT

At the end of the current year, the City had total bonds outstanding (including premiums) of \$12,256,042. During the year, the City entered into new lease and subscription agreements totaling \$254,401. The City also made principal repayments on outstanding debt totaling \$598,303. More detailed information about the City's long-term liabilities is presented in note IV. E to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Each year the budget is prepared on key objectives and assumptions. The property tax rate for fiscal year 2024 (tax year 2023) is \$0.533 per \$100 of assessed value, which is less than the tax rate for fiscal year 2023 (tax year 2022), which was \$0.60. The Maintenance and Operation rate decreased by \$0.054658 per \$100 of assessed values while the Interest and Sinking rate decreased by \$0.012342 per \$100 of assessed value. Property tax revenue for the City is budgeted \$360 thousand higher than the previous year which is a 11.07% increase. Of this revenue, the majority of the revenue was from changes in market value of property within the City of Freeport.

City of Freeport, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2023

The City of Freeport has multiple industrial agreements that are based off property tax rates as well. In the fiscal year 2024 budget these revenues were estimated to increase by 2.5% over the fiscal year 2023 budget.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City of Freeport's finances for all those with an interest in the City's finances. Questions concerning this report or requests for additional financial information should be directed to the City Finance Director, 200 W. 2nd Street, Freeport, TX 77541.

(This page intentionally left blank.)

FINANCIAL STATEMENTS

City of Freeport, Texas
STATEMENT OF NET POSITION (Page 1 of 2)
September 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 23,225,733	\$ 3,464,763	\$ 26,690,496
Due from component unit	231,728	-	231,728
Receivables, net	1,132,288	2,239,403	3,371,691
Lease receivables, current	89,721	-	89,721
Internal balances	240,725	(240,725)	-
Prepays	96,037	57,125	153,162
Total Current Assets	25,016,232	5,520,566	30,536,798
Lease receivables, noncurrent	1,384,321	-	1,384,321
Capital assets:			
Non-depreciable	6,153,314	2,208,112	8,361,426
Net depreciable capital assets	15,072,094	9,933,690	25,005,784
Total Noncurrent Assets	22,609,729	12,141,802	34,751,531
Total Assets	47,625,961	17,662,368	65,288,329
<u>Deferred Outflows of Resources</u>			
Pension outflows	3,002,109	39,430	3,041,539
OPEB outflows - TMRS	6,488	85	6,573
Total Deferred Outflows of Resources	3,008,597	39,515	3,048,112

See Notes to Financial Statements.

Component Unit	
Freeport	
EDC	

\$	2,918,666
	-
	188,306
	-
	-
	-
	3,106,972
	-
	2,456,056
	2,201
	2,458,257
	5,565,229
	70,437
	152
	70,589

City of Freeport, Texas
STATEMENT OF NET POSITION (Page 2 of 2)
September 30, 2023

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
<u>Liabilities</u>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 1,925,550	\$ 1,122,305	\$ 3,047,855
Unearned revenue	16,893	-	16,893
Customer deposits	-	306,301	306,301
Accrued interest	71,364	60,393	131,757
Due to primary government	-	-	-
Compensated absences, current	282,853	3,408	286,261
Long-term debt due within one year	453,047	190,000	643,047
	<u>2,749,707</u>	<u>1,682,407</u>	<u>4,432,114</u>
Noncurrent liabilities:			
Net pension liability	7,010,721	92,080	7,102,801
OPEB liability - TMRS	340,079	4,467	344,546
OPEB liability - Health	361,577	4,749	366,326
Compensated absences, noncurrent	31,428	379	31,807
Long-term debt due in more than one year	7,588,592	4,512,045	12,100,637
Total Noncurrent Liabilities	<u>15,332,397</u>	<u>4,613,720</u>	<u>19,946,117</u>
Total Liabilities	<u>18,082,104</u>	<u>6,296,127</u>	<u>24,378,231</u>
<u>Deferred Inflows of Resources</u>			
OPEB inflows - TMRS	97,492	1,280	98,772
OPEB inflows - Health	147,864	1,942	149,806
Leases	1,373,683	-	1,373,683
Total Deferred Inflows of Resources	<u>1,619,039</u>	<u>3,222</u>	<u>1,622,261</u>
<u>Net Position</u>			
Net investment in capital assets	13,827,683	9,914,092	23,741,775
Restricted for:			
Capital projects	7,100,180	-	7,100,180
Municipal court	189,480	-	189,480
Economic development	218,444	-	218,444
Debt service	398,452	-	398,452
Tourism	208,513	-	208,513
Unrestricted	8,990,663	1,488,442	10,479,105
Total Net Position	<u><u>\$ 30,933,415</u></u>	<u><u>\$ 11,402,534</u></u>	<u><u>\$ 42,335,949</u></u>

See Notes to Financial Statements.

Component Unit
Freeport
EDC

\$	56,121
	-
	-
	-
	231,728
	6,048
	-
	293,897
	164,490
	7,979
	-
	672
	-
	173,141
	467,038
	2,287
	-
	-
	2,287
	2,458,257
	-
	-
	2,708,236
	-
	-
	-
\$	5,166,493

City of Freeport, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 3,870,507	\$ 236,933	\$ -	\$ -
Public safety	8,878,677	717,279	1,509,322	-
Streets and drainage	2,036,705	587,602	-	-
Culture and recreation	3,642,702	1,111,019	-	-
Sanitation	747,174	826,914	-	-
Service center	227,444	-	-	-
Interest and fiscal charges	130,460	-	-	-
Total Governmental Activities	19,533,669	3,479,747	1,509,322	-
Business-Type Activities				
Water and sewer	7,106,555	7,927,835	-	1,217,480
Total Business-Type Activities	7,106,555	7,927,835	-	1,217,480
Total Primary Government	\$ 26,640,224	\$ 11,407,582	\$ 1,509,322	\$ 1,217,480
Component Unit				
Freeport EDC	932,611	-	-	-
Total Component Unit	\$ 932,611	\$ -	\$ -	\$ -

General Revenues:

Taxes
 Property taxes
 Sales taxes
 Industrial district
 Franchise and local taxes
 Investment income
 Other revenue
 Port Freeport settlement funds
 Proceeds from sale of assets

Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning Net Position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Unit	
Governmental Activities	Business-Type Activities	Total	Freeport EDC	
\$ (3,633,574)	\$ -	\$ (3,633,574)	\$ -	
(6,652,076)	-	(6,652,076)	-	
(1,449,103)	-	(1,449,103)	-	
(2,531,683)	-	(2,531,683)	-	
79,740	-	79,740	-	
(227,444)	-	(227,444)	-	
(130,460)	-	(130,460)	-	
(14,544,600)	-	(14,544,600)	-	
-	2,038,760	2,038,760	-	
-	2,038,760	2,038,760	-	
(14,544,600)	2,038,760	(12,505,840)	-	
			(932,611)	
			(932,611)	
3,807,185	-	3,807,185	-	
2,471,744	-	2,471,744	1,235,852	
8,954,728	-	8,954,728	-	
861,962	-	861,962	-	
901,481	171,423	1,072,904	112,172	
425,962	-	425,962	24,952	
7,100,000	-	7,100,000	-	
75,058	-	75,058	-	
269,383	(269,383)	-	-	
24,867,503	(97,960)	24,769,543	1,372,976	
10,322,903	1,940,800	12,263,703	440,365	
20,610,512	9,461,734	30,072,246	4,726,128	
\$ 30,933,415	\$ 11,402,534	\$ 42,335,949	\$ 5,166,493	

City of Freeport, Texas

BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2023

	General	Capital Projects	2020 CO Bond CIP Fund	Nonmajor Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 10,915,273	\$ 7,100,000	\$ 1,321,732	\$ 3,888,728
Receivables, net	2,555,766	-	-	50,564
Prepays	26,153	-	-	69,884
Due from component unit	231,728	-	-	-
Due from other funds	-	-	-	255,278
Total Assets	\$ 13,728,920	\$ 7,100,000	\$ 1,321,732	\$ 4,264,454
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 1,352,182	\$ -	\$ 509,684	\$ 63,684
Unearned revenues	-	-	-	16,893
Due to other funds	14,553	-	-	-
Total Liabilities	1,366,735	-	509,684	80,577
<u>Deferred Inflows of Resources</u>				
Unavailable revenue:				
Property tax	143,708	-	-	23,609
EMS	240,688	-	-	-
Franchise taxes	47,224	-	-	-
Leases	1,373,683	-	-	-
Total Deferred Inflows	1,805,303	-	-	23,609
<u>Fund Balances</u>				
Nonspendable				
Prepays	26,153	-	-	69,884
Restricted for:				
Capital projects	-	7,100,000	812,048	-
Municipal court	-	-	-	189,480
Debt service	-	-	-	398,452
Tourism	-	-	-	208,513
Economic development	-	-	-	218,444
Assigned for:				
Facilities and grounds	-	-	-	2,375,964
Vehicles and equipment	-	-	-	470,576
IT equipment	-	-	-	228,955
Unassigned reported in:				
General fund	10,530,729	-	-	-
Total Fund Balances	10,556,882	7,100,000	812,048	4,160,268
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 13,728,920	\$ 7,100,000	\$ 1,321,732	\$ 4,264,454

See Notes to Financial Statements.

**Total
Governmental
Funds**

\$	23,225,733
	2,606,330
	96,037
	231,728
	255,278
\$	26,415,106

\$	1,925,550
	16,893
	14,553
	1,956,996

	167,317
	240,688
	47,224
	1,373,683
	1,828,912

96,037

7,912,048
189,480
398,452
208,513
218,444

2,375,964
470,576
228,955

10,530,729
22,629,198

\$	26,415,106
----	------------

(This page intentionally left blank.)

City of Freeport, Texas

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION GOVERNMENTAL FUNDS

September 30, 2023

Fund Balances - Total Governmental Funds	\$ 22,629,198
Adjustments for the Statement of Net Position:	
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	
Capital assets - non-depreciable	6,153,314
Capital assets - net depreciable	15,072,094
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	
Property tax	167,317
EMS	240,688
Franchise	47,224
Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expenditure) until then.	
Pension outflows	3,002,109
OPEB outflows - TMRS	6,488
Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.	
OPEB inflows - TMRS	(97,492)
OPEB inflows - Health	(147,864)
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.	
Accrued interest	(71,364)
Deferred (gains) charges:	
For bond premiums	(338,997)
Net pension liability	(7,010,721)
OPEB liability - TMRS	(340,079)
OPEB liability - Health	(361,577)
Compensated absences	(314,281)
Bonds, notes, & lease liabilities	(7,702,642)
Net Position of Governmental Activities	\$ 30,933,415

See Notes to Financial Statements.

City of Freeport, Texas

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

For the Year Ended September 30, 2023

	General	Capital Projects	2020 CO Bond CIP Fund	Nonmajor Governmental Funds
<u>Revenues</u>				
Property tax	\$ 3,181,619	\$ -	\$ -	\$ 636,985
Sales tax	2,471,744	-	-	-
Industrial district	8,954,728	-	-	-
Franchise and local taxes	724,988	-	-	89,750
License and permits	587,602	-	-	-
Intergovernmental	1,509,322	-	-	-
Fines and forfeitures	191,086	-	-	45,847
Charges for services	2,583,219	-	-	-
Investment income	597,350	-	140,382	163,749
Other revenue	456,184	-	-	31,768
Total Revenues	21,257,842	-	140,382	968,099
<u>Expenditures</u>				
Current:				
General government	3,187,983	-	-	10,447
Public safety	8,012,758	-	-	19,620
Streets and drainage	1,415,724	-	-	-
Sanitation	747,174	-	-	-
Culture and recreation	3,142,915	-	-	-
Service center	202,594	-	-	-
Capital outlay	1,084,055	-	3,952,373	1,275,337
Debt Service:				
Principal	78,303	-	-	340,000
Interest and fiscal charges	19,213	-	-	154,340
Total Expenditures	17,890,719	-	3,952,373	1,799,744
Excess of Revenues				
Over (Under) Expenditures	3,367,123	-	(3,811,991)	(831,645)
<u>Other Financing Sources (Uses)</u>				
Lease issuance	230,594	-	-	-
SBITA issuance	23,807	-	-	-
Port Freeport settlement funds	-	7,100,000	-	-
Sales of assets	75,058	-	-	-
Transfers in	150,000	-	-	1,730,820
Transfers (out)	(1,490,095)	-	(121,342)	-
Total Other Financing Sources	(1,010,636)	7,100,000	(121,342)	1,730,820
Net Change in Fund Balances	2,356,487	7,100,000	(3,933,333)	899,175
Beginning fund balances	8,200,395	-	4,745,381	3,261,093
Ending Fund Balances	\$ 10,556,882	\$ 7,100,000	\$ 812,048	\$ 4,160,268

See Notes to Financial Statements.

