



**AGENDA  
REGULAR MEETING  
FREEPORT CITY COUNCIL  
MONDAY, APRIL 19, 2021 at 6:00 P.M.**

**Mayor:**  
Brooks Bass

**Council Members:**  
Jeff Pena  
Jerry Cain  
Mario Muraira  
Roy Yates

**City Manager:**  
Timothy Kelty

THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS, WILL MEET ON MONDAY, THE 19th DAY OF APRIL, 2021, AT 6:00 P.M., AT THE FREEPORT, POLICE DEPARTMENT, MUNICIPAL COURT ROOM, 430 NORTH BRAZOSPORT BOULEVARD FREEPORT TEXAS

BECAUSE OF THE PUBLIC HEALTH THREAT, SEATING WILL BE POSITIONED TO MEET THE REQUIREMENTS OF THE CDC, AND ATTENDEES WILL BE REQUIRED TO WEAR A FACE MASK.

OR YOU MAY JOIN THE PUBLIC MEETING REMOTELY BY TELECONFERENCE BY DIALING:

**(425) 436-6312 AND USING ACCESS CODE 5678901#**

**OR**

**AUDIO VISUAL CONFERENCE CALL USING:  
PCs, Macs®, Chromebooks™, iOS and Android™ phones and tablets.**

International dial-in numbers: [https://fccdl.in/i/council\\_mtg\\_041921](https://fccdl.in/i/council_mtg_041921)

For users wanting to view and listen to the council meeting via a web browser go to

[https://join.freeconferencecall.com/council\\_mtg\\_041921](https://join.freeconferencecall.com/council_mtg_041921)

**enter access code 5678901# and the online meeting code is: council\_mtg\_041921\_**

**OR**

Visit the App Store or Google Play to download FreeConferenceCall. Enter the phone number, access code and online code listed above to view the meeting.

REMOTE PARTICIPANTS WILL NOT BE ABLE TO ADDRESS COUNCIL DIRECTLY. **COMMENTS FROM REMOTE PARTICIPANTS MUST BE SENT VIA EMAIL TO [publiccomments@freeport.tx.us](mailto:publiccomments@freeport.tx.us) ANY TIME PRIOR TO, OR DURING THE MEETING ALL COMMENTS RECEIVED WILL BE READ ALOUD INTO THE RECORD.**

**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:**

Members of the public are allowed to address the City Council at this time, and must include name and address. *Note*, specific factual information or a recitation of existing policy may be furnished in response to an inquiry made, but any deliberation, discussion, or decision with respect to any subject about which the inquiry was made shall be limited to a proposal to place such subject on the agenda for a subsequent meeting for which notice is provided in compliance with the Texas Open meetings Act unless said notice appears herein. The public is reminded that there is a (4) minute time limit as approved by City Council on June 21, 2010.

**PRESENTATIONS/ANNOUNCEMENTS:** Announcements by Mayor, City Council and/or Staff.

1. Presentation of Employee of the Month for the month of March 2021. **(Kelty)**
2. Presentation by Sons of the American Revolution an award of Law Enforcement Commendation Medals.
3. Presentation of the annual audit by Whitley Penn. **(Ezell)**
4. Presentation of second quarter investment report. **(Ezell)**
5. Presentation of the Police Department Annual Traffic Contact Report for the year of 2020. **(Garivey)**
6. Presentation report on code enforcement of junk car ordinance within the City. **(Shoemaker)**

## **COUNCIL BUSINESS – REGULAR SESSION:**

7. Consideration and possible action on the approval of City Council meeting minutes from April 5, 2021. **(Wells)**
8. Consideration and possible action regarding the rejection of an offer on a property held in trust. **(Tolar)**
9. Consideration and possible action on Resolution No. 2021-2681: A Resolution by The City Council of The City of Freeport, Texas, Authorizing Publication of Notice of Intention to Issue Certificates of Obligation; Authorizing the Preparation of a Preliminary Official Statement and Notice of Sale; and Providing for Other Matters Incidental Thereto. **(Ezell)**
10. Consideration of a Resolution No. 2021-2683 appointing a Member to the Freeport Economic Development Board. **(Kelty)**
11. Consideration and possible action authorizing the continued participation in the Cooperation Agreement between the City of Freeport and Brazoria County in regard to HUD funding, and authorizing amendment to the current agreement. **(Kelty)**
12. Consideration and possible action approving Resolution No. 2021-2684 adjusting the Master Fee Schedule for Freeport Recreation Membership fees. **(Strahan)**

## **WORK SESSION:**

13. **The City Council may deliberate and make inquiry into any item listed in the Work Session.**
  - A. Mayor Brooks Bass announcements and comments.
  - B. Councilman Pena Ward A announcements and comments.
  - C. Councilman Cain Ward B announcements and comments.
  - D. Councilman Muraira Ward C announcements and comments.
  - E. Councilman Yates Ward D announcements and comments.
  - F. City Manager Tim Kelty announcements and comments.
  - G. Updates on current infrastructure.
  - H. Update on reports / concerns from Department heads.

## **CLOSED SESSION:**

14. Executive Session regarding a.) (Potential Litigation) consultation with city attorney, b.) (Deliberations about Real Property), in accordance with Vernon's Texas Government Code Annotated, Chapter 551, Sections 551.071, 551.072.

## **COUNCIL BUSINESS – REGULAR SESSION:**

## **ADJOURNMENT:**

15. 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 rear door of the City Hall, with 24 hours a day public access, 200 West 2<sup>nd</sup> Street, Freeport Texas, before 6:00 p.m. in accordance with Open Meetings Act.

  
Betty Wells, City Secretary  
City of Freeport, Texas



## City Council Agenda Item # 3

**Title:** Receive for filing the Audited Annual Financial Report and Auditor's Opinion for the Fiscal Year ended September 30, 2020 and Consideration of Engagement Letter to Conduct audit for FY2020-2021.

**Date:** April 19, 2021

**From:** Cathy Ezell, Finance Director

---

**Staff Recommendation:**

Formally receive for filing the Audited Annual Financial Report (AFR) and Auditor's Opinion for the Fiscal Year ended September 30, 2020 and approve Engagement Letter to Conduct the FY2020-2021 Audit.

**Item Summary:**

As required by Local Government Code 103.001, an independent audit has been completed by the certified public accounting firm of Whitley Penn, LLP for the year ended September 30, 2020. Annual financial statements have been prepared based on the audit, including the auditor's opinion.

The timing of next year's audit will be scheduled for performance and completion as follows:

Document internal control and preliminary tests	July 2021
Perform year-end internal control testing and substantive audit procedures	January 2022
Issue audit report	March 2022

**Background Information:**

The AFR consists of a comprehensive summary of the City's finances and other relevant information for the audit year, including economic overviews, financial analyses, financial statement note disclosures, budgetary and other compliance schedules, and other statistical data. The AFR is prepared in conformity with accounting principles generally accepted in the United States of America and is audited by the City's independent auditor.

**Special Considerations:** N/A

**Financial Impact:** The fee for the audit services will be based on the amount of time required and the difficulty of the work involved which is estimated to be \$45,000 – the same amount as last year. Funding is available under Professional Services for the interim review – funding for the final audit will be included in the FY2021-2022 Budget.

**Board or 3<sup>rd</sup> Party recommendation:** N/A

**Supporting Documentation:**

- A complete copy of the Annual Financial Report for Fiscal Year ending September 30, 2020.
- A copy of the Audit Presentation.
- A copy of the Communications Letter.
- A copy of the Internal Control Letter.
- Engagement Letter from Whitley Penn

**ANNUAL FINANCIAL REPORT**

**CITY OF FREEPORT, TEXAS**

**For the Fiscal Year Ended  
September 30, 2020**





**CITY OF FREEPORT, TEXAS**  
**TABLE OF CONTENTS**

	<u>Page</u>
<b>Report of Independent Auditors</b>	1
<b>Management's Discussion and Analysis</b>	3
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Net Position - Proprietary Fund	20
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund	21
Statement of Cash Flows - Proprietary Fund	22
Notes to the Basic Financial Statements	23
<b>Required Supplementary Information</b>	
General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	55
Notes to Required Supplementary Budget Information	56
Schedule of Changes in Net Pension Liability and Related Ratios - TMRS	57
Schedule of the City's Pension Contributions - TMRS	58
Schedule of Changes in Total OPEB Liability and Related Ratios - TMRS Death Benefit	59
Schedule of Changes in Total OPEB Liability and Related Ratios - Retiree Health CarePlan	60
<b>Other Supplementary Information</b>	
Combining and Individual Fund Statements and Schedules	
Non-major Governmental Funds:	
Combining Balance Sheet	62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	64
Debt Service Fund:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	66



## REPORT OF INDEPENDENT AUDITORS

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

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Freeport, Texas (the "City") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

### **Opinions**

In our opinion, based on our audit the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2020, 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.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 and budgetary comparison information, pension system and other post-employment benefit supplementary information on pages 57 through 62 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 fund statements and debt service budgetary comparison schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

*Whitley Penn LLP*  
Houston, Texas  
April 6, 2021

**CITY OF FREEPORT, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the City of Freeport (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, 2020.

**Financial Highlights**

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$28.4 million (*net position*). Of this amount, \$2.1 million (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by \$0.9 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$16.4 million, an increase of \$6.6 million over the prior year. Approximately 43% of this total amount, \$7.0 million, is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was 46% of total general fund expenditures.
- The City's long-term debt increased by \$6.3 million over the prior year due to the issuance of certificates of obligation.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial 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, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between the four 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.

The statement of activities presents information showing how the government'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 in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from 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 and administration, economic development, public safety, streets and drainage, sanitation, service center, and culture and recreation. The business-type activities of the City include the operations of the water and sewer system. The government-wide financial statements can be found on pages 13 through 15 of this report.

**CITY OF FREEPORT, TEXAS**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)*

**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 two categories: governmental funds and a proprietary fund.

**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 evaluating 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 six 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 which is considered to be a major fund. Data from the other five governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for its general fund and debt service fund. Budgetary comparison schedules have been provided for the general fund and debt service fund to demonstrate compliance with their budgets.

The basic governmental fund financial statements can be found on pages 16 through 19 of this report.

**Proprietary Fund**

The City maintains one type of proprietary fund. Proprietary 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.

Proprietary fund 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 water and sewer operating fund that is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 20 through 22 of this report.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 54 of this report.

**CITY OF FREEPORT, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Other information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees and general fund budgetary comparisons. Required supplementary information can be found on pages 57 through 62 of this report

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found beginning on page 68 of the City's financial statements.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$28.4 million (net position). At the end of the current fiscal year, the City was able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

By far, the largest portion of the City's net position (88.7%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. 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 capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (4.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, 7.3% or \$2.1 million, may be used to meet the government's ongoing obligations to citizens and creditors.

The following table summarizes the financial position of the City as of September 30, 2020 and 2019.

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 18,295	\$ 11,883	\$ 1,143	\$ 748	\$ 19,438	\$ 12,631
Capital assets	17,670	17,998	8,486	8,615	26,156	26,613
<b>Total Assets</b>	<b>35,965</b>	<b>29,881</b>	<b>9,629</b>	<b>9,363</b>	<b>45,594</b>	<b>39,244</b>
<b>Deferred Outflows of Resources</b>	<b>1,052</b>	<b>2,050</b>	<b>13</b>	<b>25</b>	<b>1,065</b>	<b>2,075</b>
Current and other liabilities	1,079	1,177	1,091	536	2,170	1,713
Long-term liabilities	14,747	10,099	67	94	14,814	10,193
<b>Total Liabilities</b>	<b>15,826</b>	<b>11,276</b>	<b>1,158</b>	<b>630</b>	<b>16,984</b>	<b>11,906</b>
<b>Deferred Inflows of Resources</b>	<b>1,242</b>	<b>106</b>	<b>15</b>	<b>1</b>	<b>1,257</b>	<b>107</b>
Net position:						
Net investment in capital assets	16,719	15,803	8,486	8,615	25,205	24,418
Restricted	1,146	978	-	-	1,146	978
Unrestricted	2,084	3,768	(17)	142	2,067	3,910
<b>Total Net Position</b>	<b>\$ 19,949</b>	<b>\$ 20,549</b>	<b>\$ 8,469</b>	<b>\$ 8,757</b>	<b>\$ 28,418</b>	<b>\$ 29,306</b>

The City's net position decreased by 3.1% or \$0.9 million during the current fiscal year due to normal operations of the City.

**CITY OF FREEPORT, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

The following table summarizes the changes in net position for the City for the years ended September 30, 2020 and 2019.

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenue:						
Charges for services	\$ 2,306	\$ 2,498	\$ 4,794	\$ 4,844	\$ 7,100	\$ 7,342
Operating grants and contributions	210	224	16	276	226	500
Capital grants and contributions	78	294	-	-	78	294
General revenues:						
Property taxes	3,132	3,124	-	-	3,132	3,124
Industrial payments	7,640	7,533	-	-	7,640	7,533
Sales and use taxes	3,072	3,280	-	-	3,072	3,280
Franchise taxes	606	615	-	-	606	615
Unrestricted investment earnings	93	251	-	2	93	253
Miscellaneous	506	444	-	-	506	444
<b>Total Revenues</b>	<b>17,643</b>	<b>18,263</b>	<b>4,810</b>	<b>5,122</b>		<b>23,385</b>
Expenses:						
General government	2,177	2,160	-	-	2,177	2,160
Public safety	7,850	8,061	-	-	7,850	8,061
Streets and drainage	2,055	1,851	-	-	2,055	1,851
Sanitation	981	900	-	-	981	900
Culture and recreation	3,290	3,701	-	-	3,290	3,701
Service center	206	222	-	-	206	222
Economic development	392	383	-	-	392	383
Interest on long-term debt	292	115	-	-	292	115
Water and sewer	-	-	6,098	5,738	6,098	5,738
<b>Total Expenses</b>	<b>17,243</b>	<b>17,393</b>	<b>6,098</b>	<b>5,738</b>	<b>23,341</b>	<b>23,131</b>
Increase in net position before transfers	400	870	(1,288)	(616)	(888)	254
Transfers	(1,000)	(959)	1,000	959		
Change in net position	(600)	(89)	(288)	343	(888)	254
<b>Net position - beginning</b>	<b>20,549</b>	<b>20,638</b>	<b>8,757</b>	<b>8,414</b>	<b>29,306</b>	<b>29,052</b>
<b>Net position - ending</b>	<b>\$ 19,949</b>	<b>\$ 20,549</b>	<b>\$ 8,469</b>	<b>\$ 8,757</b>	<b>\$ 28,418</b>	<b>\$ 29,306</b>

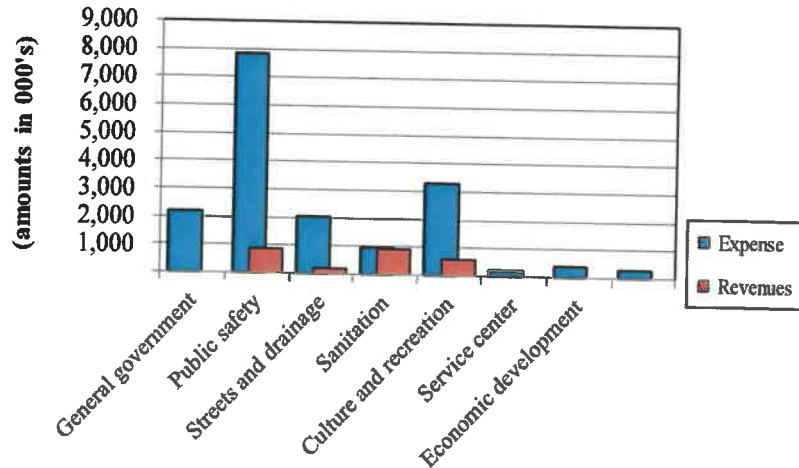


**CITY OF FREEPORT, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

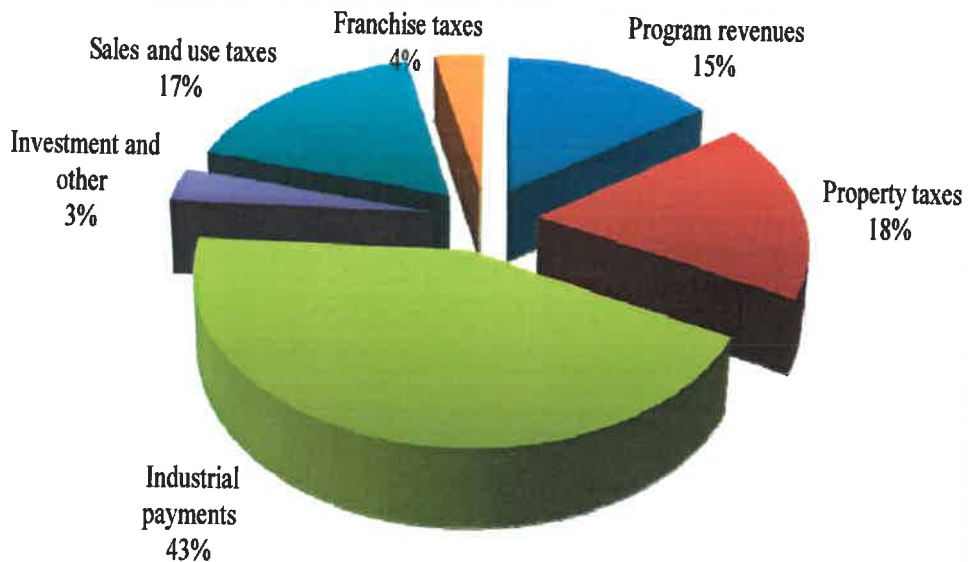
**Governmental Activities**

Governmental activities decreased the City's net position by approximately \$0.6 million due to normal operations.