**Total
Governmental
Funds**

\$	3,818,604
	2,471,744
	8,954,728
	814,738
	587,602
	1,509,322
	236,933
	2,583,219
	901,481
	487,952
	22,366,323

3,198,430
8,032,378
1,415,724
747,174
3,142,915
202,594
6,311,765

418,303
173,553
23,642,836

(1,276,513)

230,594
23,807
7,100,000
75,058
1,880,820
(1,611,437)
7,698,842

6,422,329
16,206,869
\$ 22,629,198



City of Freeport, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

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

Net changes in fund balances - total governmental funds	\$ 6,422,329
---	--------------

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

Capital outlay	5,984,606
Depreciation expense	(1,915,595)
Adjustment for sale of assets	(61,990)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property tax	(11,419)
EMS	71,993
Franchise taxes	47,224

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

Compensated absences	(11,351)
Accrued interest	4,638
Pension expense	(360,573)
OPEB expense	(49,316)

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

Amortization of premium	38,455
Lease issuance	(230,594)
SBITA issuance	(23,807)
Principal payments	418,303

Change in Net Position of Governmental Activities	\$ 10,322,903
--	----------------------

See Notes to Financial Statements.

City of Freeport, Texas

STATEMENT OF NET POSITION

PROPRIETARY FUND

September 30, 2023

	Water & Sewer
<u>Assets</u>	
<u>Current Assets</u>	
Cash and cash equivalents	\$ 3,464,763
Receivables, net	2,239,403
Prepays	57,125
Total Current Assets	5,761,291
<u>Noncurrent Assets</u>	
Capital assets:	
Non-depreciable	2,208,112
Net depreciable capital assets	9,933,690
Total Noncurrent Assets	12,141,802
Total Assets	17,903,093
<u>Deferred Outflows of Resources</u>	
Pension outflows	39,430
OPEB outflows - TMRS	85
Total Deferred Outflows of Resources	39,515

City of Freeport, Texas
STATEMENT OF NET POSITION
PROPRIETARY FUND (Continued)
September 30, 2023

	Water & Sewer
<u>Liabilities</u>	
<u>Current Liabilities</u>	
Accounts payable and accrued liabilities	\$ 1,122,305
Customer deposits	306,301
Due to other funds	240,725
Accrued interest	60,393
Compensated absences, current	3,408
Long-term debt due within one year	190,000
Total Current Liabilities	1,923,132
<u>Noncurrent Liabilities</u>	
Net pension liability	92,080
OPEB liability - TMRS	4,467
OPEB liability - Health	4,749
Compensated absences, noncurrent	379
Long-term debt due in more than one year	4,512,045
Total Liabilities	6,536,852
<u>Deferred Inflows of Resources</u>	
OPEB inflows - TMRS	1,280
OPEB inflows - Health	1,942
Total Deferred Inflows of Resources	3,222
<u>Net Position</u>	
Net investment in capital assets	9,914,092
Unrestricted	1,488,442
Total Net Position	\$ 11,402,534

See Notes to Financial Statements.

(This page intentionally left blank.)

City of Freeport, Texas

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

For the Year Ended September 30, 2023

	Water & Sewer
<u>Operating Revenues</u>	
Charges for services	\$ 7,927,835
Total Operating Revenues	7,927,835
<u>Operating Expenses</u>	
Personnel services	171,488
Materials and supplies	26,811
Water purchases	2,759,400
Contractual services	3,072,211
Other	377,658
Depreciation	607,590
Total Operating Expenses	7,015,158
Operating Income (Loss)	912,677
<u>Nonoperating Revenues (Expenses)</u>	
Investment income	171,423
Interest expense	(91,397)
Total Nonoperating Revenues (Expenses)	80,026
Income (Loss) Before Transfers	992,703
<u>Transfers and Contributions</u>	
Capital contributions	1,217,480
Transfers in	121,342
Transfers (out)	(390,725)
Total Transfers and Contributions	948,097
Change in Net Position	1,940,800
Beginning net position	9,461,734
Ending Net Position	\$ 11,402,534

See Notes to Financial Statements.

City of Freeport, Texas

STATEMENT OF CASH FLOWS PROPRIETARY FUND (Page 1 of 2) For the Year Ended September 30, 2023

	Water & Sewer
<u>Cash Flows from Operating Activities</u>	
Receipts from customers	\$ 7,547,982
Receipts from (payments to) other funds	90,725
Payments to employees	(171,032)
Payments to suppliers and contractors	(6,023,545)
Net Cash Provided by Operating Activities	1,444,130
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers in	121,342
Transfers (out)	(390,725)
Net Cash Provided (Used) by Noncapital Financing Activities	(269,383)
<u>Cash Flows from Capital and Related Financing Activities</u>	
Capital purchases	(3,207,691)
Capital contributions	1,217,480
Principal paid on debt	(180,000)
Interest paid on debt	(121,450)
Net Cash (Used for) Capital and Related Financing Activities	(2,291,661)
<u>Cash Flows from Investing Activities</u>	
Interest on investments	171,423
Net Cash Provided by Investing Activities	171,423
Net (Decrease) in Cash and Cash Equivalents	(945,491)
Beginning cash and cash equivalents	4,410,254
Ending Cash and Cash Equivalents	\$ 3,464,763

See Notes to Financial Statements.

City of Freeport, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUND (Page 2 of 2)
For the Year Ended September 30, 2023

	<u>Water & Sewer</u>
<u>Reconciliation of Operating Income</u>	
<u>to Net Cash Provided by Operating Activities</u>	
Operating Income	\$ 912,677
Adjustments to reconcile operating income to net cash provided:	
Depreciation	607,590
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in:	
Accounts receivable	(387,403)
Prepaid expenses	3,600
Deferred Outflows of Resources:	
Pension outflows	(28,175)
OPEB outflows	3,115
 Increase (Decrease) in:	
Accounts payable and accrued liabilities	208,935
Customer deposits	7,550
Compensated absences	1,708
Due to other funds	90,725
Net pension liability	55,356
OPEB liabilities	(8,584)
Deferred Inflows of Resources:	
Pension inflows	(23,906)
OPEB inflows	942
Net Cash Provided by Operating Activities	<u><u>\$ 1,444,130</u></u>

See Notes to Financial Statements.

(This page intentionally left blank.)

City of Freeport, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

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

B. Reporting Entity

The City of Freeport (City) operates under a Home Rule Charter adopted in a special election on June 20, 1960. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public services, streets and drainage, sanitation, health and building inspections, culture-recreation, public improvements, planning and zoning, and general administrative services.

The City is an independent political subdivision of the State of Texas governed by an elected council and is considered a primary government for financial reporting purposes as its activities are not considered a part of any other governmental or other type of reporting entity. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. The Freeport Economic Development Corporation ("FEDC") is legally separate and presented as a discretely presented component unit. The Tax Increment Reinvestment Zone No. 1 Fund ("TIRZ #1") is a blended component unit and presented as a nonmajor governmental fund. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately

City of Freeport, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

elected governing body; it is legally separate; and is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Blended Component Unit

Tax Increment Reinvestment Zone No. 1 Fund ("TIRZ")

On December 2, 2019, the City passed ordinance No. 2019-2590 designating a 345-acre tract of land to promote development along the Brazos River and the downtown area of the City. It creates dedicated funding for infrastructure within the district and an incentive for people to come and do business through the TIRZ from the additional property tax dollars generated in the district as a result of development. This district is set to collect 50% of the incremental new tax dollars generated to plug back into the district to foster additional development. The operations of the TIRZ are set to continue through December 31, 2049. The TIRZ can be dissolved at an earlier time if a subsequent ordinance is passed by the City and all subsequent issuances of tax increment bonds including interest, if any, along with project costs are paid in full.

Discretely Presented Component Unit

Freeport Economic Development Corporation

The City Council authorized the creation and approved the Articles of Incorporation and the Bylaws of the Freeport Economic Development Corporation (the Corporation). The Articles of Incorporation were filed with the Office of the Secretary of State of Texas on December 20, 1999. The Corporation, a nonprofit corporation, organized under Section 4B of the development Corporation Act of 1979 was created to act on behalf of the City in the promotion and financing of projects so as to promote public welfare.

The Corporation is governed by a seven-member board of directors appointed by the City Council. All projects must have prior approval of the City Council. The voters of Freeport approved collection of a one-half cent sales tax, effective November 2, 1999, to fund the cost of land, buildings, equipment, facilities, improvements and maintenance and operation costs for public park purposes, recreational facilities and infrastructure improvements for development of new or expanded business enterprises.

City of Freeport, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

C. Basis of Presentation Government-Wide and Fund Financial Statements

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

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

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

The government reports the following major governmental funds:

Governmental Funds

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

General Fund

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, parks and recreation and public works.

Capital Projects Fund

The City's capital projects fund accounts for the acquisition and construction of the government's major capital facilities, other than those financed by proprietary funds.

City of Freeport, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

2020 CO Bond CIP Fund

This fund accounts for the portion of the proceeds from the issuance of the 2020 certificates of obligation to be used for the purpose of repairing, improving, upgrading, and equipping City buildings, City streets and drainage, and City parks, including engineering and other related costs, and for the acquisition of equipment for general governmental purposes.

Proprietary Fund Types

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues include charges for services. Operating expenses include costs of materials, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types follow GAAP prescribed by the Governmental Accounting Standards Board (GASB) and all financial Accounting Standards Board's standards issued prior to November 30, 1989. Subsequent to this date, the City accounts for its enterprise funds as presented by GASB. The proprietary fund types used by the City include enterprise funds.

The government reports the following major enterprise fund:

Water and Sewer Fund

This fund is used to account for the provision of water and sewer services to the residents of the City and the construction of related facilities. Activities of the fund include administration, operations and maintenance of the water production and distribution system, water collection and treatment systems. The acquisition, maintenance and improvement of the physical plant facilities required to provide these goods and services are financed from existing cash resources, the issuance of bonds (revenue or general obligation), impact fees and other City funds. All costs are financed through charges to utility customers.

Additionally, the government reports the following fund types:

Debt Service Fund

The debt service fund is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of the City. The primary source of

City of Freeport, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

revenue for debt service is local property taxes. The debt service fund is considered a nonmajor fund for reporting purposes.

Special Revenue Funds

The City accounts for resources restricted to, or designated for, specific purposes in a special revenue fund.

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

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

D. Measurement Focus and Basis of Accounting

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

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

City of Freeport, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

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

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

E. Budgetary Information

The original budget is adopted by the City Council prior to the beginning of the fiscal year for the General Fund and Debt Service Fund. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. Transfers of appropriations between departments require the approval of the City Council.

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

1. Deposits and Investments

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

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money

City of Freeport, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

market investments” and “2a7-like pools.” Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940, such as LOGIC, are reported using the pools’ share price.