A comparison of program expenses to program revenues follows:



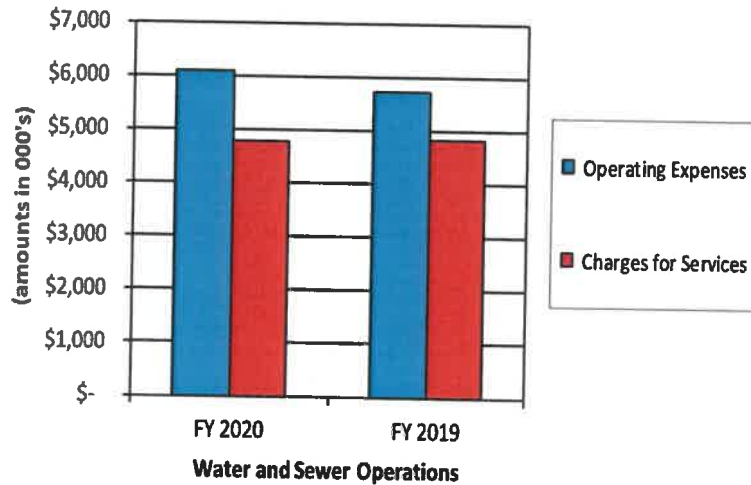
Revenue sources for governmental activities were distributed as follows:



**CITY OF FREEPORT, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Business-type Activities**

Business-type activities decreased the City's net position by (\$0.3)million. A comparison between expenses relating to water and sewer operations and program revenues (charges for services) for fiscal years 2020 and 2019 follows:



Revenue sources for business-type activities were almost entirely charges for water and sewer services.

**Financial Analysis of the Government's Funds**

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

**Governmental Funds**

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

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$7.0 million. The unassigned fund balance decreased by \$3.1 million from fiscal year 2019 due to transfers to the water and sewer fund and transfers to non-major funds to cover capital outlay items.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 46% of annual general fund expenditures for the 2020 fiscal year.

**CITY OF FREEPORT, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Proprietary Funds**

The City's proprietary funds provide the same type of information found in the government-wide financial statements.

Unrestricted net position (deficit) in the Water and Sewer Enterprise Fund at the end of the year amounted to approximately \$17,000. Plans to rebuild the deficit net position include raising water and sewer rates and reviewing the outsourcing of the maintenance and operations of the department.

**General Fund Budgetary Highlights**

Actual revenues differed from budgeted revenues by \$0.7 million primarily as a result of lower than expected sales tax revenue.

Appropriations in the final budget exceeded actual expenditures by \$2.5 million. Actual expenditures for public safety and streets and drainage were less than appropriations in the final budget by \$0.1 million and \$0.0 million, respectively, due to capital improvements that were budgeted in fiscal year 2020 but did not occur or were to take place in the next fiscal year.

**Capital Asset and Debt Administration**

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2020, amounted to \$26.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, roads, park facilities, water and sewer plants and service lines, machinery and equipment, and construction in progress. Capital asset balances increased by approximately (\$0.5) million from the prior year due to contributions and construction of infrastructure.

The following table shows the balances at September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
<b>Governmental Activities</b>		
Capital assets, not being depreciated:		
Land	\$ 4,915	\$ 4,915
Construction in progress	-	551
Capital assets being depreciated:		
Streets and improvements	7,377	6,923
Buildings and improvements	2,267	1,723
Furniture, equipment, and vehicles	3,111	3,886
Total capital assets - Governmental Activities	<u>\$ 17,670</u>	<u>\$ 17,998</u>
<b>Business-type Activities</b>		
Capital assets, not being depreciated:		
Land	\$ 56	\$ 56
Capital assets being depreciated:		
Water and sewer infrastructure	8,345	8,559
Total capital assets - Business-Type Activities	<u>\$ 93,676</u>	<u>\$ 8,615</u>

Additional information on the City's capital assets can be found in Note 5 to the basic financial statements of this report.

**CITY OF FREEPORT, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Long-term Liabilities**

At the end of the current fiscal year, the City had total debt outstanding of \$8.5 million. This is an increase from the prior year of \$6.3 million due to the issuance of certificates of obligation. The entire amount of debt is backed by the full faith and credit of the City. A schedule of long-term liabilities at September 30, 2020 and 2019 follows (in \$000's):

	<u>2020</u>	<u>2019</u>
General obligation bonds	\$ 1,080	\$ 1,797
Notes payable/capital leases	1,115	1,073
	<u>\$ 2,195</u>	<u>\$ 2,870</u>

The City has no legal debt limit provision in its charter. Additional information on the City's long-term debt can be found in Note 6 to the basic financial statements of this report.

**Economic Factors and Next Year's Budget and Rates**

Each year the budget is prepared on key objectives and assumptions.

The property tax rate for fiscal 2021 (tax year 2020) went from \$.628005 per \$100 of assessed value for fiscal year 2020 (tax year 2019) to \$0.0615859. The Maintenance and Operation rate decreased by \$0.012146 per \$100 of assessed value while the Interest and Sinking rate was the same amount. Property tax revenue for the City is budgeted \$90,567 higher than the previous year which is a 1.90% increase. Of this revenue, all of it is expected be from new property added to the tax roll.

**Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information should be addressed to the Finance Director, City of Freeport, 200 W. 2<sup>nd</sup> Street, Freeport, TX 77541

## **BASIC FINANCIAL STATEMENTS**

*(This page intentionally left blank.)*

**CITY OF FREEPORT, TEXAS**  
**STATEMENT OF NET POSITION**  
September 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 16,445,604	\$ 586,956	\$ 17,032,560
Receivables, net of allowance	1,906,088	499,084	2,405,172
Internal balances	(56,607)	56,607	-
Capital assets, not subject to depreciation:			
Land	4,915,116	56,200	4,971,316
Capital assets, net of depreciation:			
Streets and improvements	7,377,353	-	7,377,353
Buildings and improvements	2,266,501	-	2,266,501
Furniture, equipment, & vehicles	3,110,904	-	3,110,904
Water and Sewer System	-	8,429,887	8,429,887
Total Capital Assets	17,669,874	8,486,087	26,155,961
<b>Total Assets</b>	<b>35,964,959</b>	<b>9,628,734</b>	<b>45,593,693</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources for pensions	940,898	12,100	952,998
Deferred outflows of resources for OPEB	110,625	1,000	111,625
<b>Total Deferred Outflows of Resources</b>	<b>1,051,523</b>	<b>13,100</b>	<b>1,064,623</b>
<b>Liabilities</b>			
Accounts payable	502,123	820,430	1,322,553
Accrued liabilities	559,651	4,675	564,326
Unearned revenue	16,893	-	16,893
Accrued interest	63,873	-	63,873
Customer deposits	-	266,669	266,669
Noncurrent liabilities:			
Due within one year	635,699	2,758	638,457
Due in more than one year	8,743,809	618	8,744,427
Net Pension Liability	4,566,013	58,800	4,624,813
Total OPEB liability	737,904	4,700	742,604
<b>Total Liabilities</b>	<b>15,825,965</b>	<b>1,158,650</b>	<b>16,984,615</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources for pensions	1,107,857	14,300	1,122,157
Deferred inflows of resources for OPEB	134,200	400	134,600
<b>Total Deferred Inflows of Resources</b>	<b>1,242,057</b>	<b>14,700</b>	<b>1,256,757</b>
<b>Net Position</b>			
Net investment in capital assets	16,718,663	8,486,087	25,204,750
Restricted for:			
Debt service	28,442	-	28,442
Capital projects			
Municipal court operations	144,401	-	144,401
Economic development	973,101	-	973,101
Unrestricted	2,083,853	(17,603)	2,066,250
<b>Total Net Position</b>	<b>\$ 19,948,460</b>	<b>\$ 8,468,484</b>	<b>\$ 28,416,944</b>

See notes to the basic financial statements.

**CITY OF FREEPORT, TEXAS**  
**STATEMENT OF ACTIVITIES**  
*For the Year Ended September 30, 2020*

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
Governmental Activities:				
General government	\$ 2,177,198	\$ -	\$ -	\$ -
Public safety	7,849,328	664,386	195,923	-
Streets and drainage	2,054,871	126,330	-	-
Sanitation	980,664	928,460	-	77,749
Service Center	206,309	-	-	-
Culture and recreation	3,289,940	586,772	14,153	-
Economic development	391,965	-	-	-
Interest on long-term debt	292,488	-	-	-
Total governmental activities	<u>17,242,763</u>	<u>2,305,948</u>	<u>210,076</u>	<u>77,749</u>
Business-type activities:				
Water and sewer	6,097,747	4,793,661	15,510	-
Total business-type activities	<u>6,097,747</u>	<u>4,793,661</u>	<u>15,510</u>	<u>-</u>
<b>Total primary government</b>	<u>\$ 23,340,510</u>	<u>\$ 7,099,609</u>	<u>\$ 225,586</u>	<u>\$ 77,749</u>
<b>General revenues:</b>				
Taxes:				
Property taxes				
Sales and use taxes				
Franchise taxes				
Industrial district revenues				
Unrestricted investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
<b>Net Position - beginning</b>				
<b>Net Position - Ending</b>				

See notes to the basic financial statements.



**Net (Expense) Revenue and Changes in Net Position**  
**Primary Government**

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (2,177,198)	\$ -	\$ (2,177,198)
(6,989,019)	-	(6,989,019)
(1,850,792)	-	(1,850,792)
(52,204)	-	(52,204)
(206,309)	-	(206,309)
(2,689,015)	-	(2,689,015)
(391,965)	-	(391,965)
(292,488)	-	(292,488)
<u>(14,648,990)</u>	<u>-</u>	<u>(14,648,990)</u>
-	(1,288,576)	(1,288,576)
-	(1,288,576)	(1,288,576)
<u>(14,648,990)</u>	<u>(1,288,576)</u>	<u>(15,937,566)</u>
3,131,970	-	3,131,970
3,071,617	-	3,071,617
606,253	-	606,253
7,640,258	-	7,640,258
92,308	383	92,691
506,318	-	506,318
<u>(1,000,000)</u>	<u>1,000,000</u>	<u>-</u>
<u>14,048,724</u>	<u>1,000,383</u>	<u>15,049,107</u>
(600,266)	(288,193)	(888,459)
<u>20,548,726</u>	<u>8,756,677</u>	<u>29,305,403</u>
\$ <u>19,948,460</u>	\$ <u>8,468,484</u>	\$ <u>28,416,944</u>

**CITY OF FREEPORT, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
*September 30, 2020*

	General Fund	2020 CO Bond CIP Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 7,301,996	\$ 8,004,471	\$ 1,139,138	\$ 16,445,605
Receivables, net of allowance				
Taxes receivables	517,576	-	-	802,537
Customer accounts	594,522	-	284,961	594,522
Other receivables	337,628	-	-	337,628
Due from other funds	28,825	-	-	85,664
Due from other governments	171,401	-	56,839	171,401
<b>Total Assets</b>	<u>\$ 8,951,948</u>	<u>\$ 8,004,471</u>	<u>\$ 1,480,938</u>	<u>\$ 18,437,357</u>
<b>Liabilities</b>				
Accounts payable	\$ 461,404	\$ -	\$ 40,719	\$ 502,123
Accrued liabilities	559,651	-	-	559,651
Due to other funds	113,446	-	-	142,271
Unearned revenues	-	-	28,825	16,893
<b>Total Liabilities</b>	<u>1,134,501</u>	<u>-</u>	<u>68,544</u>	<u>1,220,938</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenues	798,438	-	33,411	831,849
<b>Total Deferred Inflows of Resources</b>	<u>798,438</u>	<u>-</u>	<u>33,411</u>	<u>831,849</u>
<b>Fund Balances (Deficits)</b>				
<b>Restricted:</b>				
Debt service	-	-	56,400	56,400
Capital projects	-	8,004,471	187,188	8,191,659
Municipal court operations	-	-	144,401	144,401
Economic Development	-	-	973,101	973,101
<b>Unassigned</b>	7,019,009	-	-	7,019,009
<b>Total Fund Balances (Deficits)</b>	<u>7,019,009</u>	<u>8,004,471</u>	<u>1,361,090</u>	<u>16,384,570</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 8,951,948</u>	<u>\$ 8,004,471</u>	<u>\$ 1,480,938</u>	<u>\$ 18,437,357</u>

See notes to the basic financial statements.

**CITY OF FREEPORT, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
*September 30, 2020*

Total fund balance, governmental funds	\$ 16,384,570
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets at historical cost, net of accumulated depreciation, where applicable	17,669,874
Certain other unavailable assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	
Unavailable revenue	831,849
Deferred inflows and outflows related to pension activities	(166,959)
Deferred inflows and outflows related to OPEB activities	(23,575)
Long-term liabilities are not due in the current period and, therefore, are not reported as liabilities in the fund financial statements, but are included in the governmental activities of the Statement of Net Position.	
Bonds payable	(8,295,000)
Premiums on bonds	(442,775)
Capital leases payable	(217,907)
Accrued interest payable	(63,873)
Net pension liability	(4,566,013)
Total OPEB liability	(737,904)
Compensated absences	(423,827)
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 19,948,460</u>

**CITY OF FREEPORT, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
*For the Year Ended September 30, 2020*

	General Fund	2020 CO Bond CIP Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes:				
Property taxes	\$ 2,596,780	\$ -	\$ 553,632	\$ 3,150,412
Sales and use taxes	1,988,720	-	994,360	2,983,080
Franchise fees and other	630,750	-	64,040	694,790
Industrial district	7,640,258	-	-	7,640,258
Fines and forfeitures	227,954	-	21,356	249,310
Licenses and permits	126,330	-	-	126,330
Intergovernmental	380,188	-	-	380,188
Charges for services	1,978,877	-	-	1,978,877
Investment earnings	85,363	4,471	-	92,340
Miscellaneous	250,805	-	2,506	250,805
Lease income	252,566	-	-	252,566
<b>Total Revenues</b>	<u>16,158,591</u>	<u>4,471</u>	<u>1,635,894</u>	<u>17,798,956</u>
<b>Expenditures</b>				
Current:				
General government	1,967,066	-	-	1,967,066
Public safety	7,184,511	-	-	7,202,691
Streets and drainage	1,329,570	-	18,180	1,329,570
Sanitation	980,664	-	-	980,664
Service center	181,985	-	-	181,985
Culture and recreation	2,764,365	-	-	2,764,365
Economic development	-	-	-	300,656
Capital outlay	756,239	-	300,656	300,656
Debt service:				
Principal	122,572	-	1,268,752	2,024,991
Interest and other charges	12,872	-	1,294,277	1,416,849
<b>Total Expenditures</b>	<u>15,299,844</u>	<u>177,775</u>	<u>60,499</u>	<u>251,146</u>
Excess (deficiency) of revenues over (under) expenditures	<u>858,747</u>	<u>(173,304)</u>	<u>(1,306,470)</u>	<u>(621,027)</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from issuance of general obligation bonds	-	7,735,000	-	7,735,000
Premium on issuance of bonds	-	442,775	-	442,775
Transfers in	-	-	-	1,676,594
Transfers out	(2,663,360)	-	1,676,594	1,676,594
<b>Total other financing sources (uses)</b>	<u>(2,663,360)</u>	<u>8,177,775</u>	<u>(13,234)</u>	<u>(2,676,594)</u>
Net changes in fund balances	(1,804,613)	8,004,471	356,890	6,556,748
<b>Fund balances - beginning</b>	8,823,622	-	1,004,200	9,827,822
<b>Fund balances - ending</b>	<u>\$ 7,019,009</u>	<u>\$ 8,004,471</u>	<u>\$ 1,361,090</u>	<u>\$ 16,384,570</u>

See notes to the basic financial statements.

**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, 2020*

Net change in fund balances - total governmental funds: \$ 6,556,748

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The capital asset expenditures are allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital Outlay	2,206,723
Depreciation	(2,449,970)

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain or loss on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the book value of the asset sold. (84,839)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.

Unavailable property tax revenue	(18,442)
Unavailable fines and forfeiture's	(112,517)
Unavailable EMS revenue	156,462
Unavailable FEMA Disaster Recovery revenue	-

Contributions are treated as expenditures in the fund based financial statements, but are treated as reductions in the City's net pension/OBEB liability in the statement of net position. This amount is the difference between contributions and net pension/OPEB expense (revenue) for the current fiscal year.

Pension related activities	(33,804)
OPEB related activities	38,300

Governmental funds report proceeds from long-term debt as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of long-term debt principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.

Debt service principal	1,416,849
Proceeds from issuance of long-term debt	(8,177,775)

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

(Increase) decrease in accrued interest	(43,519)
(Increase) decrease in compensated absences	38,033

Change in net position of governmental activities	\$ (507,751)
---	--------------

**CITY OF FREEPORT, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**September 30, 2020**

	<b>Business-type Activities</b>
	<b>Water and Sewer</b>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	
Receivables, net of allowance	\$ 586,956
Customer accounts	
Due from other funds	440,941
Receivables from other governments	56,607
Total Current Assets	<u>58,143</u>
	<u>1,142,647</u>
Non-current assets:	
Capital Assets	
Land	
Utility system	56,200
Equipment and furniture	25,658,325
Less accumulated depreciation	232,040
Total Non-Current Assets	<u>(17,460,478)</u>
<b>Total Assets</b>	<u>8,486,087</u>
	<u>9,628,734</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows of resources for pensions	
Deferred outflows of resources for OPEB	12,100
<b>Total Deferred Outflows of Resources</b>	<u>1,000</u>
	<u>13,100</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	
Accrued liabilities	820,430
Customer deposits	4,675
Total Current Liabilities	<u>266,669</u>
	<u>1,091,774</u>
Non-current liabilities:	
Compensated absences	
Net pension liability	3,376
Total OPEB liability	58,800
Total Non-Current Liabilities	<u>4,700</u>
<b>Total Liabilities</b>	<u>66,876</u>
	<u>1,158,650</u>
<b>Deferred Inflows of Resources</b>	
Deferred intflows of resources for pensions	
Deferred intflows of resources for OPEB	14,300
<b>Total Deferred Inflows of Resources</b>	<u>400</u>
	<u>14,700</u>
<b>Net Position</b>	
Investment in capital assets	
Unrestricted	8,486,087
<b>Total Net Position</b>	<u>(17,603)</u>
	<u>\$ 8,468,484</u>

See notes to the basic financial statements.

**CITY OF FREEPORT, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND**  
*For the Year Ended September 30, 2020*

	<b>Business-type Activities</b>
	<b>Water and Sewer</b>
<b>Operating Revenues</b>	
Charges for services	
<b>Total Operating Revenues</b>	<u>\$ 4,793,661</u>
	<u>4,793,661</u>
<b>Operating Expenses</b>	
Personnel services	
Supplies	126,801
Contracted services	21,578
Other	2,585,675
Water purchased	409,980
Depreciation	2,415,600
<b>Total Operating Expenses</b>	<u>525,789</u>
	<u>6,085,423</u>
Operating income (loss)	<u>(1,291,762)</u>
<b>Non-Operating Revenues (Expenses)</b>	
Interest and investment revenue	383
Operating grants and contributions	3,186
<b>Total Non-Operating Revenues (Expenses)</b>	<u>3,569</u>
	<u>(1,288,193)</u>
Income (loss) before transfers	
Transfers in	<u>1,000,000</u>
Change in net position	(288,193)
<b>Net position - beginning</b>	<u>8,756,677</u>
<b>Net position - ending</b>	<u>\$ 8,468,484</u>

**CITY OF FREEPORT, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
For the Year Ended September 30, 2020

	<u>Business-type Activities</u> <u>Water and Sewer</u>
<b>Cash Flows From Operating Activities</b>	
Receipts from customers and users	\$ 5,160,367
Cash payments to employees for services	(127,200)
Cash payments to suppliers for goods and services	(5,064,217)
<b>Net cash provided by (used for) operating activities</b>	<u>(31,050)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Transfers from other funds	1,000,000
<b>Net cash (used for) by noncapital financing activities</b>	<u>1,000,000</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Transfer of proceeds to fiscal agent	3,187
Acquisition and construction of capital assets	(396,947)
<b>Net cash provided by (used for) capital and related financing activities</b>	<u>(393,760)</u>
<b>Cash Flows From Investing Activities</b>	
Investment earnings	383
<b>Net cash provided by investing activities</b>	<u>383</u>
Net increase (decrease) in cash and cash equivalents	575,573
<b>Cash and cash equivalents - beginning of year</b>	<u>11,383</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 586,956</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	\$ (1,291,762)
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>	
Depreciation	525,789
(Increase) decrease in accounts receivable	368,923
(Increase) decrease in prepaid expenses	13,000
(Increase) decrease in pension deferred outflows	(800)
(Increase) decrease in OPEB deferred outflows	(187,901)
Increase (decrease) in interfund payables	556,517
Increase (decrease) in accounts payable	621
Increase (decrease) in other liabilities	(2,217)
Increase (decrease) in customer deposits	(3,520)
Increase (decrease) in accrued compensated absences	900
Increase (decrease) in OPEB liability	(24,200)
Increase (decrease) in net pension liability	13,500
Increase (decrease) in pension deferred inflows	100
Increase (decrease) in OPEB deferred inflows	<u>1,260,712</u>
<b>Total adjustments</b>	<u>1,260,712</u>
<b>Net cash provided by (used for) operating activities</b>	<u>\$ (31,050)</u>

See notes to the basic financial statements.



**CITY OF FREEPORT, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**Note 1 - Organization**

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.

**Note 2 - Summary of Significant Accounting Policies**

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**A. Reporting Entity**

***Primary government***

The City is considered an independent entity for financial reporting purposes and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared, based on considerations regarding the potential for inclusion of other entities, organizations, or functions, as part of the City's financial reporting entity. Based on these considerations, the City's basic financial statements do not include any other entities. 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 part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are: that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments.

Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The members of City council (the "members") are elected by the public and have the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the City is considered a primary government for financial reporting purposes.

**CITY OF FREEPORT, TEXAS**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)*

**Note 2 - Summary of Significant Accounting Policies (continued)**

**A. Reporting Entity (continued)**

*Blended Component Units*

**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 the 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. In prior years, the Freeport Economic Development Corporation (the "Corporation") provided services entirely or, almost entirely, to the City or otherwise exclusively or almost exclusively benefited the City even though it did not provide services directly to it and is reported as a blended component unit. However, during the years ended September 30, 2007 through 2014, the Corporation constructed and entered into a long-term lease for a marina with a company unrelated to the City. Because of this, the City was reported as a discretely presented component unit until it divested itself of the marina operations. During the current year, it was reported as a blended component unit.

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

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.

**B. Government-wide and Fund 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 non-fiduciary activities of the primary government and its blended component units. For the most part, the effect of interfund activity has been eliminated from these statements. However, interfund services provided and used are not eliminated in the consolidation process. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for support.

**CITY OF FREEPORT, TEXAS**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)*

**Note 2 - Summary of Significant Accounting Policies (continued)**

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are designated to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. 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.

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 if 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 are generally 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.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Property taxes collected within 60 days subsequent to September 30, 2020, have not been recorded as revenue as the amount is not considered material. Franchise taxes and sales taxes relating to underlying transactions that occurred prior to September 30, 2020, have been recorded as receivables and revenue. Licenses and permits and fines are not susceptible to accrual since they are not measurable until received. Revenue on federal and state cost-reimbursement grants is accrued when the related expenditures are incurred. Interest is recorded when earned.

The City reports two major governmental funds:

The *General Fund* is used to account for all financial transactions that are not accounted for in other funds of the City. The principal sources of revenue of the General Fund are property taxes, sales and use taxes, franchise taxes, licenses and permits, and fines and forfeitures. Expenditures are for general government, public safety, public works and parks and recreation.

The 2020 CO Bond CIP Fund is used to account for the proceeds from and expenditures of the 2020 certificates of obligation.

**CITY OF FREEPORT, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**Note 2 - Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)**

The City reports one major proprietary fund:

The *Water and Sewer Enterprise Fund* is used to account for operations of the water and sewer division and the construction of related facilities. The fund is financed and operated in a manner similar to private business enterprises -- where the intent of the City is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. 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.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

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

Net position is categorized into three components – net investment in capital assets, restricted, and unrestricted. These classifications are as follows:

- Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings.
- Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors or laws or regulations of other governments or constraints imposed by law through contractual provisions or enabling legislation.
- Unrestricted net position - This component of net position consists of the balance of net position that does not meet the definition of the other components noted above.

**D. Cash and Cash Equivalents**

The City reports cash and cash equivalents in the City's statement of cash flows for Proprietary Fund types and in all other financial statements of financial position. The City considers cash and cash equivalents to be cash on hand, demand deposits, certificates of deposit, balances in public funds investment pools and short-term investments with original maturities of three months or less from the date of acquisition.

The City's local government investment pools are recorded at amortized costs.

**CITY OF FREEPORT, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**Note 2 - Summary of Significant Accounting Policies (continued)**

**E. Receivables and payables**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles.

The City levies taxes on or about October 1, of each year. Property taxes attach as an enforceable lien on property as of January 1. These taxes are due by January 31, and are considered delinquent after that date, at which time interest is charged at a rate established by the state property tax code. Collections made on or after July 1, are subject to an additional fifteen percent collection fee. Property tax revenue is recognized when levied to the extent that they are available. The combined tax rate to finance general governmental service and debt service for the year ended September 30, 2020 was \$0.62800 per \$100 of assessed valuation.

**F. Inventories and Prepaid Items**

In accordance with the consumption method of accounting, both inventories and prepaid items of governmental funds are recorded as expenditures when consumed rather than when purchased.

Inventories of the General and Enterprise Funds are valued at the lesser of cost (weighted moving average) or fair value. Inventories for all funds consist of expendable supplies held for consumption, and the cost thereof is recorded as an expense/expenditure at the time the inventory items are issued (consumption method).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**G. Capital Assets**

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of one year. All purchased capital assets are valued at cost where historical records exist. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements, including public domain, and equipment are capitalized and depreciated over the remaining useful lives of the related capital assets using the straight-line method, as applicable.

<u>Asset</u>	<u>Estimated Useful Lives</u>
Utility Plant	40 years
Vehicles and Equipment	5-15 years
Building and improvements	10-20 years

**CITY OF FREEPORT, TEXAS**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)*

**Note 2 - Summary of Significant Accounting Policies (continued)**

**H. Compensated Absences**

Employees earn vacation based on years of service with the City. In accordance with GAAP, the liability for accumulated vacation at September 30, 2020, has been recorded as a liability in the Government-Wide Statement of Net Position.

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 September 30, 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.

**I. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure/reduction of liability) until then. The City has the following items that qualify for reporting in this category.

- Deferred outflows of resources for pension - Reported in the government wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of 1) differences between projected and actual earnings on pension plan investments; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) changes in the City's proportional share of pension liabilities. The deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the plan.
- Deferred outflows of resources for other post-employment benefits ("OPEB") - Reported in the government wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of 1) differences between projected and actual earnings on OPEB plan investments and 2) changes in the City's proportional share of OPEB liabilities. The deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on OPEB plan investments will be amortized over a closed five-year period. The remaining OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the plan.

**CITY OF FREEPORT, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**Note 2 - Summary of Significant Accounting Policies (continued)**

**I. Deferred Outflows/Inflows of Resources (continued)**

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue or reduction of expense) until that time. The City has the following items that qualify for reporting in this category.

- Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes, EMS services, and other miscellaneous items arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows of resources for pension - Reported in the government wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions; 2) differences between expected and actual actuarial experiences and 3) changes in the City's proportional share of pension liabilities. These pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- Deferred inflows of resources for other post-employment benefits ("OPEB") - Reported in the government wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions and 2) differences between expected and actual actuarial experiences. These OPEB related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the plan.

**J. Debt Service**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

**K. Use of Estimates**

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

## **CITY OF FREEPORT, TEXAS**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

#### **Note 2 - Summary of Significant Accounting Policies (continued)**

##### **L. Fund Equity**

In the fund financial statements, the City categorizes portions of fund balance into categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

*Non-spendable fund balance* – amounts that are not in spendable form or are legally or contractually required to be maintained intact.

*Restricted fund balance* – amounts that are subject to external restrictions from creditors, grantors, contributors, or laws of other governments.

*Committed fund balance* - amounts constrained for specific purposes as determined by a formal action of City Council. City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances approved by City Council. City Council will approve obligations of funds, such as multiyear contracts, prior to the end of the fiscal year.

*Assigned fund balance* - amounts the City intends to use for a specific purpose that is neither restricted or committed and includes the remaining positive fund balance of all governmental funds except for the General Fund. Balances for encumbrances, other than those committed by City Council, fall into this category. Under the City's adopted policy, Resolution No. 465, intent to assign fund balance can be established by City Council or delegated to the City Administrator.

*Unassigned fund balance* - amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The City's council meets on a regular basis to manage and review cash financial activities and to ensure compliance with established policies. The City's Unassigned General Fund Balance is maintained to provide the City with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The unassigned General Fund Balance may only be appropriated by resolution of the council. Fund Balance of the City may be committed for a specific source by formal action of the council. Amendments or modifications of the committed fund balance must also be approved by formal action by the council. When it is appropriate for fund balance to be assigned, the City council has delegated authority to the City Manager or the Finance Director. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, followed by assigned fund balance, and lastly, unassigned fund balance.

##### **M. Revenues and Expenditures/Expenses**

In the fund financial statements revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred. Revenues and expenses in the Government-wide Statement of Activities are recognized in essentially the same manner as used in commercial accounting.



**CITY OF FREEPORT, TEXAS**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)*

**Note 2 - Summary of Significant Accounting Policies (continued)**

**N. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Open encumbrances are reported as assigned fund balances since they do not constitute expenditures or liabilities. Encumbrances outstanding at year-end are appropriately provided for in the subsequent year's budget.

**O. Pensions**

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City'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. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company.

**P. Other-Post Employment Benefits (OPEB)**

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.

Additionally, the City participates in a defined-benefit group-term life insurance plan, both for current and retired employees, administered by the Texas Municipal Retirement System (TMRS). The City reports the total liability for this plan on the government-wide and proprietary fund financial statements. Information regarding the City's total OPEB liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company.

**Q. New Accounting Standards**

GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. This Statement was issued in March 2020. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders considering the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides applicable to the City including the following:

- Statement No. 84, Fiduciary Activities
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Statement No. 87, Leases
- Implementation Guide No. 2019-3, Leases.

The City plans on implementing GASB No. 84 Fiduciary Activities in fiscal year 2021 and GASB No. 87 Leases in fiscal year 2022.

**CITY OF FREEPORT, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**Note 3 - Deposits and Investments**

The City classifies deposits and investments for financial statement purposes as cash and temporary investments, and investments based upon both liquidity (demand deposits) and maturity date (deposits and investments) of the asset at the date of purchase. For this purpose a temporary investment is one that when purchased had a maturity date of three months or less. The City's bank balances were fully insured or collateralized with securities held by the City's agent in the City's name at September 30, 2020.