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

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Statewide investment pools

2. Fair Value

The City has applied Governmental Accounting Standards Board (“GASB”) Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

3. Receivables and Interfund Transactions

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

Advances between funds are offset by a fund balance reserve account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

4. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax

City of Freeport, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Penalties are calculated after February 1 up to the date collected by the government at the rate of 6% for the first month and increased 1% per month up to a total of 12%. Interest is calculated after February 1 at the rate of 1% per month up to the date collected by the government. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

5. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). The inventories are valued at the lower of cost or market using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Asset Description	Estimated Useful Life
Vehicles and equipment	5-15 years
Utility plant	40 years
Right to use equipment	Shorter of lease term or 5-15 years
Buildings and improvements	10-20 years

City of Freeport, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. An example is a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property tax and fines and fee revenue. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources can also occur at the government wide level due to differences between investment gains and losses realized on pension investments compared to assumption used within the pension actuarial valuation model.

8. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

9. Other Postemployment Benefits

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the individual employers (TMRS cities) in the TMRS Supplemental Death Benefits (SDB) plan, with retiree coverage. The TMRS SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) as such the SDBF is considered to be an unfunded OPEB plan.

City of Freeport, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary, calculated based on the employee's actual earnings on which TMRS deposits are made, for the 12-month period preceding the month of death. The death benefit amount for retirees is \$7,500. GASB No. 75 requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

Additionally, the City provides its retirees the opportunity to maintain health insurance coverage by participating in the City's insurance plan. The City reports the total liability for this plan on the government-wide and proprietary fund financial statements. The actual cost recorded in the governmental fund financial statements is the cost of the health benefits incurred on behalf of the retirees less the premiums collected from the retirees.

10. Net Position Flow Assumption

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

11. Fund Balance Flow Assumptions

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

12. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself

City of Freeport, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

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

13. Compensated Absences

Eligible City employees accrue vacation time monthly at various rates based on length of service with the City. Employees may elect to carry over a maximum of fifteen (15) days past his/her yearly anniversary date. It is possible for employees to have accrued vacation time at year end, which has not yet been lost. The City's sick leave policy provides fifteen paid sick days per year for full-time employees. Unused sick leave can be accumulated to a maximum of ninety (90) days.

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental funds recognize accrued compensated absences when it is paid.

14. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable, bond premiums, leases payable, and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the

City of Freeport, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed as incurred in accordance with GASB statement no. 65.

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

15. Leases

Lessee: The City is a lessee for noncancellable lease of vehicles and office equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the full-accrual financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases.

City of Freeport, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The City is a lessor for a noncancellable lease of cell towers and golf course subsurfaces. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

16. Subscription Based Information Technology Arrangements

The City implemented the provision of Governmental Accounting Standard Board (GASB) Statement No. 96, entitled Subscription-Based Information Technology Arrangements ("SBITA"). Upon implementation, the City recorded right to use assets and subscription liabilities based on the present value of the payments for the related arrangements. The assets are included within capital assets, and amortized straight-line over the term of the

City of Freeport, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

arrangement. The liabilities accrue interest at the implied rate estimated by the City, and are relieved with payments over the term of the arrangements.

17. Estimates

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility fund are charges to customers for sales and services. The utility fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

City of Freeport, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Expenditures in Excess of Appropriations

The original budget is adopted by the City Council prior to the beginning of the fiscal year for the general fund, debt service fund, 2020 CO bond CIP fund, the special revenue funds, and the water/sewer fund. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. Transfers of appropriations between departments require the approval of the City Council.

Appropriations lapse at the end of the year. Several supplemental budget amendments were made during the year.

Expenditures exceeded appropriations at the legal level of control as follows:

General fund:

General government	\$	219,680
Principal		78,303
Interest and fiscal charges		19,213

City of Freeport, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2023, the primary government had the following investments:

Investment Type	Value	Weighted Average Maturity (Days)
External investment pools	\$ 16,210,308	39
Total fair value	\$ 16,210,308	
Portfolio weighted average maturity		39

Interest rate risk – In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity to 365 days or less; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.

Credit risk – The City’s investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than “A” or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service.

Custodial credit risk – deposits In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. The City requires all deposits with financial institutions be collateralized in an amount equal to 102 percent of uninsured balances. As of September 30, 2023, the market values of pledged securities and FDIC exceeded bank balances.

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

City of Freeport, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAm. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review. There were no limitations or restrictions on withdrawals.

Texas CLASS

Texas CLASS is a local government investment pool created to meet the cash management and short-term investment needs of Texas governmental entities. Texas CLASS Government seeks to provide participants with a competitive market yield while maintaining daily liquidity and a stable net asset value. Texas CLASS Government is rated 'AAAm' by S&P Global Ratings. There were no limitations or restrictions on withdrawals.

B. Receivables

1. The following comprise receivable balances of the primary government at year end:

	Nonmajor Governmental			
	General	Funds	Utility	Total
Property taxes	\$ 206,611	\$ 38,119	\$ -	\$ 244,730
Sales tax	376,613	-	-	376,613
Franchise and local	23,153	80,761	-	103,914
EMS	744,145	-	-	744,145
Accounts	211,077	-	2,509,418	2,720,495
Lease receivables	1,474,042	-	-	1,474,042
Other	137,586	-	-	137,586
Allowance	(617,461)	(68,316)	(270,015)	(955,792)
Total	\$ 2,555,766	\$ 50,564	\$ 2,239,403	\$ 4,845,733

City of Freeport, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

2. The discretely presented component unit's receivable balance consisted entirely of sales taxes.

3. The City is the lessor of two contracts in which the City receives lease payments from Verizon and Dow Chemical for the use of existing cell towers and golf course subsurfaces. The leases commenced in 2017 and 2022. Monthly lease payments of \$1,000 will be received from Verizon through March 2028. Monthly lease payments of \$100,000 will be received from Dow Chemical through July 2036. As of September 30, 2023, the lease receivable and offsetting deferred inflows amounted to \$1,474,042 and \$1,373,683, respectively.

The annual principal and interest payments to be received are as follows:

Year ending September 30,	Governmental Activities	
	Principal	Interest (4.28%)
2024	\$ 89,721	\$ 122,279
2025	52,924	59,076
2026	55,198	56,801
2027	57,570	54,430
2028	53,990	52,010
Thereafter	1,164,639	334,610
	<u>\$ 1,474,042</u>	<u>\$ 679,206</u>

City of Freeport, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

C. Capital Assets

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

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 2,459,060	\$ -	\$ (53,360)	\$ 2,405,700
Construction in process	2,454,912	3,288,875	(1,996,173)	3,747,614
Total capital assets not being depreciated	<u>4,913,972</u>	<u>3,288,875</u>	<u>(2,049,533)</u>	<u>6,153,314</u>
Capital assets, being depreciated:				
Streets and improvements	24,019,680	1,135,333	1,971,445	27,126,458
Building and improvements	8,522,573	259,912	-	8,782,485
Furniture, equipment, and vehicles	16,119,670	1,046,085	24,728	17,190,483
Right-to-use assets	394,610	254,401	(17,280)	631,731
Total capital assets being depreciated	<u>49,056,533</u>	<u>2,695,731</u>	<u>1,978,893</u>	<u>53,731,157</u>
Less accumulated depreciation				
Streets and improvements	17,671,933	761,744	-	18,433,677
Building and improvements	6,023,057	251,991	-	6,275,048
Furniture, equipment, and vehicles	12,950,898	800,473	-	13,751,371
Right-to-use assets	106,230	101,387	(8,650)	198,967
Total accumulated depreciation	<u>36,752,118</u>	<u>1,915,595</u>	<u>(8,650)</u>	<u>38,659,063</u>
Net capital assets being depreciated	<u>12,304,415</u>	<u>780,136</u>	<u>1,987,543</u>	<u>15,072,094</u>
Total Capital Assets	<u><u>\$ 17,218,387</u></u>	<u><u>\$ 4,069,011</u></u>	<u><u>\$ (61,990)</u></u>	<u><u>\$ 21,225,408</u></u>

Depreciation was charged to governmental functions as follows:

General government	\$ 294,972
Public safety	581,180
Streets and drainage	583,342
Culture and recreation	431,368
Service center	24,733
Total Governmental Activities Depreciation Expense	<u><u>\$ 1,915,595</u></u>

City of Freeport, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

A summary of changes in business-type activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 56,200	\$ 12,400	\$ -	\$ 68,600
Construction in progress	1,173,474	1,121,206	(155,168)	2,139,512
Total capital assets not being depreciated	<u>1,229,674</u>	<u>1,133,606</u>	<u>(155,168)</u>	<u>2,208,112</u>
Capital assets, being depreciated:				
Water and sewer system	26,257,966	1,936,354	155,168	28,349,488
Furniture, equipment, and vehicles	610,757	137,731	-	748,488
Total capital assets being depreciated	<u>26,868,723</u>	<u>2,074,085</u>	<u>155,168</u>	<u>29,097,976</u>
Less accumulated depreciation				
Water and sewer system	18,318,299	530,643	-	18,848,942
Furniture, equipment, and vehicles	238,397	76,947	-	315,344
Total accumulated depreciation	<u>18,556,696</u>	<u>607,590</u>	<u>-</u>	<u>19,164,286</u>
Net capital assets being depreciated	<u>8,312,027</u>	<u>1,466,495</u>	<u>155,168</u>	<u>9,933,690</u>
Total Capital Assets	<u><u>\$ 9,541,701</u></u>	<u><u>\$ 2,600,101</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 12,141,802</u></u>

City of Freeport, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

A summary of changes in component unit activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 2,456,056	\$ -	\$ -	\$ 2,456,056
Total capital assets not being	<u>2,456,056</u>	<u>-</u>	<u>-</u>	<u>2,456,056</u>
Capital assets, being depreciated:				
Streets and improvements	2,362,143	-	-	2,362,143
Total capital assets being depreciated	<u>2,362,143</u>	<u>-</u>	<u>-</u>	<u>2,362,143</u>
Less accumulated depreciation				
Streets and improvements	2,271,518	88,424	-	2,359,942
Total accumulated depreciation	<u>2,271,518</u>	<u>88,424</u>	<u>-</u>	<u>2,359,942</u>
Net capital assets being depreciated	90,625	(88,424)	-	2,201
Total Capital Assets	<u><u>\$ 2,546,681</u></u>	<u><u>\$ (88,424)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,458,257</u></u>

City of Freeport, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

D. Other Long-term Liabilities

The following is a summary of changes in the City's other long-term liabilities for the year ended. In general, the City uses the general fund and proprietary fund to liquidate compensated absences.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Compensated absences	\$ 302,930	\$ 283,988	\$ (272,637)	\$ 314,281	\$ 282,853
Total Governmental Activities	<u>\$ 302,930</u>	<u>\$ 283,988</u>	<u>\$ (272,637)</u>	<u>\$ 314,281</u>	<u>\$ 282,853</u>
Long-term Liabilities Due in More than One Year				<u>\$ 31,428</u>	
Business-Type Activities:					
Compensated absences	\$ 2,079	\$ 1,708	\$ -	\$ 3,787	\$ 3,408
Total Business-Type Activities	<u>\$ 2,079</u>	<u>\$ 1,708</u>	<u>\$ -</u>	<u>\$ 3,787</u>	<u>\$ 3,408</u>
Long-term Liabilities Due in More than One Year				<u>\$ 379</u>	
Component Unit Activities:					
Compensated absences	\$ -	\$ 6,970	\$ (250)	\$ 6,720	\$ 6,048
Total Component Unit Activities	<u>\$ -</u>	<u>\$ 6,970</u>	<u>\$ (250)</u>	<u>\$ 6,720</u>	<u>\$ 6,048</u>
				<u>\$ 672</u>	