The following schedule shows the City's recorded cash and cash equivalents at year-end:

	<u>Carrying Value</u>
<b>Governmental Activities</b>	
Cash on hand	\$ 1,492
Cash deposits	10,054,695
Total cash	<u>10,056,187</u>
<b>Investments:</b>	
Local Government Investment Pools:	
TexPool	<u>6,389,417</u>
<b>Total Governmental Activities</b>	<u>16,445,604</u>
<b>Business-type Activities</b>	
Cash on hand	180
Cash deposits	586,776
Total Business-type Activities	<u>586,956</u>
<b>Total Cash and Investments</b>	<u>\$ 17,032,560</u>

**Custodial Credit Risk**

Custodial credit risk is the risk that a government will not be able to recover (a) deposits if the depository financial institution fails or (b) the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails. To minimize such risk, the City requires collateralization of most deposits in excess of coverage, utilizes the delivery vs. payment method for investment purchases, and contracts with a third-party custodian as evidenced by safekeeping receipts of the institution with which the securities are deposited. The City requires all deposits with financial institutions be collateralized in an amount equal to 102 percent of uninsured balances.

Under Texas state law, a bank serving as the City depository must have a bond or in lieu thereof, deposited or pledged securities with the City or an independent third party agent, an amount equal to the highest daily balance of all deposits the City may have during the term of the depository contract, less any applicable FDIC insurance. Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the City to invest its funds under written investment policy (the "investment policy") that primarily emphasizes safety of principal and liquidity, addresses investment diversification, yield, and maturity and addresses the quality and capability of investment personnel. This investment policy defines what constitutes the legal list of investments allowed under the policies, which excludes certain instruments allowed under chapter 2256 of the Texas Government Code.

**CITY OF FREEPORT, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**Note 3 - Deposits and Investments (continued)**

**Investments**

The City's deposits and investments are invested pursuant to the investment policy, which is approved by the City Council. The investment policy includes lists of authorized investment instruments and allowable stated maturity of individual investments. In addition it addresses the priorities of preservation of capital, liquidity, diversification and yield. Additionally, the soundness of financial institutions (including broker/dealers) in which the City will deposit funds is addressed. The City's investment policy and types of investments are governed by the Public Funds Investment Act (PFIA).

The City is authorized to invest in the following investment instruments provided that they meet the guidelines of the investment policy:

1. Obligations of the United States of America, its agencies and instrumentalities.
2. Certificates of Deposit issued by a depository institution that has its main office or a branch in Texas.
3. No-load Money Market Mutual Funds that 1) are registered and regulated by the Securities and Exchange Commission, 2) have a dollar weighted average stated maturity of 90 days or less, 3) seek to maintain a net asset value of \$1.00 per share and 4) are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service.
4. Local Government Investment Pools, authorized by a separate resolution, which meet the requirements of Chapter 2256.016 of the Public Funds Investment Act and are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service

For fiscal year 2020, the City invested in the State of Texas TexPool. TexPool operates in a manner consistent with the Security and Exchange Commission's Rule 2a7 of the Investment Company Act of 1940.

TexPool is duly chartered and overseen by the State Comptroller's Office and administered by Federated Investors, Inc. The State Street Bank is the custodial bank. The portfolio consists of U.S. T-Bills, T-Notes, collateralized repurchase and reverse repurchase agreements, and no-load money market mutual funds regulated by the Securities and Exchange Commission and rated AAA or equivalent by at least one nationally recognized rating service. Lone Star Investment Pool is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by First Public, LLC, and managed by Standish Mellon and American Beacon Advisors. The Bank of New York is the custodial bank.

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the local government investment pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

At year-end, the City had the following investments subject to interest rate risk disclosure, under U.S. generally accepted accounting principles:

<b>Investment Type</b>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>	<u>Weighted Average Maturities (Days)</u>
Local Government Investment Pools:			
TexPool	\$ 6,389,417	100%	34

**CITY OF FREEPORT, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**Note 3 - Deposits and Investments (continued)**

**Interest rate Risk**

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The City monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the City reduces its exposure to declines in fair values by limiting the weighted average maturity of the composite portfolio to 365 days or less.

**Credit Risk**

At year-end, balances in TexPool, a privately-managed public fund investment pools rated AAAM by Standard and Poor's Ratings Services. All credit ratings meet acceptable levels required by guidelines prescribed by both the PFIA and the City's investment policy.

**Note 4 - Receivables**

Amounts recorded as receivables as of September 30, 2020, for the government's individual major and non-major funds, including the applicable allowance for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Water and Sewer Fund</u>	<u>Total</u>
<b>Receivables:</b>				
Property taxes	\$ 218,009	50,112	\$ -	\$ 268,121
Sales taxes	364,970	249,046	-	614,016
Fines and forfeitures	2,641,418	-	-	2,641,418
EMS	480,352	-	-	480,352
Garbage collection	157,808	-	-	157,808
Water and Sewer	-	-	589,974	589,974
Other Governments	171,401	-	58,143	229,544
Other	337,628	-	-	337,628
Gross Receivables	<u>4,371,586</u>	<u>299,158</u>	<u>648,117</u>	<u>5,318,861</u>
Less: allowance for uncollectibles	<u>(2,750,459)</u>	<u>(14,197)</u>	<u>(119,188)</u>	<u>(2,883,844)</u>
<b>Net Total Receivables</b>	<u>\$ 1,621,127</u>	<u>\$ 284,961</u>	<u>\$ 528,929</u>	<u>\$ 2,435,017</u>

**CITY OF FREEPORT, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**Note 4 - Receivables (continued)**

**Unavailable Revenue**

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. As of September 30, 2020, the various components of deferred outflows of resources reported in the governmental funds were as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Property taxes	\$ 158,414	\$ 33,411	\$ 191,825
Fines and forfeitures	312,161	-	312,161
Ambulance services	156,462	-	156,462
FEMA disaster relief	171,401	-	171,401
	<u>\$ 798,438</u>	<u>\$ 33,411</u>	<u>\$ 831,849</u>

**Note 5 - Capital Assets**

A summary of activity for capital assets capitalized by the City for the year ended September 30, 2020, follows:

	<u>Balance October 01, 2019</u>	<u>Additions</u>	<u>Transfers and (Retirements)</u>	<u>Balance September 30, 2020</u>
<b>Governmental Activities</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 4,915,116	\$ -	\$ -	\$ 4,915,116
Construction in progress	550,820	314,354	(865,174)	-
<b>Total capital assets, not being depreciated</b>	<u>5,465,936</u>	<u>314,354</u>	<u>(865,174)</u>	<u>4,915,116</u>
<b>Capital assets being depreciated:</b>				
Streets and improvements	24,151,283	467,818	865,174	25,484,275
Buildings and improvements	5,924,367	854,569	1,047,438	7,826,374
Furniture, equipment, and vehicles	14,492,235	569,982	(764,143)	14,298,074
Assets under lease	710,284	-	(387,548)	322,736
<b>Total capital assets, being depreciated</b>	<u>45,278,169</u>	<u>1,892,369</u>	<u>760,921</u>	<u>47,931,459</u>
<b>Less accumulated depreciation for:</b>				
Streets and improvements	(17,228,148)	(878,774)	-	(18,106,922)
Buildings and improvements	(4,201,216)	(330,064)	(1,028,593)	(5,559,873)
Furniture, equipment, and vehicles	(10,952,931)	(1,101,063)	679,145	(11,374,849)
Assets under lease	(363,850)	(140,069)	368,862	(135,057)
<b>Total accumulated depreciation</b>	<u>(32,746,145)</u>	<u>(2,449,970)</u>	<u>19,414</u>	<u>(35,176,701)</u>
<b>Total Governmental Activities</b>				
<b>Capital Assets, net</b>	<u>\$ 17,997,960</u>	<u>\$ (243,247)</u>	<u>\$ (84,839)</u>	<u>\$ 17,669,874</u>

**CITY OF FREEPORT, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**Note 5 - Capital Assets (continued)**

	Balance October 01, 2019	Additions	Transfers and (Retirements)	Balance September 30, 2020
<b>Business-type Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 56,200	\$ -	\$ -	\$ 56,200
<b>Total capital assets, not being depreciated</b>	<u>56,200</u>	<u>-</u>	<u>-</u>	<u>56,200</u>
Capital assets being depreciated:				
Water and sewer system	25,346,653	311,672	-	25,658,325
Furniture, equipment, and vehicles	146,765	85,275	-	232,040
<b>Total capital assets being depreciated</b>	<u>25,493,418</u>	<u>396,947</u>	<u>-</u>	<u>25,890,365</u>
Less accumulated depreciation for:				
Utility and street projects	(16,787,924)	(508,734)	-	(17,296,658)
Furniture, equipment, and vehicles	(146,765)	(17,055)	-	(163,820)
<b>Total accumulated depreciation</b>	<u>(16,934,689)</u>	<u>(525,789)</u>	<u>-</u>	<u>(17,460,478)</u>
<b>Business-type Activities</b>				
<b>Capital Assets, Net</b>	<u>\$ 8,614,929</u>	<u>\$ (128,842)</u>	<u>\$ -</u>	<u>\$ 8,486,087</u>

Depreciation was charged to functions of the primary government as follows:

Function	Depreciation Expense
<b>Governmental Activities</b>	
General Administration	\$ 287,643
Economic Development	90,444
Public Safety	760,265
Service Center	20,346
Streets and Drainage	777,634
Parks and Recreation	513,638
Total Governmental Activities	<u>\$ 2,449,970</u>
<b>Business-type Activities</b>	
Water and sewer	<u>\$ 525,789</u>

**CITY OF FREEPORT, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**Note 6 - Long-Term Debt**

During the year ended September 30, 2020, the following changes occurred in long-term liabilities:

	Balance 10/1/2019	Additions	Reductions	Balance 9/30/2020	Due Within One Year
<b>Governmental Activities:</b>					
Certificates of obligation	\$ 1,080,000	\$ 7,735,000	\$ (520,000)	\$ 8,295,000	\$ 415,000
Premiums on issuance of debt	-	442,775	-	442,775	-
Notes payable	774,277	-	(774,277)	-	-
Capital leases	340,479	-	(122,572)	217,907	35,955
Compensated absences	461,859	339,065	(377,098)	423,826	169,530
Total Governmental Activities	\$ 2,656,615	\$ 8,516,840	\$ (1,793,947)	\$ 9,379,508	\$ 620,485
<b>Business-type Activities:</b>					
Compensated absences	\$ 6,896	\$ 3,806	\$ (7,326)	\$ 3,376	\$ 1,350
Total Business-type Activities	\$ 6,896	\$ 3,806	\$ (7,326)	\$ 3,376	\$ 1,350

**Certificates of Obligation**

On August 24, 2020, the City issued \$7,735,000 Combination Tax and Revenue Certificates of Obligation, Series 2020 (the "Certificates"). Proceeds from the sale of the Certificates will be used for (i) construction of improvements to and the equipment of city streets, sidewalks and related infrastructure; (ii) construction of improvements to and the equipment of city drainage facilities; (iii) the construction of improvements to and the equipment of city hall; (iv) construction of improvements to and the equipment of city parks and recreational facilities; and (v) the costs of professional services related thereto.

Outstanding certificates of obligation at 9/30/2020 consist of the following:

Series	Interest Rate	Original Issue	Maturity Date	Debt Outstanding
Series 2008 Certificate of Obligation	3.79%	\$ 3,350,000	4/1/2023	\$ 560,000
Series 2020 Combination Tax and Revenue Certificates of Obligation	1.125% - 4.125%	7,735,000	4/1/2040	7,735,000
Total Certificates of Obligation				\$ 8,295,000

Annual debt service requirements to retire outstanding certificate of obligation bonds are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2021	\$ 415,000	\$ 128,448	\$ 543,448
2022	325,000	165,324	490,324
2023	340,000	152,840	492,840
2024	360,000	139,768	499,768
2025	365,000	133,468	498,468
2026-2030	1,930,000	554,656	2,484,656
2031-2035	2,200,000	291,982	2,491,982
2036-2040	2,360,000	132,250	2,492,250
	\$ 8,295,000	\$ 1,698,736	\$ 9,993,736

**CITY OF FREEPORT, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**Note 6 - Long-Term Debt (continued)**

**Capital Leases**

The City is obligated under certain leases accounted for as capital leases. The leased assets and related obligations are accounted for in the statement of net position. Assets under capital leases totaled \$322,736 at September 30, 2020. The following is a schedule of future minimum lease payments under capital leases:

<u>Payments Due</u>	<u>Year Ending</u>	<u>September 30,</u>	
	2021		\$ 44,782
	2022		44,782
	2023		145,432
Minimum lease payments for all capital leases			234,996
Imputed interest			(17,089)
Present value - minimum lease payments			<u>\$ 217,907</u>
Assets under capital leases			<u>\$ 187,679</u>

On August 28, 2018, the City entered into a lease-purchase agreement for fifty- five (55) 2019 club car tempo EFI gas golf carts from September 1, 2018 through November 1, 2022, which calls for thirty-six (36) monthly payments of \$ 3,732. Current requirements for principal and interest expense accounted for in the culture and recreation department were \$35,626 and \$12,888

**Compensated absences**

Typically, the general fund and water and sewer fund have been used to liquidate the liabilities for compensated absences.

**Operating Leases**

**Lessor**

The City leases various office space as well as park and community house rentals as lessor. These leases are considered operating leases for accounting purposes and are reported as income in the General Fund. The office leases are on a month-to-month basis. The park and community house rentals are based upon usage.

Operating lease and rental income for the year ended September 30, 2020, was as follows:

Office lease Income	\$252,566
Office rental income	\$41,447



**CITY OF FREEPORT, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**Note 6 - Long-Term Debt (continued)**

**Lessee**

During the year ended September 30, 2018, the City entered into a 5 year operating lease agreements for copy machines and a digital mailing system which calls for monthly payments of \$625 and \$153

Operating lease expense for the year ended September 30, 2020 was \$64,408

**Note 7 - Interfund receivables, payables, and transfers**

The composition of interfund balances as of September 30, 2020, is as follows:

	General Fund	Receivable Fund		Totals
		Non-major Governmental Funds	Water and Sewer Fund	
<b>Payable Fund</b>				
<b>Governmental activities</b>				
General fund	\$ -	\$ 56,839	\$ 56,607	\$ 113,446
Nonmajor governmental funds	28,825	-	-	28,825
<b>Net interfund totals</b>	<u>\$ 28,825</u>	<u>\$ 56,839</u>	<u>\$ 56,607</u>	<u>\$ 142,271</u>

**Note 7 - Interfund receivables, payables, and transfers (continued)**

Transfers out	Transfers in		
	Non-major Governmental Funds	Water and Sewer Fund	Net
<b>Governmental activities</b>			
General fund	1,663,360	\$ 1,000,000	\$ 2,663,360
Nonmajor governmental funds	13,234	-	13,234
Total governmental activities, net	<u>1,676,594</u>	<u>1,000,000</u>	<u>2,676,594</u>
<b>Net interfund totals</b>	<u>\$ 1,676,594</u>	<u>\$ 1,000,000</u>	<u>\$ 2,676,594</u>

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

**CITY OF FREEPORT, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**Note 8 - Employee Retirement System**

**Texas Municipal Retirement System**

**Plan Description and Provisions**

The City participates as one of 887 plans in the nontraditional, joint contributory, hybrid agent multiple-employer 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 issue a comprehensive annual financial report (“CAFR”) available to the public that can be obtained at [www.tmr.org](http://www.tmr.org).

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

**Benefits Provided**

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

At retirement, the benefit is calculated as if the sum of the employee’s accumulated 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.

A summary of plan provisions for the City are as follows:

	<u>Plan Year 2019</u>
Employee deposit rate:	7%
Matching ratio (City to employee):	2 to 1
Years required for vesting:	5
Service retirement eligibility:	20 years at any age; 5 years at age 60 and above
Updated Service Credit:	100% repeating transfers
Annuity Increase to retirees:	70% of CPI repeating
Supplemental death benefit – active employees and retirees:	Yes

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	76
Inactive employees entitled to but not yet receiving benefits	108
Number of active employees receiving benefits	<u>124</u>
Total	<u>308</u>

**CITY OF FREEPORT, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**Note 8 - Employee Retirement System (continued)**

**Contributions**

The contributions rate for employees in TMRS are either 5%, 6%, or 7% of the 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 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 liability.

Employees of the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City was 14.25% and 14.30% in calendar years 2019 and 2020 respectively. The City's contributions to TMRS for the year ended September 30, 2020 were \$1,004,021 and were equal to the required contributions.

**Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation rate	2.50%
Salary increases	3.50% to 10.50% including inflation
Investment rate of return	6.75%

Overall Payroll Growth – 2.75% per year, which is used to calculate the contribution rates for the retirement plan of each participating city as a level percentage of payroll. This represents the expected increase in total payroll. This increase rate is solely due to the effect of wage inflation on salaries, with no allowance for future membership growth. However, for cities with a decrease in the number of contributing members from 2008 to 2018, the payroll growth is decreased by half the annual percentage decrease in the count capped at a 1.0% decrease per year and rounded down to the nearest 0.1%.

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.

These 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. 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.

**CITY OF FREEPORT, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**Note 8 - Employee Retirement System (continued)**

The long-term expected rate of return on pension plan investment 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 arithmetic real rates of return for each major asset class in fiscal year 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-core Fixed Income	20.0%	3.39%
Real Estate	10.0%	3.78%
Real Return	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
Total	<u>100.0%</u>	

**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 the 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 period of projected benefit payments to determine the Total Pension Liability.

**Basis of Allocation**

Pension items are allocated between governmental activities and business-type activities on the basis of employee payroll funding. For the year ended September 30, 2020, those percentages were 99% and 1%, respectively, which approximated the prior year’s allocations.

**CITY OF FREEPORT, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**Note 8 - Employee Retirement System (continued)**

**Changes in the Net Pension Liability**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	(a)	(b)	(a) - (b)
Balance at December 31, 2018	\$ 28,655,109	\$ 21,950,722	\$ 6,704,387
Service Cost	1,020,294	-	1,020,294
Interest (on the Total Pension Liability)	1,923,902	-	1,923,902
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(459,710)	-	(459,710)
Changes of assumptions	142,572	-	142,572
Contributions – employer	-	904,482	(904,482)
Contributions – employee	-	444,711	(444,711)
Net investment income	-	3,392,674	(3,392,674)
Administrative Expense	-	(19,175)	19,175
Other	-	(576)	576
Benefit payments, including refunds of employee contributions	(1,326,009)	(1,326,009)	-
Balance at December 31, 2019	<u>\$ 29,956,158</u>	<u>\$ 25,346,829</u>	<u>\$ 4,609,329</u>

**Sensitivity of the net pension liability 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 or (asset) would be if it were calculated using 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 (6.75%)	1% Increase (7.75%)
City's Net Pension Liability	\$ 9,415,740	\$ 4,609,329	\$ 752,620

**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](http://www.tmr.com).

**CITY OF FREEPORT, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**Note 8 - Employee Retirement System (continued)**

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

For the year ended September 30, 2020, the City recognized pension expense of \$1,067,704

At September 30, 2020, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference in expected and actual experience	\$ 83,347	\$ 360,539
Changes of assumptions	100,141	-
Net difference between projected and actual earnings		761,618
Contributions made subsequent to measurement date	769,510	-
	<u>\$ 952,998</u>	<u>\$ 1,122,157</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$769,510 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2019 (recognized in the City’s financial statements September 30, 2020). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended September 30:</b>	<b>Amount</b>
2021	\$ (253,754)
2022	(327,501)
2023	24,786
2024	(382,200)
Total	<u>\$ (938,669)</u>

***Texas Emergency Services Retirement System***

**Plan Description and Provisions**

The Texas Emergency Services Retirement System (TESRS) administers a cost-sharing multiple employer pension system (the System) established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. Direct financial activity for the System is classified in the financial statements as pension trust funds. The System issues a stand-alone financial report that is available to the public at [www.tesrs.org](http://www.tesrs.org).

Due to the insignificance of the amounts and the time required to make such calculations, the City has opted not to record the transactions required to implement GASB No. 68 for the TESRS Pension Plan to the current year financial statements. The net pension liability is estimated to be \$15,484.

**CITY OF FREEPORT, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**Note 9 - Other Post-Employment Benefits (continued)**

**TMRS Supplemental Death Benefits Fund (continued)**

**Actuarial Assumptions**

The City's Total OPEB Liability was measured at December 31, 2018 and was determined by an actuarial valuation as of that date using the following actuarial assumptions:

Inflation	2.50%
Salary increase	3.50% to 11.50% including inflation
Discount rate*	2.75%
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.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

\*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

Notes: The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

**Basis of Allocation**

Pension items are allocated between governmental activities and business-type activities on the basis of employee payroll funding. For the year ended September 30, 2020, those percentages were 99% and 1%, respectively, which approximated the prior year's allocations.

**Changes in the Total OPEB Liability**

Balance at December 31, 2018	\$ 307,011
Changes for the year:	
Service cost	12,706
Interest on Total OPEB Liability	11,579
Difference between expected and actual experience	(15,039)
Changes in assumptions or other inputs	63,192
Benefit payments	(2,541)
Net changes	<u>69,897</u>
Balance at December 31, 2019	<u>\$ 376,908</u>

**CITY OF FREEPORT, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**Note 9 - Other Post-Employment Benefits (continued)**

**TMRS Supplemental Death Benefits Fund (continued)**

Ending total OPEB liability is as of December 31, 2019. Changes of assumptions reflect a change in the discount rate from 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019.

**Sensitivity Analysis**

The following presents the total OPEB liability of the employer, calculated using the discount rate of 2.75%, 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 (1.75%) or 1 percentage point higher (3.75%) than the current rate. Note that the healthcare cost trend rate does not affect the total OPEB liability, so sensitivity to the healthcare cost trend rate is not shown.

	1% Decrease (1.75%)	Current (2.75%)	1% Increase (3.75%)
City's Net OPEB Liability	\$ 458,011	\$ 376,908	\$ 314,007

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

For the year ended September 30, 2020, the City recognized OPEB expense of \$31,942

As of September 30, 2020, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ -	\$ 18,534
Change in assumptions	64,554	15,087
Contributions made subsequent to measurement date	2,151	-
Total	<u>\$ 66,705</u>	<u>\$ 33,621</u>

The \$2,151 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 OPEB liability in the year ending September 30, 2021.

Amounts currently reported as deferred outflows of resources related to OPEBs, excluding contributions subsequent to the measurement date, will be recognized in OPEB expense as follows:

Year ended September 30:	Amount
2021	\$ 7,657
2022	7,657
2023	6,397
2024	4,524
2025	4,698
Total	<u>\$ 30,933</u>



**CITY OF FREEPORT, TEXAS**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)*

**Note 9 - Other Post-Employment Benefits (continued)**

***Retiree Healthcare Plan***

**Plan Description**

The City of Freeport maintains a Retiree Health Care Plan (RHCP) through the TML Health Benefits Pool, a health risk pool established pursuant to Texas Local Government Code Chapter 172, Texas Government Code Chapter 791, and the Texas Trust Code to provide health care benefits coverage for employees and retirees and dependents of employees and retirees, of Texas political subdivisions under an interlocal agreement. The City is currently offering health benefits coverage through the RHCP which allows the extension of benefits to retirees of the City. The City provides health benefits coverage to its retirees through the RHCP and the cost of such coverage be paid for by the City to a maximum of \$750 per month; any additional amount will be the responsibility of the retiree. An employee who is under 60 years of age and has been covered by TMRS (Texas Municipal Retirement System) 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 eight continuous years and meet the definition of retiree for purposes of the ordinance. The Interlocal Agreement in effect between the City and the TML Health Benefits Pool, adopted September 8, 2014, provides that the Board of Trustees may adopt rules and regulations which may amend this plan in the future. Other coverage's will be as established by the TML Health Benefits Pool Board of Trustees.

**Benefits Provided**

The RHCP provides pre sixty-five benefit coverage which will continue until the end of the month for the covered retiree's 65<sup>th</sup> birthday. Coverage for early retirees under these plans will require that the early retiree enroll in the TML Health Benefits Pool plan within 31 days of commencement of their pre 65 retirement, meet the plans definition of retiree, and that the retiree receive all other applicable benefits provided to the retiree population. The pre sixty-five plan offers the retirees a choice of one of four plan options which consist of a platinum, gold, silver, and bronze. Each plan has a specified rate that varies year over year.

At December 31, 2019, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	1
Active Plan Members	<u>118</u>
Total	<u>119</u>

**Total OPEB Liability**

The City's total OPEB liability of \$365,696 was measured as of December 31, 2019 as determined by an actuarial valuation of the same date.

**CITY OF FREEPORT, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**Note 9 - Other Post-Employment Benefits (continued)**

**Retiree Healthcare Plan (continued)**

**Actuarial Assumptions and Methods**

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Individual Entry-Age Normal
Discount rate	2.75%
Inflation	2.50%
Salary increase	3.50% to 11.50% including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (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	Health Care Trend Rates Initial rate of 7.00% declining to an ultimate rate of 4.15% after 15 years
Participation Rates	30% for retirees age 55 or older at retirement; 10% for retirees under age 55 at retirement

**Discount Rate**

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 2.75% (based on the daily rate closest to but not later than the measurement date of the Fidelity “20-Year Municipal GO AA Index”). The discount rate was 3.71% as of the prior measurement date.

**Plan Assets**

There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**Changes in the Total OPEB Liability**

Balance at December 31, 2018	\$ 502,717
Changes for the year:	
Service cost	26,027
Interest on Total OPEB Liability	16,948
Change in benefit terms	(106,501)
Difference between expected and actual experience	(99,594)
Changes in assumptions or other inputs	33,523
Benefit payments	(7,424)
Net changes	<u>(137,021)</u>
Balance at December 31, 2019	<u>\$ 365,696</u>

**CITY OF FREEPORT, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**Note 9 - Other Post-Employment Benefits (continued)**

**Retiree Healthcare Plan (continued)**

The ending Total OPEB Liability was \$365,696 as of December 31, 2019.

Changes of assumptions reflect a change in the discount rate from 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019, and minor updates to the health care trend assumption.

**Sensitivity of the total OPEB liability to changes in the discount rate**

The following presents the plan's total OPEB liability, calculated using a discount rate of 2.75%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	<b>1% Decrease (1.75%)</b>	<b>Current Discount Rate Assumptions (2.75%)</b>	<b>1% Increase (3.75%)</b>
Retiree Health Care Plan	\$ 409,318	\$ 365,696	\$ 326,877

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates**

The employer provided benefit is not affected by sensitivity in healthcare trends

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

For the year ended September 30, 2020, the City recognized a (negative) OPEB expense of (\$71,041)

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference in expected and actual experience	\$ -	\$ 88,313
Change in assumptions	42,653	12,666
Contributions made subsequent to measurement date	2,267	-
Total	<u>\$ 44,920</u>	<u>\$ 100,979</u>

The \$2,267 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, 2020.

**CITY OF FREEPORT, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**Note 9 - Other Post-Employment Benefits (continued)**

**Retiree Healthcare Plan (continued)**

Amounts currently reported as deferred outflows of resources related to OPEB, excluding contributions subsequent to the measurement date, will be recognized in OPEB expense as follows:

Year ended	
September 30:	Amount
2021	\$ (7,515)
2022	(7,515)
2023	(7,515)
2024	(7,515)
2025	(7,515)
Thereafter	(20,751)
Total	<u>\$ (58,326)</u>

**Note 10 - 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.

**Note 11 - 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, 2020 was \$7,640,258 and is reported in the General Fund.

**Note 12 - Subsurface Lease Agreement**

The City entered into a subsurface lease agreement with the Dow Chemical Corporation in July 2017. The terms of the lease agreement is July 31, 2017 through July 31, 2037 with an option to extend the term for an additional 5 years through July 31, 2042. The City will receive a total of \$8,000,000 throughout the life of the lease. The amount received under this contract during the year ended September 30, 2020 was \$100,000

**Note 13 - 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.

**CITY OF FREEPORT, TEXAS**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)*

**Note 14 - Joint Venture**

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, 2020, the City of Freeport's portion of these expenses \$82,434.

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. For the year ended September 30, 2020, the City paid \$125,000 for their portion of the operating costs.

**Note 15 - Commitments and Contingencies**

**Litigation and Other Contingencies**

From time to time, the City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of City Management and legal counsel that any ultimate uninsured liability to the City from these lawsuits will not be material.

**Arbitrage Rebate**

In accordance with the provisions of the Internal Revenue Code, sections 103, 103A, and 148, as amended, a governmental debt issuance must qualify and maintain tax-exempt status by satisfying certain arbitrage requirements contained in these provisions. As part of the requirements, certain amounts earned on the non-purpose investment of debt issuance proceeds, in excess of the yield on an issue, earned as arbitrage, will be required to be paid to the U.S. Treasury. As part of this process, the City annually determines potential arbitrage liabilities on its debt issues, on component unit debt issues and on debt issues assumed by the City from various Municipal Utility Districts.

**Note 16 - 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 in the Texas Municipal League's General Liability Fund. In addition, the City participates in the Texas Municipal League's Workers Compensation Fund to insure the City for workers compensation claims. The Texas Municipal League is not intended to operate as an insurance company but rather as contracting mechanism by which the city provides self-insurance benefits to its employees. The fund contracts with a third-party administrator for administration, investigation and adjustment services in the handling of claims. Premiums are based on the estimated City payroll risk factor and rates. The premiums are adjusted by the City's experience modifier. All loss contingencies, including claims incurred but not reported, if any, are recorded and accounted for by the TML Pool. The City has not significantly reduced insurance coverage in the last three years.

**REQUIRED SUPPLEMENTARY INFORMATION**

*(This page intentionally left blank.)*

**CITY OF FREEPORT, TEXAS**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

*For the Year Ended September 30, 2020*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>				
Taxes:				
Property taxes	\$ 2,601,000	\$ 2,601,000	\$ 2,596,780	\$ (4,220)
Sales and use taxes	2,040,000	2,040,000	1,988,720	(51,280)
Franchise fees and other	638,278	638,278	630,750	(7,528)
Industrial district	7,969,830	7,969,830	7,640,258	(329,572)
Fines and forfeitures	287,800	287,800	227,954	(59,846)
Licenses and permits	119,041	119,041	126,330	7,289
Intergovernmental	282,595	282,595	380,188	97,593
Charges for services	2,196,664	2,196,664	1,978,877	(217,787)
Investment earnings	140,000	140,000	85,363	(54,637)
Miscellaneous	270,000	270,000	250,805	(19,195)
Lease income	282,574	282,574	252,566	(30,008)
<b>Total Revenues</b>	<u>16,827,782</u>	<u>16,827,782</u>	<u>16,158,591</u>	<u>(669,191)</u>
<b>Expenditures</b>				
Current:				
General government	2,119,095	2,119,095	1,967,066	152,029
Public safety	7,292,895	7,292,895	7,184,511	108,384
Streets and drainage	1,344,960	1,344,960	1,329,570	15,390
Sanitation	992,453	992,453	980,664	11,789
Service center	190,890	190,890	181,985	8,905
Culture and recreation	3,320,802	3,320,802	2,764,365	556,437
Capital outlay	2,249,906	2,249,906	756,239	1,493,667
Debt service:				
Principal	262,959	262,959	122,572	140,387
Interest and other charges	10,599	10,599	12,872	(2,273)
<b>Total Expenditures</b>	<u>17,784,559</u>	<u>17,784,559</u>	<u>15,299,844</u>	<u>2,484,715</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(956,777)</u>	<u>(956,777)</u>	<u>858,747</u>	<u>1,815,524</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(2,713,842)</u>	<u>(2,713,842)</u>	<u>(2,663,360)</u>	<u>50,482</u>
<b>Total other financing sources (uses)</b>	<u>(2,713,842)</u>	<u>(2,713,842)</u>	<u>(2,663,360)</u>	<u>50,482</u>
Net changes in fund balances	(3,670,619)	(3,670,619)	(1,804,613)	1,866,006
<b>Fund balances - beginning</b>	<u>8,823,622</u>	<u>8,823,622</u>	<u>8,823,622</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 5,153,003</u>	<u>\$ 5,153,003</u>	<u>\$ 7,019,009</u>	<u>\$ 1,866,006</u>



**CITY OF FREEPORT, TEXAS**

***NOTES TO THE REQUIRED SUPPLEMENTARY BUDGET INFORMATION***

***Year Ended September 30, 2020***

**General Budget Policies**

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.