City of Freeport, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

E. Long-term Debt

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended. In general, the City uses the debt service and general fund to liquidate governmental long-term liabilities.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental Activities:					
Bonds, notes and other payables:					
Certificates of obligation	\$ 7,555,000	\$ -	\$ (340,000)	\$ 7,215,000	\$ 360,000
Premiums	377,452	-	(38,455)	338,997	-
Lease liabilities	283,806	230,594	(57,303)	457,097	79,145
Subscription liabilities	27,738	23,807	(21,000)	30,545	13,902
Total Governmental Activities	<u>\$ 8,243,996</u>	<u>\$ 254,401</u>	<u>\$ (456,758)</u>	<u>\$ 8,041,639</u>	<u>\$ 453,047</u>

Long-term liabilities due in more than one year \$ 7,588,592

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Business-type Activities:					
Bonds, notes and other payables:					
Certificates of obligation	\$ 4,635,000	\$ -	\$ (180,000)	\$ 4,455,000	\$ 190,000
Premium	277,098	-	(30,053)	247,045	-
Total Business-type Activities	<u>\$ 4,912,098</u>	<u>\$ -</u>	<u>\$ (210,053)</u>	<u>\$ 4,702,045</u>	<u>\$ 190,000</u>

Long-term liabilities due in more than one year \$ 4,512,045

City of Freeport, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

Primary government long-term debt at year end was comprised of the following debt issues:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Certificates of Obligation:		
\$7,735,000 Series 2020 Combined Tax & Revenue Cert. of Obligation, due in installments through Sept 2040, interest at 1.125% to 4.125%	\$ 7,215,000	\$ -
\$4,845,000 Series 2021 Combined Tax & Revenue Cert. of Obligation, due in annual installments through Sept 2041, interest at 1.25% to 2.84%	-	4,455,000
Total Certificates of Obligation	<u>\$ 7,215,000</u>	<u>\$ 4,455,000</u>
Lease Liabilities:		
\$275,312 lease agreement for 58 golf carts, one range picker due in installments through Nov 15, 2025, interest at 4.28%	\$ 243,278	\$ -
\$230,594 lease agreement for office equipment due in annual installments through Oct 2028, interest at various rates	\$ 213,819	\$ -
Total Lease Liabilities	<u>\$ 457,097</u>	<u>\$ -</u>
Subscription Liabilities:		
\$52,461 software subscriptions; terms 2 yr & 5 yr, due in installments through 2027, interest at 2.71% & 3.31%	\$ 30,545	\$ -
Total Subscription Liabilities	<u>\$ 30,545</u>	<u>\$ -</u>
Bond Premiums:	338,997	247,045
Total Debt	<u><u>\$ 8,041,639</u></u>	<u><u>\$ 4,702,045</u></u>

The annual requirements to amortize the primary government's debt issues outstanding at year ending were as follows:

Governmental Activities

<u>Year Ending,</u>	<u>Certificates of Obligation</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 360,000	\$ 139,769
2025	365,000	133,469
2026	370,000	127,994
2027	375,000	122,444
2028	380,000	117,288
2029-2033	2,110,000	377,581
2034-2038	2,285,000	204,381
2039-2040	970,000	29,200
Total	<u><u>\$ 7,215,000</u></u>	<u><u>\$ 1,252,126</u></u>

City of Freeport, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

Governmental Activities

	Lease Liabilities		Subscription Liabilities	
	Principal	Interest	Principal	Interest
2024	\$ 79,145	\$ 20,796	\$ 13,902	\$ 409
2025	84,800	16,848	5,547	184
2026	202,410	7,177	5,548	183
2027	55,219	3,667	5,548	183
2028	33,821	791	-	-
2029	1,702	6	-	-
Total	\$ 457,097	\$ 49,285	\$ 30,545	\$ 959

The City has entered into lease agreements. The related governmental activities right to use assets had a carrying value of \$393,677 as of yearend.

The City has entered into software subscription agreements. The related governmental activities right to use assets had a carrying value of \$39,087 as of yearend.

Business-type Activities

Year Ending,	Certificates of Obligation	
	Principal	Interest
2024	\$ 190,000	\$ 114,250
2025	195,000	106,650
2026	205,000	98,850
2027	215,000	90,650
2028	220,000	82,050
2029-2033	1,215,000	302,700
2034-2038	1,350,000	168,500
2039-2041	865,000	34,700
Total	\$ 4,455,000	\$ 998,350

City of Freeport, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

F. Restricted Net Position

The City records restricted net position on amounts with externally imposed restrictions (e.g., through debt covenants or by grantors) or restrictions imposed by law through constitutional provisions or enabling legislation. Total restricted net position for the primary government was \$8,115,069. Of which, \$397,993 is restricted by enabling legislation.

G. Interfund Transactions

Transfers between the primary government funds during the 2023 year were as follows:

Transfers (Out):	Transfers In:			Total
	General	Nonmajor Govt.	Water & Sewer	
General	\$ -	\$ 1,490,095	\$ -	\$ 1,490,095
2020 CO Bond CIP	-	-	121,342	121,342
Water and sewer	150,000	240,725	-	390,725
	<u>\$ 150,000</u>	<u>\$ 1,730,820</u>	<u>\$ 121,342</u>	<u>\$ 2,002,162</u>

Amounts transferred between funds relate to amounts collected by the governmental and enterprise funds for various capital expenditures and principal and interest payments.

The compositions of interfund balances to/from as of the year ended September 30, 2023 were as follows:

Due from (Receivable fund):	Due to (Payable fund):		Total
	General	Water & Sewer	
Nonmajor govt.	\$ 14,553	\$ 240,725	\$ 255,278
	<u>\$ 14,553</u>	<u>\$ 240,725</u>	<u>\$ 255,278</u>

Amounts recorded as interfund receivables and payables are considered to be temporary loans and will be repaid during the following fiscal year.

As of September 30, 2023, the EDC owed the primary government (general fund) \$231,728.

V. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City participates along with over 2,800 other entities in the Texas Municipal League's Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside

City of Freeport, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

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

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

C. Contracts/Agreements

Industrial Contract Agreements

The City three Industrial Development Agreements: Brazosport IDA (Interlocal with Lake Jackson and Clute), Freeport IDA, and Freeport LNG. Brazosport IDA and Freeport IDA, are calculated based on property values or CPI, whichever is greater. Freeport LNG Industrial District payments are made in accordance to a payment schedule outline in the agreement. The amount received under this contract and various other industrial district contracts during the year ended September 30, 2023 was \$8,954,278 and is reported in the General Fund.

Water Supply Contract

The City entered into a water supply contract with the Brazosport Water Authority on February 20, 1987. The contract term is forty years and may not be terminated as long as bonds are outstanding. The City agrees to take and pay for, whether used or not, 2 million gallons of water per day. The actual supply of water under this contract started in March, 1989.

Sewage Treatment Contract

The City is party to an agreement with the City of Oyster Creek to share costs associated with the operation of a sewer treatment plant. The plant went on-line during the fiscal year ended September 30, 1989. The percentage for sharing the operating expenses is determined based upon meter flow calibrations. For the year ended September 30, 2023, the City of Freeport's portion of these expenses is estimated to be \$172,290.

City of Freeport, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

Animal Shelter

During the year ended September 30, 2003, the City began a joint venture with the City of Clute, City of Lake Jackson, and the SPCA for an animal shelter. The shelter is located in Lake Jackson and provides programs for the claiming and adoption of lost or abandoned animals for the three cities. The term of the agreement is from March 1, 2003 through February 28, 2023. The City and Clute contributed \$150,000 each and the SPCA contributed \$250,000 for a total of \$550,000 to Lake Jackson for the design, construction, and furnishing of the \$1,100,000 facility. The City pays each year for administrative operating costs and does not have an equity interest. For the year ended September 30, 2023, the City paid \$119,119 for their portion of the operating costs.

Port Freeport Settlement Agreement

The City Council approved a mediated settlement agreement with Port Freeport on May 15, 2023. According to the agreement, Port Freeport agrees to pay the City a total of \$8,900,000 in full consideration of certain properties and easements in addition to a replacement lift station, water line relocation, and new wastewater lines. If the actual cost to install the new lift station exceeds \$1,200,000, Port Freeport will reimburse the City for 50% of the excess costs upon removal of the existing lift station by the City. The City will continue to maintain and repair the existing lift station until the replacement infrastructure is completed. As of September 30, 2023, the City has received \$7,100,000 from Port Freeport, none of which has been spent. The remaining \$1,800,000 will be held in escrow by Port Freeport and will be paid to the City within 10 days upon completion of the infrastructure project.

D. Pension Plans

Texas Municipal Retirement System

1. Plan Description

The City of Freeport, Texas participates as one of 919 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

City of Freeport, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

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

2. Benefits Provided

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

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

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

	<u>Plan Year 2021</u>	<u>Plan Year 2022</u>
Employee deposit rate	7.00%	7.00%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

Employees covered by benefit terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	97
Inactive employees entitled to but not yet receiving benefits	144
Active employees	<u>124</u>
Total	<u>365</u>

3. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the

City of Freeport, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Freeport, Texas were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Freeport, Texas were 14.09% and 14.13% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2023, were \$1,063,502, and equaled the required contributions.

4. Net Pension Liability (Asset)

The City's Net Pension Liability (Asset) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total Pension Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.50%, including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum 16 mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the

City of Freeport, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	7.70%
Core Fixed Income	6.0%	4.90%
Non-Core Fixed Income	20.0%	8.70%
Other Public/Private Markets	12.0%	8.10%
Real Estate	12.0%	5.80%
Hedge Funds	5.0%	6.90%
Private Equity	10.0%	11.80%
Total	100.0%	

Discount Rate

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

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using

City of Freeport, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 12,967,095	\$ 7,267,291	\$ 2,703,079

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/21	\$ 34,025,765	\$ 31,344,314	\$ 2,681,451
Changes for the year:			
Service cost	1,188,602	-	1,188,602
Interest	2,284,689	-	2,284,689
Difference between expected and actual experience	345,806	-	345,806
Changes of assumptions	-	-	-
Contributions – employer	-	1,013,241	(1,013,241)
Contributions – employee	-	503,340	(503,340)
Net investment income	-	(2,287,152)	2,287,152
Benefit payments, including refunds of emp. contributions	(1,545,644)	(1,545,644)	-
Administrative expense	-	(19,799)	19,799
Other changes	-	23,627	(23,627)
Net changes	2,273,453	(2,312,387)	4,585,840
Balance at 12/31/22	\$ 36,299,218	\$ 29,031,927	\$ 7,267,291

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at www.tmr.com.

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2023, the City recognized pension expense of \$1,520,211.

City of Freeport, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

At September 30, 2023, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference between projected and actual investment earnings	\$ 2,014,013	\$ -
Differences between expected and actual economic experience	306,004	-
Contributions subsequent to the measurement date	791,959	-
Total	\$ 3,111,976	\$ -

The primary government reported \$791,959 deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2024.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2023	\$ 275,692
2024	619,104
2025	544,645
2026	880,576
2027	-
Thereafter	-
	<u>\$ 2,320,017</u>

Other Postemployment Benefits

1. TMRS Supplemental Death Benefits Fund

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the

City of Freeport, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

Employees covered by benefit terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	61
Inactive employees entitled to but not yet receiving benefits	30
Active employees	124
Total	215

The City's retiree contribution rates to the TMRS SDBF for the years ended 2021, 2022, and 2023 are as follows:

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2021	0.11%	0.11%	100.0%
2022	0.10%	0.10%	100.0%
2023	0.12%	0.12%	100.0%

The Retiree's contributions to the TMRS SDBF for the years ended 2023 and 2022 were \$8,653, \$7,429 respectively, which equaled the required contributions each year.

Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2022, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

City of Freeport, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5%, including inflation per year
Discount rate	4.05%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 4.05%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.05%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.05%) or 1-percentage-point higher (5.05%) than the current rate:

1% Decrease 3.05%	Current Single Rate Assumption 4.05%	1% Increase 5.05%
\$ 422,952	\$ 352,525	\$ 298,301

City of Freeport, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/21	\$ 500,432
Changes for the year:	
Service Cost	23,729
Interest	9,360
Difference between expected and actual experience	12,121
Changes of assumptions	(185,926)
Benefit payments	(7,191)
Net changes	(147,907)
Balance at 12/31/22	<u><u>\$ 352,525</u></u>

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

For the year ended September 30, 2023, the City recognized OPEB expense of \$17,829.

At September 30, 2023, the City reported deferred outflows and inflows of resources related to the OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Primary Government:		
Difference between expected and actual experience	\$ -	\$ (4,519)
Changes in assumptions	-	(96,540)
Contributions subsequent to measurement date	6,725	-
Total	<u><u>\$ 6,725</u></u>	<u><u>\$ (101,059)</u></u>

The primary government reported \$6,725 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2024.

City of Freeport, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

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

Year ended December 31:		
2023	\$	(17,133)
2024		(16,959)
2025		(31,710)
2026		(34,561)
2027		(696)
Thereafter		-
	\$	<u>(101,059)</u>

2. Retiree Healthcare Plan

Plan Description

The City of Freeport maintains a Retiree Health Care Plan ("RHCP") through Cigna Healthcare Insurance to provide health care benefits coverage for employees and retirees and dependents of employees and retirees. The City is currently offering health care benefits coverage through the RHCP which allows the extension of the benefits to retirees of the City. The City provides health benefits coverage to its retirees through RHCP and the cost of such coverage is paid entirely by the retiree. An employee who is under the 60 years of age and has been covered by TMRS (Texas Municipal Retirement Systems) for at least 20 years, or an employee who is 60 years or older and has been covered by TMRS for at least 5 years. The employee must also work for the City for a period of fifteen (15) continuous years and meet the definition of retiree for the purposes of the ordinance.

Benefit Provided

The RHCP provides pre sixty-five benefit coverages which will continue until the end of the month for the covered retiree's 65th birthday. Coverage for early retirees under these plans will require that early retiree enroll in the Cigna Healthcare Insurance within 31 days of commencement of their pre 65 retirement, meet the plans definition of retiree, and that retiree receive all other applicable benefits provided to the retiree population. The pre sixty-five plan offer the retirees a choice of one of three plan options which consist of a base, buy-up and high deductible. Each plan has a specified rate that varies year over year.

At the December 31, 2021 valuation, the following represents the active employees and retirees that are eligible to participate in the plan:

City of Freeport, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

Employees covered by benefit terms

At the December 31, 2021 valuation date, the following employees were covered by the benefit terms:

<u>Status</u>	<u>Amount</u>
Inactive employees or beneficiaries currently receiving benefits	0
Active employees	124
Total	124

Actuarial Assumptions and Methods:

The Total OPEB Liability in the December 31, 2021 (rolled forward to December 31, 2022) actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5%, including inflation per year
Discount rate	4.63% (increased from 1.84%)
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018, as conducted by TMRS.
Mortality	Mortality for healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 15 years
Participate Rates	30% retirees age 55 or older at retirement; 10% for retirees under age 55 at retirement

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.63%. The discount rate was based on the Bond Buyer GO Bond 20 Year Index rate as of December 31, 2021, date of the actuarial valuation and rolled forward to December 31, 2022.

City of Freeport, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 4.63%, as well as what the City's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.63%) or 1-percentage-point higher (5.63%) than the current rate:

1% Decrease (3.63%)	Current Single Rate Assumption 4.63%	1% Increase (5.63%)
\$ 427,345	\$ 366,326	\$ 318,867

Healthcare Cost Trend

1% Decrease (3.15%)	Current Healthcare Cost Trend (4.15%)	1% Increase (5.15%)
\$ 307,947	\$ 366,326	\$ 444,857

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2021	\$ 558,419
Changes for the year:	
Service Cost	57,496
Interest	11,311
Difference between expected and actual experience	-
Changes of assumptions	(258,557)
Benefit payments	(2,343)
Net changes	(192,093)
Balance at 12/31/2022	<u>\$ 366,326</u>

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

For the year ended September 30, 2023, the City recognized OPEB expense of \$49,093.

City of Freeport, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Difference between expected and actual experience	\$ -	\$ (61,621)
Change in assumptions	-	(88,185)
Total	<u><u>\$ -</u></u>	<u><u>\$ (149,806)</u></u>

The \$0 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2024.

Amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2024	\$ (21,211)
2025	(20,496)
2026	(19,221)
2027	(14,660)
2028	(11,373)
Thereafter	(62,845)
	<u><u>\$ (149,806)</u></u>

E. Deferred Compensation Plan

The City offers its employees the opportunity to participate in a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is an additional retirement savings option for the City employees; however, no contributions will be made by the City. The retirement plan is offered to public service personnel only.

F. New Accounting Pronouncements

The City has adopted the provision of Governmental Accounting Standard Board (GASB) Statement No. 96, entitled Subscription-Based Information Technology Arrangements (SBITAs). Due to the implementation of GASB 96 in the current year, the City recorded right to use assets and subscription liabilities.

City of Freeport, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

G. Restatement

Due to corrections to unbilled receivables, pension allocation, lease receivable, sale tax expense, capital assets, reclassification of the EDC as a discretely presented component unit, and the City's implementation of GASB 87 and 96, the City restated its beginning net position/fund balance for governmental activities, the general fund, and business-type activities (water and sewer fund). The restatement of beginning fund balance/net position is as follows:

	General Fund	Total Governmental Activities
Prior year ending net position/fund balance, as reported	\$ 8,165,411	\$ 25,882,709
Correction to unbilled receivables	20,941	20,941
Reverse prior year lease receivable	(59,966)	(59,966)
Correction to sales tax expense	(47,670)	(47,670)
Correction to outstanding payables	121,679	121,679
Correction to capital assets	-	(136,060)
Remove uncollectible court revenues	-	(379,997)
Correction to pension allocation	-	(64,996)
Reclassification of EDC to discretely presented component unit	-	(2,179,447)
Remove EDC capital assets to component unit activities	-	(2,546,681)
Implementation of GASB 96 - right-to-use assets	-	27,738
Implementation of GASB 96 - subscription liabilities	-	(27,738)
GASB 87 - lessor (receivables)	1,425,755	1,425,755
GASB 87 - lessor (deferred inflows)	(1,425,755)	(1,425,755)
Restated beginning net position/fund balance	<u>\$ 8,200,395</u>	<u>\$ 20,610,512</u>

	Business-Type Activities Water & Sewer
Prior year ending net position/fund balance, as reported	\$ 9,054,951
Correct prior year pension allocation	80,745
Correction to unbilled revenue	326,038
Restated beginning fund balance/net position	<u>\$ 9,461,734</u>

City of Freeport, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

The City reclassified the EDC fund to a discretely presented component unit. In the prior years, the EDC was presented as a blended component unit. Below summarizes the restatement to the EDC's beginning net position.

	Component Unit Activities
	EDC
Prior year ending fund balance, as reported	\$ 2,179,447
Record capital assets	2,546,681
Restated beginning net position	<u>\$ 4,726,128</u>

H. Subsequent Events

There were no material subsequent events through June 12, 2024, the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

City of Freeport, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 1 of 2) GENERAL FUND

For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Property tax	\$ 3,355,000	\$ 3,355,000	\$ 3,181,619	\$ (173,381)
Sales tax	2,250,000	2,250,000	2,471,744	221,744
Industrial district	8,679,299	8,679,299	8,954,728	275,429
Franchise and local taxes	644,000	644,000	724,988	80,988
License and permits	204,125	390,033	587,602	197,569
Intergovernmental	2,102,765	2,102,765	1,509,322	(593,443)
Fines and forfeitures	208,500	208,500	191,086	(17,414)
Charges for services	2,045,900	2,045,900	2,583,219	537,319
Investment income	20,000	20,000	597,350	577,350
Other revenue	312,920	312,920	456,184	143,264
Total Revenues	19,822,509	20,008,417	21,257,842	1,249,425
<u>Expenditures</u>				
Current:				
General government	2,252,905	2,968,303	3,187,983	(219,680) *
Public safety	8,438,807	8,142,203	8,012,758	129,445
Streets and drainage	1,500,782	1,465,967	1,415,724	50,243
Sanitation	720,000	747,200	747,174	26
Culture and recreation	3,567,947	3,279,026	3,142,915	136,111
Service center	201,887	214,812	202,594	12,218
Capital outlay	1,462,000	2,136,896	1,084,055	1,052,841
Debt service:				
Principal	1,000	-	78,303	(78,303) *
Interest and fiscal charges	-	-	19,213	(19,213) *
Total Expenditures	18,145,328	18,954,407	17,890,719	1,063,688
Revenues Over (Under)				
Expenditures	1,677,181	1,054,010	3,367,123	2,313,113

City of Freeport, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 2 of 2) GENERAL FUND

For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Other Financing Sources (Uses)</u>				
Transfers in	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
Transfers (out)	(2,070,095)	(2,070,095)	(1,490,095)	580,000
Lease issuance	-	-	230,594	230,594
SBITA issuance	-	-	23,807	23,807
Sale of assets	40,000	40,000	75,058	35,058
Total Other Financing Sources (Uses)	(1,880,095)	(1,880,095)	(1,010,636)	869,459
Net Change in Fund Balance	\$ (202,914)	\$ (826,085)	2,356,487	\$ 3,182,572
Beginning fund balance			8,200,395	
Ending Fund Balance			\$ 10,556,882	

Notes to Required Supplementary Information

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

* Expenditures exceeded appropriations at the legal level of control.

City of Freeport, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Years Ended:

	12/31/2022	12/31/2021	12/31/2020
Total pension liability			
Service cost	\$ 1,188,602	\$ 1,227,173	\$ 1,210,072
Interest	2,284,689	2,145,373	2,021,037
Changes in benefit terms	-	-	-
Differences between expected and actual experience	345,806	199,603	(61,634)
Changes of assumptions	-	-	-
Benefit payments, including refunds of participant contributions	(1,545,644)	(1,432,204)	(1,239,813)
Net change in total pension liability	2,273,453	2,139,945	1,929,662
Total pension liability - beginning	34,025,765	31,885,820	29,956,158
Total pension liability - ending (a)	36,299,218	34,025,765	31,885,820
Plan fiduciary net position			
Contributions - employer	\$ 1,013,241	\$ 1,057,969	\$ 1,072,524
Contributions - members	503,340	521,251	524,814
Net investment income	(2,287,152)	3,599,409	1,923,014
Benefit payments, including refunds of participant contributions	(1,545,644)	(1,432,204)	(1,239,813)
Administrative expenses	(19,799)	(16,657)	(12,450)
Other	23,627	114	(486)
Net change in plan fiduciary net position	(2,312,387)	3,729,882	2,267,603
Plan fiduciary net position - beginning	31,344,314	27,614,432	25,346,829
Plan fiduciary net position - ending (b)	\$ 29,031,927	\$ 31,344,314	\$ 27,614,432
Fund's net pension liability (asset) - ending (a) - (b)	\$ 7,267,291	\$ 2,681,451	\$ 4,271,388
Plan fiduciary net position as a percentage of the total pension liability	79.98%	92.12%	86.60%
Covered payroll	\$ 7,190,577	\$ 7,446,438	\$ 7,497,348
Fund's net position as a percentage of covered payroll	101.07%	36.01%	56.97%

Notes to schedule:

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u> ¹
\$ 1,020,294	\$ 972,644	\$ 1,069,778	\$ 941,887	\$ 867,502	\$ 749,370
1,923,902	1,828,285	1,693,736	1,586,800	1,511,254	1,424,774
-	-	-	-	-	-
(459,710)	(84,705)	462,205	(31,659)	276,833	(132,087)
142,572	-	-	-	116,881	-
(1,326,009)	(1,321,000)	(1,046,653)	(906,817)	(874,894)	(856,501)
<u>1,301,049</u>	<u>1,395,224</u>	<u>2,179,066</u>	<u>1,590,211</u>	<u>1,897,576</u>	<u>1,185,556</u>
<u>28,655,109</u>	<u>27,259,885</u>	<u>25,080,819</u>	<u>23,490,608</u>	<u>21,593,032</u>	<u>20,407,476</u>
<u>29,956,158</u>	<u>28,655,109</u>	<u>27,259,885</u>	<u>25,080,819</u>	<u>23,490,608</u>	<u>21,593,032</u>
\$ 904,482	\$ 896,313	\$ 944,578	\$ 773,757	\$ 699,079	\$ 600,889
444,711	440,294	464,589	409,932	385,600	348,367
3,392,674	(677,553)	2,709,724	1,221,694	26,362	962,281
(1,326,009)	(1,321,000)	(1,046,653)	(906,817)	(874,894)	(856,501)
(19,175)	(13,099)	(14,056)	(13,803)	(16,057)	(10,047)
(576)	(684)	(712)	(744)	(792)	(826)
<u>3,396,107</u>	<u>(675,729)</u>	<u>3,057,470</u>	<u>1,484,019</u>	<u>219,298</u>	<u>1,044,163</u>
<u>21,950,722</u>	<u>22,626,451</u>	<u>19,568,981</u>	<u>18,084,962</u>	<u>17,865,664</u>	<u>16,821,501</u>
<u>\$ 25,346,829</u>	<u>\$ 21,950,722</u>	<u>\$ 22,626,451</u>	<u>\$ 19,568,981</u>	<u>\$ 18,084,962</u>	<u>\$ 17,865,664</u>
<u>\$ 4,609,329</u>	<u>\$ 6,704,387</u>	<u>\$ 4,633,434</u>	<u>\$ 5,511,838</u>	<u>\$ 5,405,646</u>	<u>\$ 3,727,368</u>
84.61%	76.60%	83.00%	78.02%	76.99%	82.74%
\$ 6,353,014	\$ 6,275,121	\$ 6,636,342	\$ 5,846,596	\$ 5,501,315	\$ 4,976,675
72.55%	106.84%	69.82%	94.27%	98.26%	74.90%

City of Freeport, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Fiscal Years Ended:

	9/30/2023	9/30/2022	9/30/2021
Actuarially determined employer contributions	\$ 1,063,502	\$ 1,038,883	\$ 1,095,630
Contributions in relation to the actuarially determined contribution	\$ 1,063,502	\$ 1,038,883	\$ 1,095,630
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Annual covered payroll	\$ 7,532,012	\$ 7,257,170	\$ 7,593,889
Employer contributions as a percentage of covered payroll	14.12%	14.32%	14.43%

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

Notes

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	23 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018

Mortality

Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.

Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational

Other Information:

Notes

There were no benefit changes during the year.

<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	¹
\$ 1,004,021	\$ 892,025	\$ 912,207	\$ 773,757	\$ 699,079	\$ 677,622	
<u>\$ 1,004,021</u>	<u>\$ 892,025</u>	<u>\$ 912,207</u>	<u>\$ 773,757</u>	<u>\$ 699,079</u>	<u>\$ 677,622</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$ 7,028,033	\$ 6,444,398	\$ 6,461,534	\$ 5,846,596	\$ 5,501,315	\$ 4,976,675	
14.29%	13.84%	14.12%	13.23%	12.71%	13.62%	

City of Freeport, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) LIABILITY AND RELATED RATIOS TEXAS MUNICIPAL RETIREMENT SYSTEM SUPPLEMENTAL DEATH BENEFITS PLAN

Years Ended:

	12/31/2022	12/31/2021	12/31/2020	12/31/2019
Total OPEB liability				
Service cost	\$ 23,729	\$ 24,573	\$ 22,492	\$ 12,706
Interest	9,360	9,611	10,633	11,579
Differences between expected and actual experience	12,121	(14,258)	(397)	(15,039)
Changes of assumptions	(185,826)	16,220	65,740	63,192
Benefit payments, including refunds of participant contributions	(7,191)	(8,191)	(2,999)	(2,541)
Net change in total OPEB liability	(147,807)	27,955	95,469	69,897
Total OPEB liability - beginning	\$ 500,332	\$ 472,377	\$ 376,908	\$ 307,011
Total OPEB liability - ending	\$ 352,525	\$ 500,332	\$ 472,377	\$ 376,908
 Covered-employee payroll	 \$ 7,190,577	 \$ 7,446,438	 \$ 7,497,348	 \$ 6,353,014
City's total OPEB liability as a percentage of covered-employee payroll	 4.90%	 6.72%	 6.30%	 5.93%

Notes to schedule:

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

² No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

<u>12/31/2018</u>	<u>12/31/2017</u> ¹
\$ 11,923	\$ 10,618
10,724	10,509
(9,540)	-
(23,177)	26,796
(1,883)	(3,318)
<u>(11,953)</u>	<u>44,605</u>
\$ 318,964	\$ 274,359
<u>\$ 307,011</u>	<u>\$ 318,964</u> ²
\$ 6,275,121	\$ 6,636,342
4.89%	4.81%

City of Freeport, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) LIABILITY AND RELATED RATIOS RETIREE HEALTH CARE PLAN

Years Ended:

	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>
Total OPEB liability				
Service cost	\$ 57,496	\$ 24,748	\$ 24,263	\$ 26,027
Interest	11,311	9,124	10,346	16,948
Changes in benefit terms	-	(21,529)	-	(106,501)
Differences between expected and actual experience	-	(27,506)	231	(99,594)
Changes of assumptions	(258,557)	142,157	34,141	33,523
Benefit payments, including refunds of participant contributions	(2,343)	-	(3,252)	(7,424)
Net change in total OPEB liability	<u>(192,093)</u>	<u>126,994</u>	<u>65,729</u>	<u>(137,021)</u>
Total OPEB liability - beginning	<u>\$ 558,419</u>	<u>\$ 431,425</u>	<u>\$ 365,696</u>	<u>\$ 502,717</u>
Total OPEB liability - ending	<u><u>\$ 366,326</u></u>	<u><u>\$ 558,419</u></u>	<u><u>\$ 431,425</u></u>	<u><u>\$ 365,696</u></u>
 Covered-employee payroll	 \$ 7,663,432	 \$ 7,257,170	 \$ 6,234,975	 \$ 6,353,014
City's total OPEB liability as a percentage of covered-employee payroll	 4.78%	 7.69%	 6.92%	 5.76%

Notes to schedule:

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

² No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

<u>12/31/2018</u>	<u>12/31/2017</u> ¹
\$ 27,301	\$ 24,443
16,533	17,182
-	-
(715)	-
(16,480)	20,081
(19,500)	(9,750)
<u>7,139</u>	<u>51,956</u>
\$ 495,578	\$ 443,622
<u>\$ 502,717</u>	<u>\$ 495,578</u> ²
\$ 6,275,121	\$ 6,636,342
8.01%	7.47%

(This page intentionally left blank.)

***COMBINING STATEMENTS AND
INDIVIDUAL FUND SCHEDULES***

City of Freeport, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2023

	Debt Service	Hotel/Motel Tax	TIRZ	Court Revenue
<u>Assets</u>				
Cash and cash equivalents	\$ 142,361	\$ 182,371	\$ 218,444	\$ 225,268
Receivables, net	24,422	26,142	-	-
Prepays	69,884	-	-	-
Due from other funds	255,278	-	-	-
Total Assets	\$ 491,945	\$ 208,513	\$ 218,444	\$ 225,268
<u>Liabilities</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ 18,895
Deferred income	-	-	-	16,893
Total Liabilities	-	-	-	35,788
<u>Deferred Inflows of Resources</u>				
Unavailable revenues	23,609	-	-	-
<u>Fund Balances</u>				
Nonspendable	69,884	-	-	-
Restricted for:				
Debt service	398,452	-	-	-
Tourism	-	208,513	-	-
Economic development	-	-	218,444	-
Municipal court	-	-	-	189,480
Assigned:				
Facilities and grounds	-	-	-	-
Vehicles and equipment	-	-	-	-
IT equipment	-	-	-	-
Total Fund Balances	468,336	208,513	218,444	189,480
Total Liabilities, Deferred				
Inflows, and Fund Balances	\$ 491,945	\$ 208,513	\$ 218,444	\$ 225,268

Facilities & Grounds CIP	Vehicles & Equipment	IT Fund	Total
\$ 2,420,464	\$ 470,576	\$ 229,244	\$ 3,888,728
-	-	-	50,564
-	-	-	69,884
-	-	-	255,278
<u>\$ 2,420,464</u>	<u>\$ 470,576</u>	<u>\$ 229,244</u>	<u>\$ 4,264,454</u>
\$ 44,500	\$ -	\$ 289	\$ 63,684
-	-	-	16,893
<u>44,500</u>	<u>-</u>	<u>289</u>	<u>80,577</u>
-	-	-	23,609
-	-	-	69,884
-	-	-	398,452
-	-	-	208,513
-	-	-	218,444
-	-	-	189,480
2,375,964	-	-	2,375,964
-	470,576	-	470,576
-	-	228,955	228,955
<u>2,375,964</u>	<u>470,576</u>	<u>228,955</u>	<u>4,160,268</u>
<u>\$ 2,420,464</u>	<u>\$ 470,576</u>	<u>\$ 229,244</u>	<u>\$ 4,264,454</u>

City of Freeport, Texas

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

For the Year Ended September 30, 2023

	Debt Service	Hotel/Motel Tax	TIRZ	Court Revenue
<u>Revenues</u>				
Property tax	\$ 492,964	\$ -	\$ 144,021	\$ -
Other taxes	-	89,750	-	-
Fines and fees	-	-	-	45,847
Investment income	8,982	5,603	16,304	8,894
Other income	-	-	-	-
Total Revenues	501,946	95,353	160,325	54,741
<u>Expenditures</u>				
General government	-	5,000	5,447	-
Public safety	-	-	-	19,620
Debt service:				
Principal	340,000	-	-	-
Interest	154,340	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	494,340	5,000	5,447	19,620
Revenues Over (Under) Expenditures	7,606	90,353	154,878	35,121
<u>Other Financing Sources (Uses)</u>				
Transfers in	240,725	-	-	-
Total Other Financing Sources (Uses)	240,725	-	-	-
Net Change in Fund Balances	248,331	90,353	154,878	35,121
Beginning fund balances	220,005	118,160	63,566	154,359
Ending Fund Balances	\$ 468,336	\$ 208,513	\$ 218,444	\$ 189,480

Facilities & Grounds CIP	Vehicles & Equipment	IT Fund	Total
\$ -	\$ -	\$ -	\$ 636,985
-	-	-	89,750
-	-	-	45,847
81,748	32,618	9,600	163,749
-	31,768	-	31,768
<u>81,748</u>	<u>64,386</u>	<u>9,600</u>	<u>968,099</u>
-	-	-	10,447
-	-	-	19,620
-	-	-	340,000
-	-	-	154,340
334,961	822,996	117,380	1,275,337
<u>334,961</u>	<u>822,996</u>	<u>117,380</u>	<u>1,799,744</u>
<u>(253,213)</u>	<u>(758,610)</u>	<u>(107,780)</u>	<u>(831,645)</u>
989,095	501,000	-	1,730,820
989,095	501,000	-	1,730,820
735,882	(257,610)	(107,780)	899,175
1,640,082	728,186	336,735	3,261,093
<u>\$ 2,375,964</u>	<u>\$ 470,576</u>	<u>\$ 228,955</u>	<u>\$ 4,160,268</u>

City of Freeport, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL DEBT SERVICE FUND

For the Year Ended September 30, 2023

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Property tax	\$ 527,750	\$ 492,964	\$ (34,786)
Investment income	400	8,982	8,582
Total Revenues	528,150	501,946	(26,204)
<u>Expenditures</u>			
Debt Service:			
Principal	513,850	340,000	173,850
Interest and fiscal charges	287,940	154,340	133,600
Total Expenditures	801,790	494,340	307,450
<u>Other Financing Sources (Uses)</u>			
Transfers in	301,450	240,725	(60,725)
Total Other Financing Sources (Uses)	301,450	240,725	(60,725)
Net Change in Fund Balance	\$ 27,810	248,331	\$ 220,521
Beginning fund balance		220,005	
Ending Fund Balance		\$ 468,336	

Notes to Supplementary Information

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



City Council Agenda Item #4.