**CITY OF FREEPORT, TEXAS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM (UNAUDITED)**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Last Six Measurement Years**

	<u>2019</u>	<u>2017</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability:</b>						
Service cost	\$ 1,020,294	\$ 972,644	\$ 1,069,778	\$ 941,887	\$ 867,502	\$ 749,370
Interest	1,923,902	1,828,285	1,693,736	1,586,800	1,511,254	1,424,774
Difference between expected and actual experience	(459,710)	(84,705)	462,205	(31,659)	276,833	(132,087)
Change in assumptions	142,572	-	-	-	116,881	-
Benefit payments, including refunds of employee contributions	<u>(1,326,009)</u>	<u>(1,321,000)</u>	<u>(1,046,653)</u>	<u>(906,817)</u>	<u>(874,894)</u>	<u>(856,501)</u>
Net change in total pension liability	1,301,049	1,395,224	2,179,066	1,590,211	1,897,576	1,185,556
Total pension liability - beginning	<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>
Total pension liability - ending (a)	<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>
<b>Plan fiduciary net position:</b>						
Contributions - employer	\$ 904,482	\$ 896,313	\$ 944,578	\$ 773,757	\$ 699,079	\$ 600,889
Contributions - employee	444,711	440,294	464,589	409,932	385,600	348,367
Net investment income	3,392,674	(677,553)	2,709,724	1,221,694	26,362	962,281
Benefit payments, including refunds of employee contributions	(1,326,009)	(1,321,000)	(1,046,653)	(906,817)	(874,894)	(856,501)
Administrative expense	(19,175)	(13,099)	(14,056)	(13,803)	(16,057)	(10,047)
Other	<u>(576)</u>	<u>(684)</u>	<u>(712)</u>	<u>(744)</u>	<u>(792)</u>	<u>(826)</u>
Net change in plan fiduciary net position	3,396,107	(675,729)	3,057,470	1,484,019	219,298	1,044,163
Plan fiduciary net position - beginning	<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>
Plan fiduciary net position - ending (b)	<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>
<b>Net pension liability - ending (a) - (b)</b>	<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>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	84.61%	76.60%	83.00%	78.02%	76.99%	82.74%
<b>Covered payroll</b>	\$ 6,353,014	\$ 6,275,121	\$ 6,636,342	\$ 5,846,596	\$ 5,501,315	\$ 4,976,675
<b>Net pension liability as a percentage of covered payroll</b>	72.55%	106.84%	69.82%	94.27%	98.26%	74.90%

The amounts presented are for each measurement year, which end the preceding December 31 of the City's fiscal year end. Net pension liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 68.

Ten years of data should be presented in this schedule but data was unavailable prior to 2014.

**CITY OF FREEPORT, TEXAS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM (UNAUDITED)**  
**Schedule of the City's Pension Contributions**  
**Last Six Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 1,004,021	\$ 892,025	\$ 912,207	\$ 773,757
Contribution in relation of the actuarially determined contribution	<u>1,004,021</u>	<u>892,025</u>	<u>912,207</u>	<u>773,757</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 7,028,033	\$ 6,444,398	\$ 6,461,534	\$ 5,846,596
Contributions as a percentage of covered payroll	14.3%	13.8%	14.1%	13.2%
	<u>2016</u>	<u>2015</u>		
Actuarially determined contribution	\$ 699,079	\$ 677,622		
Contribution in relation of the actuarially determined contribution	<u>699,079</u>	<u>677,622</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>		
Covered payroll	\$ 5,501,315	\$ 4,976,675		
Contributions as a percentage of covered payroll	12.7%	13.6%		

Valuation Date Actuarially determined contribution rates are calculated on a calendar year basis 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	26 Years
Asset valuation method	10-year smoothed market; 15% soft corridor
Inflation rate	2.50%
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 rate	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 basis with scale UMP.

**CITY OF FREEPORT, TEXAS**

**TEXAS MUNICIPAL RETIREMENT SYSTEM SUPPLEMENTAL DEATH BENEFIT (UNAUDITED)**

*Schedule of Changes in Total OPEB Liability and Related Ratios*

*Last Three Measurement Years*

	2019	2018	2017
<b>Total OPEB liability:</b>			
Service cost	\$ 12,706	\$ 11,923	\$ 10,618
Interest	11,579	10,724	10,509
Difference between expected and actual experience	(15,039)	(9,540)	-
Change in assumptions	63,192	(23,177)	26,796
Benefit payments	(2,541)	(1,883)	(3,318)
Total change in total OPEB liability	69,897	(11,953)	44,605
Total OPEB liability - beginning	307,011	318,964	274,359
Total OPEB liability - ending (a)	<u>\$ 376,908</u>	<u>\$ 307,011</u>	<u>\$ 318,964</u>
<b>Covered payroll</b>	<b>\$ 6,353,014</b>	<b>\$ 6,275,121</b>	<b>\$ 6,636,342</b>
<b>Total OPEB liability as a percentage of covered payroll</b>	<b>5.93%</b>	<b>4.89%</b>	<b>4.81%</b>

The amounts presented are for each measurement year, which end the preceding December 31 of the City's fiscal year end. Total OPEB liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 75.

Ten years of data should be presented in this schedule but data was unavailable prior to 2017.

**Notes to Schedule:**

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

**Summary of Actuarial Assumptions:**

Inflation	2.50%
Salary increase	3.50% to 11.50% including inflation
Discount rate*	2.75%
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.

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

Mortality rates - disabled retirees 2019 Municipal Retirees of Texas Mortality Tables with a 4 year setforward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements

\*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

**CITY OF FREEPORT, TEXAS**  
**RETIREE HEALTH CARE PLAN (UNAUDITED)**  
*Schedule of Changes in Total OPEB Liability and Related Ratios*  
*Last Three Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>			
Service cost	\$ 26,027	\$ 27,301	\$ 24,443
Interest on the total OPEB liability	16,948	16,533	17,182
Changes of benefit terms	(106,501)		
Difference between expected and actual experience	(99,594)	(715)	-
Change in assumptions	33,523	(16,480)	20,081
Benefit payments	(7,424)	(19,500)	(9,750)
Total change in total OPEB liability	(137,021)	7,139	51,956
Total OPEB liability - beginning	502,717	495,578	443,622
Total OPEB liability - ending (a)	<u>\$ 365,696</u>	<u>\$ 502,717</u>	<u>\$ 495,578</u>
<b>Covered payroll</b>	\$ 6,353,014	\$ 6,275,121	\$ 6,636,342
<b>Total OPEB liability as a percentage of covered payroll</b>	5.76%	8.01%	7.47%

**Notes to Schedule:**

Changes of assumptions reflect the effects of changes in the discount rate for each period presented below:

2020	2.75%
2019	3.71%
2018	3.31%

FYE20 - The demographic assumptions were updated to reflect the 2019 TMRS Experience Study, the election rate was decreased from 70% to 30% as a result of the plan change. Prior to August 2019, the City provided a \$750.00 contribution toward the cost of eligible retiree medical insurance to retirees who chose coverage through the TML IEBP Pre-65 pooled plan option. After the August 2019 plan change, eligible retirees may participate in the City's medical plan until age 65, provided the retiree pays the full premium amount.

**OTHER SUPPLEMENTARY INFORMATION**

**CITY OF FREEPORT, TEXAS**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
*As of September 30, 2020*

	<u>Debt Service Fund</u>	<u>Hotel/Motel Tax</u>	<u>Economic Development Corporation</u>	<u>Beach Maintenance</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 53,895	\$ 21,727	\$ 714,557	\$ -
Receivables, net of allowance				
Taxes receivables	35,915	66,561	182,485	-
Due from other funds	1	-	4,515	-
<b>Total Assets</b>	<u>\$ 89,811</u>	<u>\$ 88,288</u>	<u>\$ 901,557</u>	<u>\$ -</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ 16,744	\$ -
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>16,744</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenues	33,411	-	-	-
<b>Total Deferred Inflows of Resources</b>	<u>33,411</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances (Deficits)</b>				
<b>Restricted:</b>				
Debt service	56,400	-	-	-
Capital projects	-	-	-	-
Municipal court operations	-	-	-	-
Economic Development	-	88,288	884,813	-
<b>Total Fund Balances (Deficits)</b>	<u>56,400</u>	<u>88,288</u>	<u>884,813</u>	<u>-</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 89,811</u>	<u>\$ 88,288</u>	<u>\$ 901,557</u>	<u>\$ -</u>

**CITY OF FREEPORT, TEXAS**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
*As of September 30, 2020*

	<u>Court Revenue</u>	<u>Facilities and Grounds CIP</u>	<u>Vehicles and Equipment</u>	<u>Capital Projects Fund</u>	<u>Total Non-Major Governmental Funds</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 161,294	\$ 177,577	\$ 10,088	\$ -	\$ 1,139,138
Receivables, net of allowance					
Taxes receivables	-	-	-	-	284,961
Due from other funds	-	-	-	52,323	56,839
<b>Total Assets</b>	<u>\$ 161,294</u>	<u>\$ 177,577</u>	<u>\$ 10,088</u>	<u>\$ 52,323</u>	<u>\$ 1,480,938</u>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 23,975	\$ -	\$ -	\$ 40,719
Due to other funds	-	22	-	28,803	28,825
Unearned revenues	16,893	-	-	-	16,893
<b>Total Liabilities</b>	<u>16,893</u>	<u>23,997</u>	<u>-</u>	<u>28,803</u>	<u>86,437</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenues	-	-	-	-	33,411
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,411</u>
<b>Fund Balances (Deficits)</b>					
<b>Restricted:</b>					
Debt service	-	-	-	-	56,400
Capital projects	-	153,602	10,066	23,520	187,188
Municipal court operations	144,401	-	-	-	144,401
Economic Development	-	-	-	-	973,101
<b>Total Fund Balances (Deficits)</b>	<u>144,401</u>	<u>153,602</u>	<u>10,066</u>	<u>23,520</u>	<u>1,361,090</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 161,294</u>	<u>\$ 177,599</u>	<u>\$ 10,066</u>	<u>\$ 52,323</u>	<u>\$ 1,480,938</u>



**CITY OF FREEPORT, TEXAS**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2020**

	<u>Debt Service Fund</u>	<u>Hotel/Motel Tax</u>	<u>Economic Development Corporation</u>	<u>Beach Maintenance</u>
<b>Revenues</b>				
Taxes:				
Property taxes	\$ 553,632	\$ -	\$ -	\$ -
Sales and use taxes	-	-	994,360	-
Franchise fees and other	-	64,040	-	-
Fines and forfeitures	-	-	-	-
Investment earnings	741	121	-	-
<b>Total Revenues</b>	<u>554,373</u>	<u>64,161</u>	<u>994,360</u>	<u>-</u>
<b>Expenditures</b>				
Current:				
Public safety	-	-	-	-
Economic development	-	5,000	295,656	-
Capital outlay	-	-	-	-
Debt service:				
Principal	530,976	-	763,301	-
Interest and other charges	58,639	-	1,860	-
<b>Total Expenditures</b>	<u>589,615</u>	<u>5,000</u>	<u>1,060,817</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(35,242)</u>	<u>59,161</u>	<u>(66,457)</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	13,234	-	250,000	11,518
Transfers out	-	-	(13,234)	-
<b>Total other financing sources (uses)</b>	<u>13,234</u>	<u>-</u>	<u>236,766</u>	<u>11,518</u>
Net changes in fund balances	(22,008)	59,161	170,309	11,518
<b>Fund balances - beginning</b>	<u>78,408</u>	<u>29,127</u>	<u>714,504</u>	<u>(11,518)</u>
<b>Fund balances - ending</b>	<u>\$ 56,400</u>	<u>\$ 88,288</u>	<u>\$ 884,813</u>	<u>\$ -</u>

**CITY OF FREEPORT, TEXAS**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2020**

	<u>Court Revenue</u>	<u>Facilities and Grounds CIP</u>	<u>Vehicles and Equipment</u>	<u>Capital Projects Fund</u>	<u>Total Non-Major Governmental Funds</u>
<b>Revenues</b>					
Taxes:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 553,632
Sales and use taxes	-	-	-	-	994,360
Franchise fees and other	-	-	-	-	64,040
Fines and forfeitures	21,356	-	-	-	21,356
Investment earnings	1,614	11	-	19	2,506
<b>Total Revenues</b>	<u>22,970</u>	<u>11</u>	<u>-</u>	<u>19</u>	<u>1,635,894</u>
<b>Expenditures</b>					
Current:					
Public safety	18,180	-	-	-	18,180
Economic development	-	-	-	-	300,656
Capital outlay	-	800,463	437,722	30,567	1,268,752
Debt service:					
Principal	-	-	-	-	1,294,277
Interest and other charges	-	-	-	-	60,499
<b>Total Expenditures</b>	<u>18,180</u>	<u>800,463</u>	<u>437,722</u>	<u>30,567</u>	<u>2,942,364</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,790</u>	<u>(800,452)</u>	<u>(437,722)</u>	<u>(30,548)</u>	<u>(1,306,470)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	954,054	447,788	-	1,676,594
Transfers out	-	-	-	-	(13,234)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>954,054</u>	<u>447,788</u>	<u>-</u>	<u>1,663,360</u>
Net changes in fund balances	4,790	153,602	10,066	(30,548)	356,890
<b>Fund balances - beginning</b>	<u>139,611</u>	<u>-</u>	<u>-</u>	<u>54,068</u>	<u>1,004,200</u>
<b>Fund balances - ending</b>	<u>\$ 144,401</u>	<u>\$ 153,602</u>	<u>\$ 10,066</u>	<u>\$ 23,520</u>	<u>\$ 1,361,090</u>

**CITY OF FREEPORT, TEXAS**

**DEBT SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**

**BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND**

*For the Year Ended September 30, 2020*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>				
Taxes:				
Property taxes	\$ 564,832	\$ 564,832	\$ 553,632	\$ (11,200)
Investment earnings	400	400	741	341
<b>Total Revenues</b>	<u>565,232</u>	<u>565,232</u>	<u>554,373</u>	<u>(10,859)</u>
<b>Expenditures</b>				
Debt Service:				
Principal	670,000	670,000	530,976	139,024
Interest and other charges	124,232	124,232	58,639	65,593
<b>Total Expenditures</b>	<u>794,232</u>	<u>794,232</u>	<u>589,615</u>	<u>204,617</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(229,000)</u>	<u>(229,000)</u>	<u>(35,242)</u>	<u>193,758</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	<u>225,000</u>	<u>225,000</u>	<u>13,234</u>	<u>(211,766)</u>
<b>Total other financing sources (uses)</b>	<u>225,000</u>	<u>225,000</u>	<u>13,234</u>	<u>(211,766)</u>
Net changes in fund balances	(4,000)	(4,000)	(22,008)	(18,008)
<b>Fund Balances - Beginning</b>	<u>78,408</u>	<u>78,408</u>	<u>78,408</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 74,408</u>	<u>\$ 74,408</u>	<u>\$ 56,400</u>	<u>\$ (18,008)</u>

## Engagement Team

- Christopher L. Breaux, CPA – Engagement Partner
- Tom Pedersen, CPA – Concurring Partner
- Nathan Johnson, CPA - Manager
- Kevin Green – Associate
- Chinh Cao – Associate
- Donald Nguyen – Associate

## Required Communications



- **Auditors' Responsibility Under Generally Accepted Auditing Standards**
  - The financial statements are the responsibility of management.
  - Our audit provides reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.
  - As a part of our audit, we obtained an understanding of internal control sufficient to plan our audits and to determine the nature and extent of testing performed.
- **Significant Accounting Policies**
  - The City's accounting policies and methods are appropriate and in accordance with industry standards.

## Required Communications

- Accounting Estimates
  - The preparation of the financial statements requires that certain estimates and judgments be made by management. These judgments and estimates include:
    - Management has estimated the allowance for uncollectable taxes receivable, useful lives of capital assets, and capital assets
    - TMRS has provided the City with the net pension liability, total other post-employment benefit liability, deferred inflows and outflows of resources, pension expense, and other post-employment benefit amounts

## Required Communications



- Difficulties Encountered in Performing the Audit
  - We encountered no difficulties in dealing with management in performing and completing our audit.
- Corrected or Uncorrected Misstatements
  - We made several adjustments relating primarily to capital asset, pension and OPEB activity. Management reviewed and agreed with the adjustments we proposed.

## Required Communications

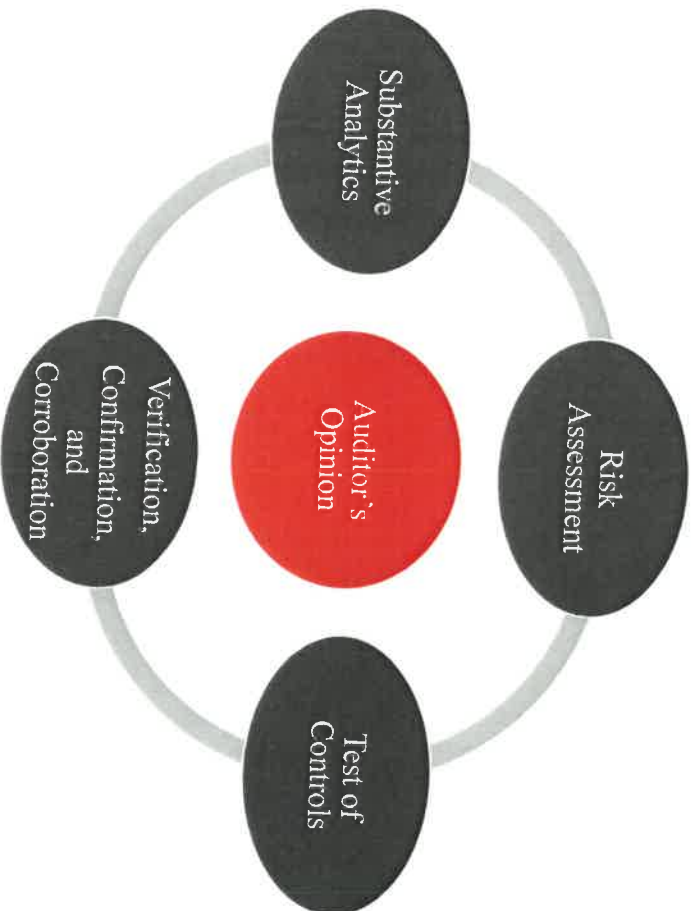
- **Disagreements with Management**
  - We had no disagreements with management over the application of accounting principles or management's judgments about accounting estimates.
- **Independence**
  - We confirm we are independent of the City's management and those charged with governance.
- **Management Representations**
  - We have requested certain representations from management.
- **Consultation with Other Accountants**
  - We are not aware of any situations in which management consulted with other accountants on accounting or financial reporting matters.
- **Major Issues Discussed with Management Prior to Retention**
  - We discussed the application of accounting principles and auditing standards, however, our responses were not a condition to our retention.



## Audit Approach

- Team – Active participation from all levels
- Approach – Risk Based Methodology
- Communications – Frequent, Formal and Informal

# Audit Approach



# The City's Unmodified Opinion

## Unmodified (BEST)

- Clean Opinion
- Highest Level of Assurance

## Modified

- Qualified - Scope Limitation or departure from GAAP
- Adverse Opinion - Scope Limitation or departure that is very material and could mislead users

## Disclaimer (Worst)

- Cannot express an opinion
- No assurance

## Recommendations for Improvement

- **#2018-009 State Compliance – Procurement**
- **Resolved:** Management reviews all large vendor contracts with the City to ensure they are following the new formal purchasing policy adopted during the fiscal year.

## Recommendations for Improvement



- **#2018-011 Cash Collection – Reconciliation Cash from Off-Site Locations** During our review it was noted that the systems being used for Permits and at other off-site locations did not interface with the City's financial system. The cash collected at these off-site locations was not being properly reconciled to the systems where the cash was being collected.
- **Partially Resolved:** City is in process transitioning to a new permit software that will interface directly with the City's financial system. City staff has been in the process of developing new procedures to reconcile cash from the offsite locations on a monthly basis and Management is designing a formal cash collection policy.
- **Estimated Completion Date:** Management expects to have this remediated by September 30, 2021.

# Statement of Net Position – Amounts in (000's)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Current and other assets</b>						
Capital assets	\$ 18,295	\$ 11,883	\$ 1,143	\$ 748	\$ 19,438	\$ 12,631
Total Assets	17,670	17,998	8,486	8,615	26,156	26,613
	35,965	29,881	9,629	9,363	45,594	39,244
<b>Deferred Outflows of Resources</b>	1,052	2,050	13	25	1,065	2,075
<b>Current and other liabilities</b>	1,079	1,177	1,091	536	2,170	1,713
Long-term liabilities	14,747	10,099	67	94	14,814	10,193
Total Liabilities	15,826	11,276	1,158	630	16,984	11,906
<b>Deferred Inflows of Resources</b>	1,242	106	15	1	1,257	107
<b>Net position:</b>						
Net investment in capital assets	16,719	15,803	8,486	8,615	25,205	24,418
Restricted	1,146	978	-	-	1,146	978
Unrestricted	2,084	3,768	(17)	142	2,067	3,910
<b>Total Net Position</b>	<b>\$ 19,949</b>	<b>\$ 20,549</b>	<b>\$ 8,469</b>	<b>\$ 8,757</b>	<b>\$ 28,418</b>	<b>\$ 29,306</b>

# Cash and Investments

	<u>Carrying Value</u>
<b>Governmental Activities</b>	
Cash on hand	\$ 1,492
Cash deposits	10,054,695
Total cash	<u>10,056,187</u>
<b>Investments:</b>	
Local Government Investment Pools:	
TexPool	<u>6,389,417</u>
<b>Total Governmental Activities</b>	<u>16,445,604</u>
<b>Business-type Activities</b>	
Cash on hand	180
Cash deposits	586,776
Total Business-type Activities	<u>586,956</u>
<b>Total Cash and Investments</b>	<u>\$ 17,032,560</u>

# Long Term Liabilities



	<u>2020</u>	<u>2019</u>
Certificates of Obligation	\$ 8,295,000	\$ 1,080,000
Notes & Capital Leases Payable	217,907	1,114,756
Accrue Compensated Absences	427,202	468,755
Net Pension Liability (TMRS)	4,609,329	6,704,387
Net OPEB Liability	376,908	307,011
Net OPEB Liability Retiree Health Care	365,696	502,717
	<u>\$ 14,292,042</u>	<u>\$ 10,177,626</u>

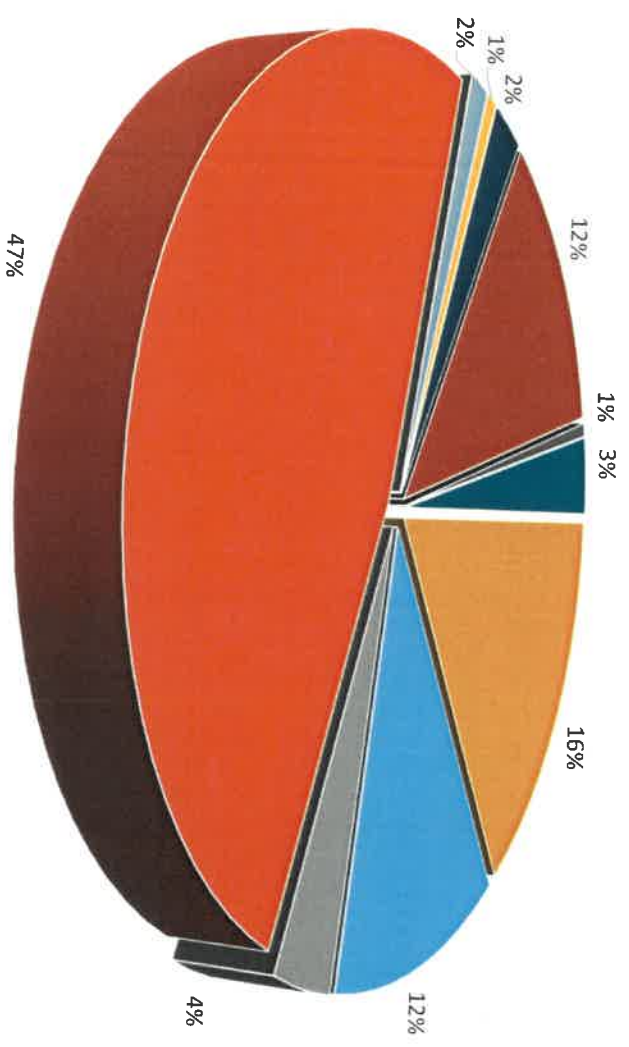


# Statement Activities - Amounts in (000's)



	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Revenues</b>						
Program revenue:						
Charges for services	\$ 2,306	\$ 2,498	\$ 4,794	\$ 4,844	\$ 7,100	\$ 7,342
Operating grants and contributions	210	224	16	276	226	500
Capital grants and contributions	78	294	-	-	78	294
General revenues:						
Property taxes	3,132	3,124	-	-	3,132	3,124
Industrial payments	7,640	7,533	-	-	7,640	7,533
Sales and use taxes	3,072	3,280	-	-	3,072	3,280
Franchise taxes	606	615	-	-	606	615
Unrestricted investment earnings	93	251	-	2	93	253
Miscellaneous	506	444	-	-	506	444
<b>Total Revenues</b>	<b>17,643</b>	<b>18,263</b>	<b>4,810</b>	<b>5,122</b>	<b>23,385</b>	<b>23,385</b>
<b>Expenses:</b>						
General government	2,177	2,160	-	-	2,177	2,160
Public safety	7,850	8,061	-	-	7,850	8,061
Streets and drainage	2,055	1,851	-	-	2,055	1,851
Sanitation	981	900	-	-	981	900
Culture and recreation	3,290	3,701	-	-	3,290	3,701
Service center	206	222	-	-	206	222
Economic development	392	383	-	-	392	383
Interest on long-term debt	292	115	-	-	292	115
Water and sewer	-	-	6,098	5,738	6,098	5,738
<b>Total Expenses</b>	<b>17,243</b>	<b>17,393</b>	<b>6,098</b>	<b>5,738</b>	<b>23,341</b>	<b>23,131</b>
Increase in net position before transfers	400	870	(1,288)	(616)	(888)	254
Transfers	(1,000)	(959)	1,000	959	(888)	254
Change in net position	(600)	(89)	(288)	343	(888)	254
Net position - beginning	20,549	20,638	8,757	8,414	29,306	29,052
Net position - ending	\$ 19,949	\$ 20,549	\$ 8,469	\$ 8,757	\$ 28,418	\$ 29,306

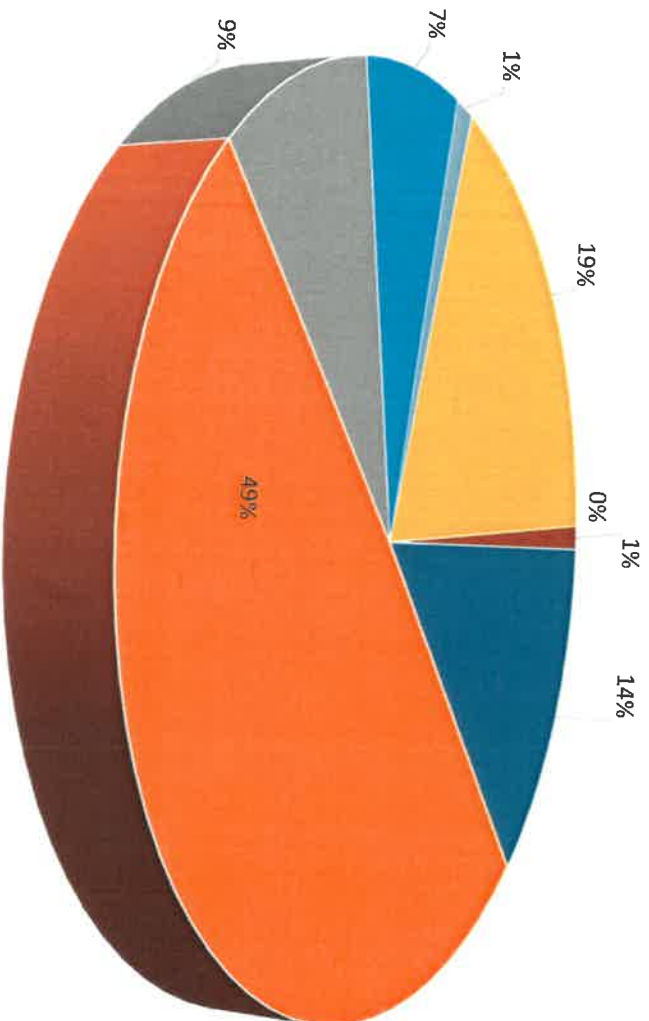
# FY 2020 Actual General Fund Revenue



- Property taxes (\$2.6M)
- Sales and use tax (\$2.0 M)
- Franchise fee and other (\$0.6M)
- Industrial District (\$7.6m)
- Fines and forfeitures (\$0.2M)
- Licenses and permits (\$0.1M)
- Intergovernmental (\$0.4M)
- Charges for Services (\$2.0 M)
- Investment Earnings (\$0.1M)
- Other (\$0.5M)

FY 2020 Revenues = \$16.2M

# FY 2020 General Fund Expenditures



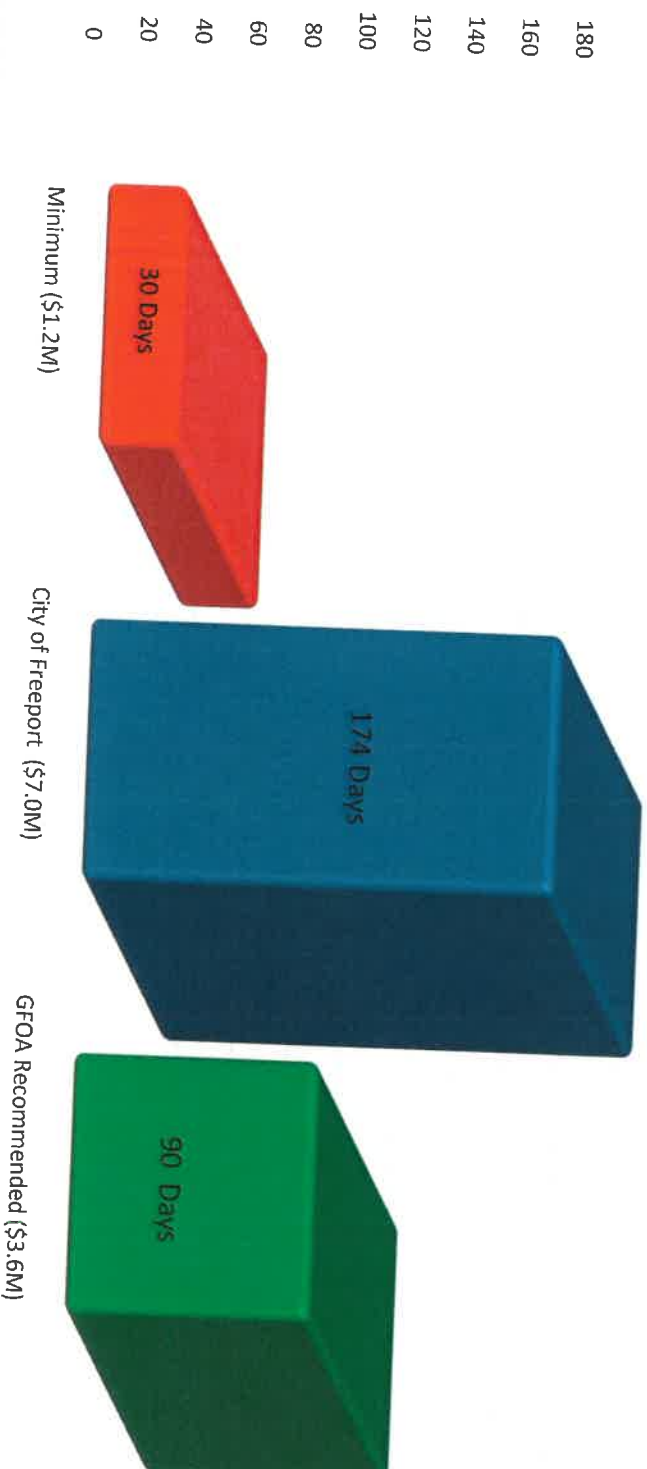
- General Government (\$2.0M)
- Public Safety (\$7.2M)
- Streets and Drainage (\$1.3M)
- Sanitation (\$1.0M)
- Service Center (\$0.2M)
- Culture and Recreation (\$2.8M)
- Economic Development (\$0.0M)
- Debt Service (\$0.1M)