Title: Consideration and possible action approving Resolution No. 2024-2868 for the appointment of a candidate to fill the vacant position that will expire on May 31, 2026 and for the appointment of a candidate to fill the remainder of the term for Mr. William Leitch which expires on May 31, 2025.

Date: July 1, 2024

From: Lance Petty, City Manager

Staff Recommendation: Staff recommends appointing two new board members to the Freeport Historical Commission and Main Street Advisory Board.

Item Summary: The Freeport Historical Commission and Main Street Advisory Board has two positions that are available. One position expired on May 31, 2024 and the second position is to fill the remainder of the term for Mr. William Leitch that was removed from the board.

Background Information: Initially appointed by the City Council, The Historical Commission and Main Street Advisory Board was established by Ordinance to oversee the revitalization and preservation of the Historic Downtown Freeport.

Special Considerations: N/A

Financial Impact: N/A

Board or 3rd Party Recommendation: N/A

Supporting Documentation:

1. Historic Commission and Main Street Resolution 20242

RESOLUTION NO. 2024-2868

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS, NOMINATING, CONSTITUTING AND APPOINTING A QUALIFIED PERSON TO THE FREEPORT HISTORIC COMMISSION AND MAIN STREET BOARD OF THE CITY; PROVIDING FOR THE DUTIES OF OFFICE; AND PROVIDING FOR THE TAKING OF THE OATH OF OFFICE REQUIRED BY LAW.

WHEREAS, the term of office of the MELANIE OLDHAM, KEITH STUMBAUGH, IRENE OCANAS, and MARGARET MCMAHAN board member(s) of The Freeport Historic Commission and Main Street Board of the City of Freeport, Texas ("the City") has expired, of the appointed term; as well as the vacant position previously held by WILLIAM LEITCH prior to his removal by the City Council leaving five (5) positions vacant for appointment or reappointment this year;

WHEREAS, the term of appointment of the above members(s) terminates on May 31, 2024;

WHEREAS, the City Council of the City desires to appoint the below named qualified person(s) as member(s) of said board.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS:

SECTION ONE (1): APPOINTMENT

The City Council of the City hereby nominates, constitutes and appoints re-appoints the following named qualified person(s) to the Freeport Historic Commission and Main Street Board of the City for a term of two (2) years which expires on May 31, 2026 and until a successor for such person shall have been appointed and qualified, to-wit.

- | | |
|----------|------------------------------------|
| 1. _____ | Term Expiration: 05/31/2025 |
| 2. _____ | Term Expiration: 05/31/2026 |

SECTION TWO (2): DUTIES

The above-named appointee(s) shall perform all of the duties imposed on members of the Freeport Historic Commission and Main Street Board of the City by law.

SECTION THREE (3): OATH OF OFFICE

Before engaging in the performance of the duties of office, appointee shall take the Oath of Office as required by law.

READ, PASSED AND ADOPTED this ____ day of _____, 2024.

Attest: _____
Clarisa Molina, City Secretary
City of Freeport, Texas

Jerry Cain, Mayor
City of Freeport, Texas



City Council Agenda Item #5.

Title: Consideration and possible action approving the Mayor and the City Secretary to sign and attest a Real Estate Lease with Brazos Care for 1163 square feet of space on the second floor of the Freeport City Hall located at 1201 North Avenue H.

Date: July 1, 2024

From: Lance Petty, City Manager

Staff Recommendation: Staff recommends approval of the Lease agreement.

Item Summary: Brazos Care has requested a twelve (12) month lease beginning June 1, 2024, for the offices currently numbered 217, 218, 219A, 219B, and 219C, which includes 1163 square feet of floor space in the aggregate, (hereinafter collectively "the office"). The lease proposed includes a monthly rental of offices for \$1,453.75 per month, payable in advance.

Background Information: Brazos Cares, is a non-profit organization that has leased space in the new City Hall facility located at 1201 N. Avenue H building for the last 5 years. Brazos Cares is in the process of building an office space located on Gulf Blvd., and requested to renew their lease with the city for 12 months at their previous rate of \$1.25 sqft. Brazos Cares did accommodate the City when the City transitioned into the new building by moving their services to the 2nd floor.

Special Considerations:

Financial Impact: This lease provides revenue of \$17,445.00 over the 12-month period.

Board or 3rd Party Recommendation:

Supporting Documentation:

None



City Council Agenda Item #6.

Title: Consideration and possible action approving the Interlocal Agreement between the City of Freeport and the Brazoria County Health Department.

Date: July 1, 2024

From: Christopher Motley, Fire Chief

Staff Recommendation: Staff recommends to authorize Mayor Jerry Cain to sign Interlocal Agreement between the City of Freeport and the Brazoria County Health Department.

This Interlocal Agreement is a renewal of an existing Brazoria County Health, Public Health Emergency Preparedness program including a point of distribution (POD), response to providing mass immunization or dispensing of medication for addressing a pandemic.

Item Summary: This Interlocal Agreement defines purpose and responsibilities in a response to a public health emergency which may result from natural or man-made causes. During such an emergency, it may be necessary to immunize or treat all or large numbers of people in the area served by the City and the Department.

The City of Freeport has had an agreement with Brazoria County Health since 2004. This Interlocal agreement is renewed every five years with the last signing in 2019.

Background Information: The plan describes the Brazoria County Health's emergency response plan to a Public Health Emergency, each organizations obligation in preparedness and response.

The City of Freeport has participated in local training and exercises in preparation for response to past events such as H1N1 Flu "Swine Flu" and COVID-19 virus mass vaccine program.

Special Considerations: N/A

Financial Impact: N/A

Board or 3rd Party Recommendation: N/A

Supporting Documentation:

1. City ILA Freeport Agreement 2024

**Interlocal Agreement between the
City of Freeport and the
Brazoria County Health Department**

This Interlocal Agreement (“Agreement”) is entered into between the City of Freeport (“City/Town/Village”), and the Brazoria County Health Department (“Department”). The Department is a Local Health Department under Chapter 121 of the Health and Safety Code. The Interlocal Cooperation Act, Government Code Chapter 791, governs this Agreement. *This agreement has been approved by a separate order of the Brazoria County Commissioners Court Being Order No. _____, dated _____, 2024 and of the City of Freeport dated _____, 2024.*

I. Purpose

Under a grant from the Texas Department of Health, the Department is required to plan and prepare for a public health emergency which may result from natural or man-made causes. During such an emergency, it may be necessary to immunize or treat all or large numbers of people in the area served by the City/Town/Village and Department. It is the desire of the Department to provide such immunization or treatment to the First Responders within the City/Town/Village or at identified adjacent areas (to be determined based on resource requirements and precipitating event type/location) prior to the general public. The City/Town/Village will identify First Responders and critical staff and families that will be provide SNS Medical Countermeasures and or Vaccines. The City/Town/Village will report these numbers to the Department annually.

If the Department has concluded that the City/Town/Village possesses facilities that are qualified to serve as a Staff Medication Station (SMS) if immunization or treatment is necessary for First Responders, and the City/Town/Village desires to be as helpful as possible in the event of a public health emergency, the City/Town/Village herein agrees to make its law enforcement facilities available for purposes of First Responder immunization or treatment under the terms set out below. The City/Town/Village and the Department have concluded that this contemplated use of the facilities is a “governmental function” as defined in the Interlocal Agreement Act, *Texas Government Code §791.003(D)*

**Interlocal Agreement between the
City of Freeport and the
Brazoria County Health Department
II. Public Health Emergency**

This agreement will go into effect only if:

- 1) The Commissioner of Health or the local health authority declares that large scale immunization or treatment is necessary as a control measure for an outbreak of communicable disease;
- 2) The parties shall agree to the location of the facility or facilities to be utilized pursuant to this agreement and the extent to which each such facility shall be utilized concurrently or prior to any control measure declaration being made.
- 3) The Department has the necessary stock pile of medications.

III. Obligations of the Department

- 1) The Department will supply or arrange for all equipment, vaccine, and medicine necessary to administer the vaccine or medication to City/Town/Village staff, first responders, and City/Town/Village population at a distribution site of the Department's choosing based on resources available and nature of the precipitating event.
- 2) The Department will be responsible for disposal of medical waste and disinfection at the chosen facility following its use for the emergency. The health authority will provide written assurance of its safety for use as a law enforcement facility following its use.
- 3) The Department is responsible for the acts and negligence of its employees or volunteers, under state and federal law; provider, however, that pursuant to section 421.062 (b)(1) of the Texas Government Code the Department is not responsible for any civil liability that arises from the furnishing of a service under this Interlocal contract.
- 4) The Department will be responsible for any damage to property belonging to the City/Town/Village as a result of its use during the public health emergency, and to the extent they can be determined, costs for utilities described in section IV below. This compensation is mutually agreed to be "an amount that fairly compensates the performing party" as stated in the Interlocal Cooperation Act. The amounts to be paid to the City/Town/Village will be paid from current revenues available to the Department.

**Interlocal Agreement between the
City of Freeport and the
Brazoria County Health Department**

IV. Obligations of the City

- 1) The City/Town/Village will be provided an allotment of oral medication and will be responsible for the dispensing of said medication to their employees, contractors, and families and BCPH will provide information of the location to acquire sufficient medication (location may or may not be within the bounds of the City/Town/Village itself and may be located in an adjacent City/Town/Village) to the City/Town/Village.
- 2) If the City/Town/Village is selected as a distribution site by BCPH, the City/Town/Village is responsible for allowing the use of the facility normally associated with its use as a law enforcement facility or at another facility acceptable to both parties. The City/Town/Village is responsible for providing use of all rooms, fixtures, and equipment existing at the facility that is necessary for on-site use during the period of the emergency.
- 3) If the City/Town/Village is selected as a distribution site by BCPH, the City/Town/Village will provide at least one person on-site during the period of emergency use with access to the rooms, fixtures and equipment described above.
- 4) If the City/Town/Village is selected as a distribution site by BCPH, the City/Town/Village will supply or arrange for all equipment and personnel necessary for staffing, security, crowd control and other tasks.
- 5) The City/Town/Village will provide the Department with the number of First Responders needing treatment to the distribution site (distribution location may or may not be within the bounds of the City/Town/Village itself and may be located in an adjacent City/Town/Village).
- 6) The City/Town/Village will obtain all medications from the Department at its location at 1524 E. Mulberry, Angleton, Texas, or at another location as specified by the Department.
- 7) The City/Town/Village will return all undistributed medication to the Department.
- 8) If the City/Town/Village has been issued a POD-trailer, the City/Town/Village will utilize POD-trailer resources as needed to assist with these efforts during an emergency, and will maintain and account for the POD-trailer itself and all items secured therein in accordance with property inventory and signed agreements; *DA-form 2062 and signed agreements attached if relevant.*

**Interlocal Agreement between the
City of Freeport and the
Brazoria County Health Department
V. Term**

This agreement becomes effective when approved by the governing body of the City/Town/Village and Department. It may be canceled by either party by giving thirty days' notice to the other party, otherwise it remains in effect for five years and may be renewed by mutual agreement.

Authorized Signature for City of Freeport

Date

Jerry Cain/Mayor
City of Freeport

L.M. "Matt" Sebesta, Jr.
County Judge

Date

Cathy Sbrusch, RN,BSN,CIC
Director of Public Health Services
Brazoria County Health Department

Date



City Council Agenda Item #7.

Title: Discussion on possible remodel or sale of City Hall property located at 200 West 2nd Street.

Date: July 1, 2024

From: Lance Petty, City Manager

Staff Recommendation: Staff recommends Council discussion on City Hall property located at 200 West 2nd Street

Item Summary: Discuss a possible remodel or sale of city hall property located at 200 west 2nd Street.

Background Information: The City in 2022 tasked IAD Architects to complete a scope of work for a total remodel of City Hall located at 200 West 2nd Street. The City placed this project for bid and the City received one bid in the amount of just over 3 million dollars. At that point, Council elected to rebid the project at a scaled back scope of work and received numerous bids and Covarrubias Remodeling was awarded the project at just over 1 million dollars. Since the award of the bid, the City has terminated the contract for the remodel with Covarrubias remodeling. Staff contacted IAD Architects to update the original scope of work to include additional work from the phase I and phase II abatement for advertisement. This adjusted scope of work would include a total remodel of the property without a scaled back scope of work. IAD has sent over cost estimates to upgrade the original scope of work and cost estimates for a construction budget for this project. The City should anticipate a construction budget in the range of 3.9 - 4.5 million.

Special Considerations: Staff will move forward at the direction of the Council

Financial Impact: The City will have to determine how to fund a remodel.

Board or 3rd Party Recommendation: none

Supporting Documentation:

None



City Council Agenda Item #8.

Title: Consideration and possible action approving Ordinance No. 2024-2733 to install two additional stop signs at the intersection of Pecan Street and 8th Street, making it a four-way stop.

Date: July 1, 2024

From: Shelby Araujo, Building Director

Staff Recommendation: To approve the installation of two additional stop signs at the intersections of 8th Street and Pecan Street, making it a four-way stop.

Item Summary: To discuss and take action on approval of the ordinance to add two stop signs at the intersection of 8th Street and Pecan Street.

Background Information: On June 7th, 2024, Planning and Zoning Chair, Andrew Dill, requested to have this item placed on the Planning and Zoning agenda to discuss and take possible action. Information obtained from Chief Howell states that over the last 3 years, there have been 2 crashes listed and 1 traffic complaint of cars blocking a driveway. The P&Z commission voted 3-1 in approval of adding the 2 stop signs.

Special Considerations: Stop signs are already installed running north and south on Pecan St.

Financial Impact: Cost and installation of two stop signs to make the 8th Street and Pecan Street intersection a four-way stop.

Board or 3rd Party Recommendation: None

Supporting Documentation:

1. Ordinance Stop signs 8th and pecan
2. DOCUMENTATION 8TH ST AND PECAN PICTURES

ORDINANCE NO. 2024 -2733

AN ORDINANCE OF THE CITY OF FREEPORT, TEXAS, AMENDING SECTION 46-160(1) OF THE CODE OF ORDINANCES TO ADD STOP SIGNS CONTROLLING TRAFFIC FROM ALL DIRECTIONS AT THE INTERSECTION OF 8TH STREET AND PECAN STREET, BEING NORTH AND SOUTH BOUND TRAFFIC ON PECAN STREET AND EAST AND WEST BOUND TRAFFIC ON 8TH STREET ; PROVIDING THAT ANY PERSON VIOLATING SAID CODE OF ORDINANCES, AS AMENDED BY THIS ORDINANCE, SHALL BE GUILTY OF A MISDEMEANOR AND UPON CONVICTION ASSESSED A FINE NOT TO EXCEED TWO HUNDRED (\$200.00) DOLLARS AND THAT EACH DAY ANY SUCH VIOLATION CONTINUES OR OCCURS SHALL CONSTITUTE A SEPARATE OFFENSE; CONTAINING A SAVINGS CLAUSE; CONTAINING A SEVERANCE CLAUSE; AND PROVIDING THAT THIS ORDINANCE SHALL TAKE EFFECT AND BE IN FORCE FROM AND AFTER ITS DESCRIPTIVE CAPTION HAS BEEN PUBLISHED TWICE IN THE BRAZOSPORT FACTS.

WHEREAS, Section 542.202(a)(2) of the Texas Transportation Code authorize a municipality to regulate the stopping, standing or parking of a vehicle, on public streets and highways within its jurisdiction as authorized by said Code respectively; and,

WHEREAS, Section 544.002(b) of the Texas Transportation Code provides that all traffic control devices placed by a municipality must conform to the manual and specifications adopted by the Texas Department of Transportation ("the Department") under Section 544.001 of said Code; and,

WHEREAS, the City Council of the City of Freeport, Texas, has determined and does here now declare that the adoption of this ordinance is necessary to the health, safety and general welfare of its inhabitants and the persons traveling upon its public streets.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS:

Section 1. Section 46-160(1) of the Code of Ordinances is hereby amended to add thereto a new Item "1." which shall read as follows:

“1. Stop signs shall be installed at the intersection of Pecan Street and 8th Street, making it a four-way stop.”

Section 2. The exact placement of the stop signs shall conform to the guidelines set forth by the municipality and conform to the manual and specifications adopted by the Texas Department of Transportation 544.010.

Section 3. Any person violating any provision of said Code of Ordinances as amended by this ordinance, shall be guilty of a misdemeanor and upon conviction assessed a fine not to exceed Two Hundred (\$200.00) Dollars; and each and every instance any such violation occurs shall constitute a separate offense.

Section 4. No offense committed and no fine, forfeiture or penalty incurred prior to the effective date of this ordinance is to be affected by the adoption of this ordinance but the punishment of any offense committed and the recovery of any fines or forfeitures incurred prior to such date shall take place as if this ordinance had not been adopted.

Section 5. In the event any section or provision of this ordinance is found to be unconstitutional, void or inoperative by the final judgment of a court of competent jurisdiction, such defective provision, if any, is hereby declared to be severable from the remaining sections and provisions of this ordinance and such remaining sections and provisions shall remain in full force and effect.

Section 6. This ordinance shall take effect and be in force from and after its descriptive caption has been published twice in the Brazosport Facts.

Section 7. The City Council specifically finds and determines that the meeting at which this ordinance was passed was open to the public, and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act, Texas Government Code, Chapter 551.

READ, PASSED AND ADOPTED this ____ day of _____, 2024.

Jerry Cain, Mayor

ATTEST:

Clarisa Molina, City Secretary

APPROVED AS TO FORM ONLY:

David W. Olson, Interim City Attorney

Yvette Ruiz

From: Shelby Araujo
Sent: Tuesday, June 18, 2024 7:15 AM
To: Yvette Ruiz
Subject: FW: P&Z traffic incidents for pecan and 8th

From: Jennifer Howell <jhowell@freeport.tx.us>
Sent: Tuesday, June 18, 2024 7:09 AM
To: Shelby Araujo <saraujo@freeport.tx.us>
Subject: Re: P&Z

Looking over the last 3 years, we have had 2 crashes listed there and 1 traffic complaint of cars blocking driveway.

Jennifer Howell
Chief of Police
Freeport Police Department
430 N. Brazosport Blvd.
Freeport, TX 77541
979-239-1211



"Integrity gives you real freedom because you have nothing to fear since you have nothing to hide." - Zig Ziegler

NOTICE: This email, including attachments, may contain information that is confidential. If you receive this email in error, and are not the intended recipient, notify the sender immediately. Please delete this email and its attachments without reading, saving or distributing any information. Thank you.

From: Shelby Araujo <saraujo@freeport.tx.us>
Sent: Monday, June 17, 2024 9:08 AM
To: Jennifer Howell <jhowell@freeport.tx.us>
Subject: RE: P&Z

Planning and Zoning is meeting on June 25th. Mr. Andrew Dill is requesting an item be placed on the P/Z agenda he is requesting a four way stop at 8th and Pacan.

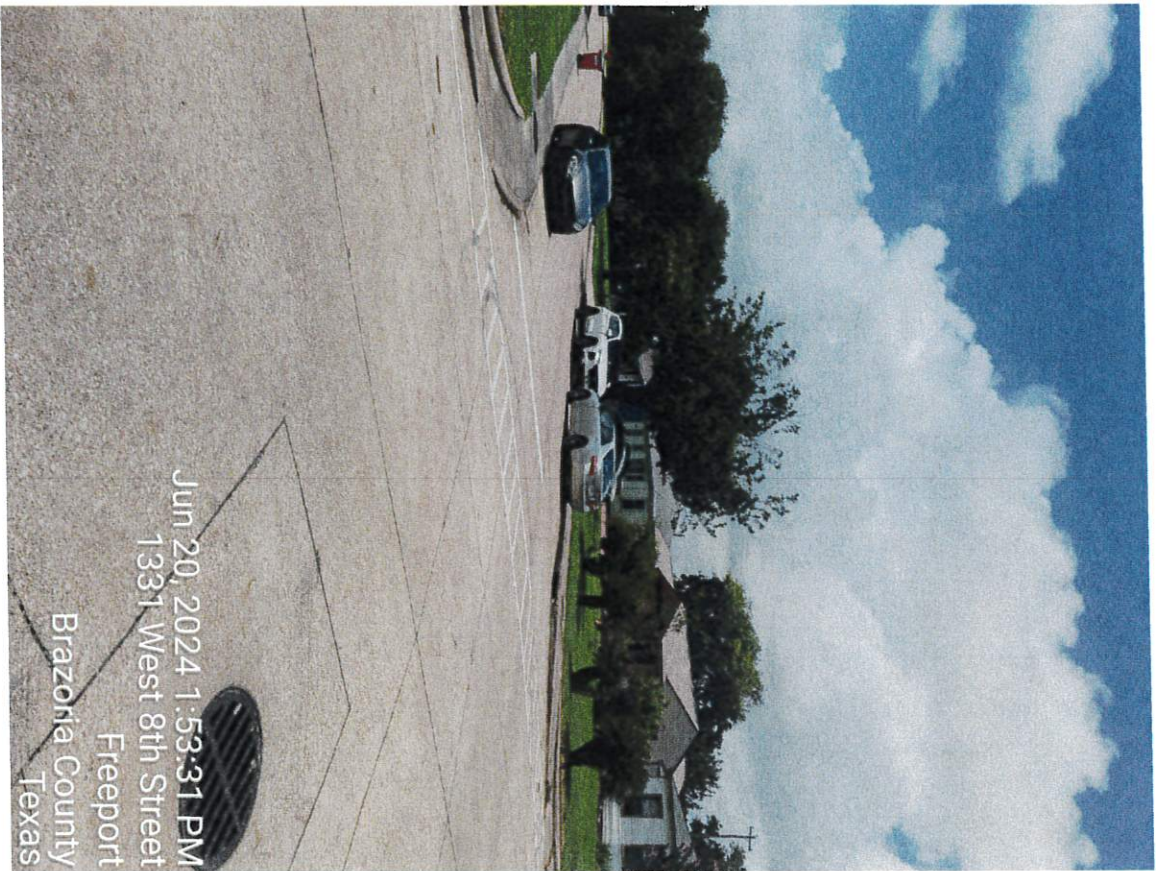
Do we have any incident reports for this intersection?



Jun 20, 2024 1:52:50 PM
1331 West 8th Street
Freeport
Brazoria County
Texas



Jun 20, 2024 1:52:55 PM
1331 West 8th Street
Freeport
Brazoria County
Texas





Jun 20, 2024 1:53:43 PM
Freeport
Brazoria County
Texas