FY 2020 Expenditures = \$14.6M

Excludes \$0.8M in capital outlay

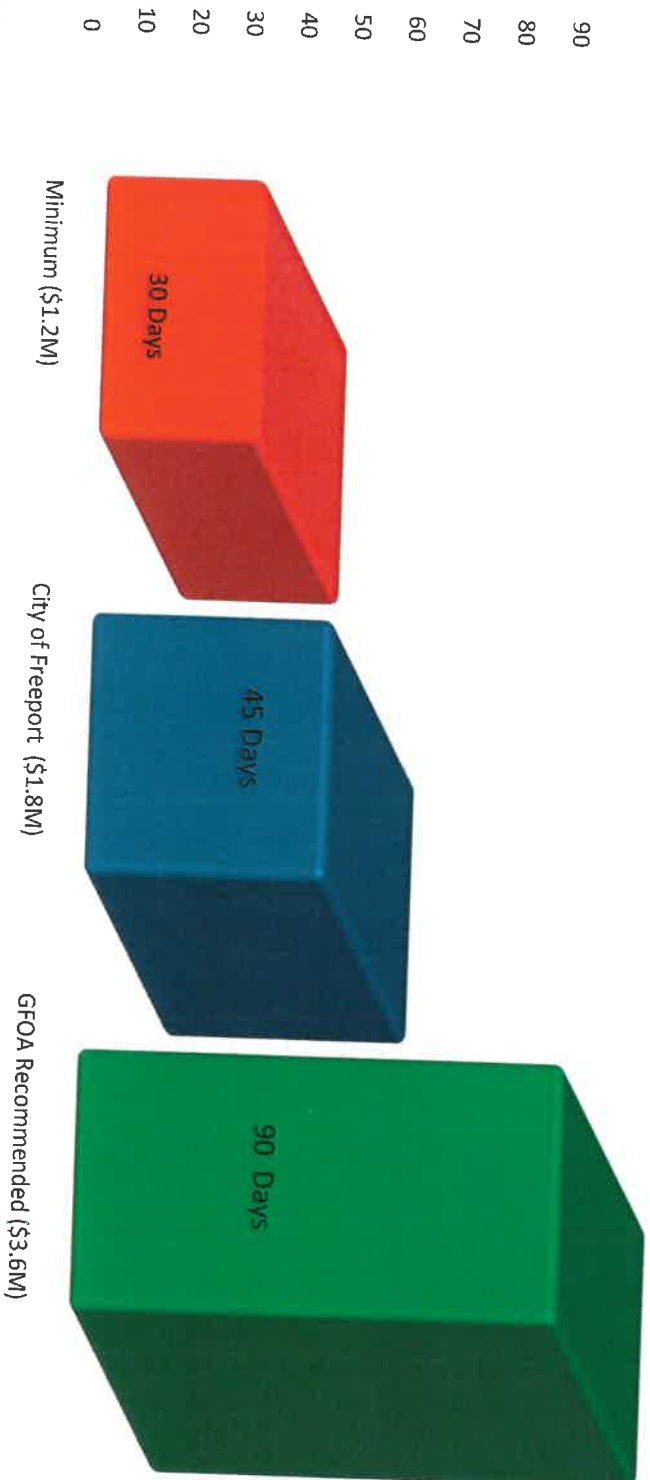


# Unassigned General Fund Balance (in Days of Expenditures)



The City has 45 days in general fund working fund balance when the \$5.2M Dow Subsurface lease revenue is removed as shown on the next slide.

# Unassigned General Fund Balance Excluding the \$5.2M from Dow Subsurface Revenue Received in FY18 (in Days of Expenditures)



# Statement of Revenues, Expenses, and Changes in Net Position

	Business-type Activities	
	Water and Sewer	
Operating Revenues		
Charges for services	\$ 4,793,661	
<b>Total Operating Revenues</b>	<b>4,793,661</b>	<b>PY \$4.8M</b>
Operating Expenses		
Personnel services	126,801	
Supplies	21,578	
Contracted services	2,585,675	
Other	409,980	
Water purchased	2,415,600	
Depreciation	525,789	
<b>Total Operating Expenses</b>	<b>6,085,423</b>	<b>PY \$5.7M</b>
Operating income (loss)	(1,291,762)	
Non-Operating Revenues (Expenses)		
Interest and investment revenue	383	
Operating grants and contributions	3,186	
<b>Total Non-Operating Revenues (Expenses)</b>	<b>3,569</b>	
Income (loss) before transfers	(1,288,193)	
Transfers in		
Change in net position	1,000,000	
Net position - beginning	(288,193)	
Net position - ending	<b>8,756,677</b>	
	<b>\$ 8,468,484</b>	



whitleypenn

April 6, 2021

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

We have audited the financial statements of City of Freeport, Texas as of and for the year ended September 30, 2020, and have issued our report thereon dated April 6, 2021. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated May 12, 2020, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of City of Freeport, Texas solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team and our firm, including its employees, have complied with all relevant ethical requirements regarding independence.



### *Qualitative Aspects of the Entity's Significant Accounting Practices*

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by City of Freeport, Texas is included in Note 2 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the fiscal year. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of depreciation expense is based on the useful lives of its capital assets. We evaluated the key factors and assumptions used to develop the depreciation expense estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for uncollectible accounts is based on historical collection data. We evaluated the key factors and assumptions used to develop the allowance for uncollectible accounts estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability, net other post-employment (OPEB) liability, and related deferred inflows, outflows, and expenses, are based on information provided by the City's actuaries. We evaluated the City's application of the information provided by the actuaries and we have determined it is reasonable in relation to the financial statements taken as a whole.

#### *Financial Statement Disclosures*

The financial statement disclosures are neutral, consistent, and clear.

#### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

#### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit.

To the Honorable Mayor and  
Members of City Council  
City of Freeport, Texas  
Page 3

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The list of adjusting journal entries that we proposed attached with this letter as a result of our audit procedures were brought to the attention of, and approved by, management.

#### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

#### **Representations Requested from Management**

We have requested certain written representations from management in a letter dated April 6, 2021.

#### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

#### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

This report is intended solely for the information and use of the Mayor, City Council, and management of the City of Freeport, Texas and is not intended to be and should not be used by anyone other than these specified parties.

*Whitley Penn LLP*

April 6, 2021

Account	Description	W/P Ref	Debit	Credit
---------	-------------	---------	-------	--------

**Adjusting Journal Entries**

**Adjusting Journal Entries JE # 1**

To record CY Pension Activity

7110.01

56-180-000	DEFERRED OUTFLOWS-PENSION CO		200.00	
56-180-002	DEFERRED OUTFLOWS - OPEB		200.00	
56-231-102	NET PENSION OBLIGATION		24,200.00	
56-240-001	DEFERRED INFLOWS-EXPECTED		300.00	
56-565-245	PENSION EXPENSE		2,500.00	
901-231-101	NET PENSION LIABILITY- TMRS		2,070,858.00	
901-400-997	PENSION ADJUSTMENT GEN GOV		5,021.00	
901-412-997	PENSION ADJUSTMENT ECOND		803.00	
901-420-997	PENSION ADJUSTMENT SERVCENTER		856.00	
901-525-997	PENSION ADJUSTMENT PUBSAF		11,043.00	
901-575-997	PENSION ADJUSTMENT STREETS		5,651.00	
901-578-997	PENSION ADJUSTMENT CULREC		10,430.00	
56-180-000	DEFERRED OUTFLOWS-PENSION CO			13,200.00
56-180-000	DEFERRED OUTFLOWS-PENSION CO			200.00
56-240-001	DEFERRED INFLOWS-EXPECTED			13,500.00
56-240-002	DEFERRED INFLOWS - OPEB			300.00
56-565-245	PENSION EXPENSE			200.00
901-180-101	DEFERRED OUTFLOWS - PENSION			1,061,069.00
901-240-001	DEFERRED INFLOWS - PENSION			1,043,593.00
56-180-001	DEFERRED OUTFLOWS-EXPECTED			
<b>Total</b>			<b>2,132,062.00</b>	<b>2,132,062.00</b>

**Adjusting Journal Entries JE # 2**

To record CY OPEB Activity

7110.10

56-180-002	DEFERRED OUTFLOWS - OPEB		800.00	
56-565-245	PENSION EXPENSE		200.00	
901-180-103	DEFERRED OUTFLOWS - OPEB		46,579.00	
901-400-998	OPEB ADJUSTMENT GEN GOV		3,230.00	
901-412-998	OPEB ADJUSTMENT ECOND		366.00	
901-420-998	OPEB ADJUSTMENT SERVCENTER		390.00	
901-525-998	OPEB ADJUSTMENT PUBSAF		17,611.00	
901-575-998	OPEB ADJUSTMENT STREETS		2,578.00	
901-578-998	OPEB ADJUSTMENT CULREC		4,757.00	
56-231-103	NET OPEB OBLIAGATION			900.00
56-240-002	DEFERRED INFLOWS - OPEB			100.00
901-231-103	NET OPEB OBLIGATION			68,997.00

901-240-003 DEFERRED INFLOWS - OPEB

<b>Total</b>		<u>6,514.00</u>
	<b>76,511.00</b>	<b>76,511.00</b>

**Adjusting Journal Entries JE # 3**

To correct beginning fund balance.

43-364-525 POLICE FORFEITED FUNDS R  
 43-272-043 FB, UNDESIGNATED

16,893.00	
	<u>16,893.00</u>

<b>Total</b>	<b>16,893.00</b>	<b>16,893.00</b>
--------------	------------------	------------------

**Adjusting Journal Entries JE # 4**

to correct negative interest for reporting purposes

22-525-899 CAPITAL OUTLAY  
 23-201-010 DUE TO GENERAL FUND  
 22-201-010 DUE TO GENERAL FUND  
 22-360-100 INTEREST INCOME  
 23-360-100 INTEREST INCOME

32.00		
22.00		
		22.00
		10.00
		<u>22.00</u>

<b>Total</b>	<b>54.00</b>	<b>54.00</b>
--------------	--------------	--------------

**Adjusting Journal Entries JE # 5**

To adjust unavailable EMS revenue

10-301-100 AMBULANCE REVENUE  
 10-222-003 DEFERRED REVENUE - EMS

63,948.00	
	<u>63,948.00</u>

<b>Total</b>	<b>63,948.00</b>	<b>63,948.00</b>
--------------	------------------	------------------

**Adjusting Journal Entries JE # 6**

PBC - to correct HRA payables

3701.01

10-100-000 CLAIM ON CC - GENERAL FUND  
 56-201-005 GARBAGE CAN DEPOSITS  
 10-201-005 HRA REIMBURSEMENTS  
 56-100-000 CLAIM ON CC - WATER & SEWER

1,632.00		
1,632.00		
		1,632.00
		<u>1,632.00</u>

<b>Total</b>	<b>3,264.00</b>	<b>3,264.00</b>
--------------	-----------------	-----------------

**Adjusting Journal Entries JE # 7**

PBC - To correct bond issuance entry

3701.02

66-399-000 PROCEEDS FROM SALE OF BOND  
 66-615-730 DEBT SERVICE FEES  
 66-399-100 PREMIUMS FROM BOND ISSUANCE

265,000.00		
177,775.00		
		<u>442,775.00</u>

<b>Total</b>	<b>442,775.00</b>	<b>442,775.00</b>
--------------	-------------------	-------------------

**Adjusting Journal Entries JE # 8**

To record CY BT capital asset activity

4600.05

56-162-000 UTILITY PLANT ASSET PLANT

311,672.00

56-162-001	UTILITY PLANT EQUIPMENT		85,275.00	
56-565-995	DEPRECIATION EXPENSE		525,790.00	
56-163-000	ACCUMULATED DEPRECIATION			525,790.00
56-565-899	CAPITAL OUTLAY			396,947.00
<b>Total</b>			<u><b>922,737.00</b></u>	<u><b>922,737.00</b></u>

**Adjusting Journal Entries JE # 9**  
 To Record BT Compensated Absences **5200.05 (KeG)**

56-201-002	ACCRUED COMPENSATED ABSENCES		587.00	
56-565-100	SALARIES/WAGES			587.00
<b>Total</b>			<u><b>587.00</b></u>	<u><b>587.00</b></u>

**Adjusting Journal Entries JE # 10**  
 corrections for prepaid items and proceeds from debt issuance

64-399-000	PROCEEDS FROM SALE OF BOND		3,455.00	
64-615-710	INTEREST EXPENSE		7,157.00	
64-125-999	PREPAID EXPENSES			10,612.00
<b>Total</b>			<u><b>10,612.00</b></u>	<u><b>10,612.00</b></u>

**Adjusting Journal Entries JE # 11**  
 to break out cart lease principal and interest for FY 2020. **5300.06**

10-656-697	LEASE PRINCIPAL		31,519.00	
10-656-698	LEASE INTEREST		11,709.00	
10-656-400	CART RENTAL FEE			43,228.00
<b>Total</b>			<u><b>43,228.00</b></u>	<u><b>43,228.00</b></u>

Account	Description	W/P Ref	Debit	Credit
---------	-------------	---------	-------	--------

**GASB 34**  
**GASB 34 JE # 1001**  
 To record CY Capital Lease Activity **5300.06**

901-264-000	CAPITAL LEASES		122,572.00	
901-264-000	CAPITAL LEASES		35,955.00	
901-264-001	CAPITAL LEASES ST			35,955.00
901-615-701	Principal leases			122,572.00
<b>Total</b>			<u><b>158,527.00</b></u>	<u><b>158,527.00</b></u>

**GASB 34 JE # 1002**  
 To record CY Note Payable Activity **5300.07**

901-265-000	NOTES PAYABLE		774,277.00	
-------------	---------------	--	------------	--

To the Honorable Mayor and  
 Members of City Council  
 City of Freeport, Texas  
 Page 7

901-615-700 PRINCIPAL RETIREMENT

**Total**

	<u>774,277.00</u>	<u>774,277.00</u>
	<b><u>774,277.00</u></b>	<b><u>774,277.00</u></b>

**GASB 34 JE # 1003**

To clear out deferred revenue balances

10-222-000 DEFERRED REVENUE- TAXES  
 10-222-001 DEFERRED REVENUE - OTHER  
 10-222-002 DEFERRED REVENUE-COURT  
 10-222-003 DEFERRED REVENUE - EMS  
 64-222-000 DEFERRED REVENUE  
 10-272-010 FB, UNDESIGNATED  
 64-272-064 FB, RESERVED, DEBT SVC

174,032.00	
171,401.00	
424,678.00	
92,514.00	
36,235.00	
	862,625.00

**Total**

	<u>36,235.00</u>
	<b><u>898,860.00</u></b>
	<b><u>898,860.00</u></b>

**GASB 34 JE # 1004**

PTAX conversion entry

4200.11

10-310-110 TAX - PR - CURRENT YEAR  
 64-310-110 TAX - PR - CURRENT YEAR  
 10-222-000 DEFERRED REVENUE- TAXES  
 64-222-000 DEFERRED REVENUE

15,618.00	
2,824.00	
	15,618.00
	2,824.00

**Total**

	<u>18,442.00</u>	<u>18,442.00</u>
--	------------------	------------------

**GASB 34 JE # 1005**

Muni Court conversion entry

10-350-100 MUNICIPAL COURT REVENUE  
 10-222-002 DEFERRED REVENUE-COURT

112,517.00	
	112,517.00

**Total**

	<u>112,517.00</u>	<u>112,517.00</u>
--	-------------------	-------------------

**GASB 34 JE # 1006**

EMS Conversion Entry

10-222-003 DEFERRED REVENUE - EMS  
 10-301-100 AMBULANCE REVENUE

63,948.00	
	63,948.00

**Total**

	<u>63,948.00</u>	<u>63,948.00</u>
--	------------------	------------------

**GASB 34 JE # 1007**

To record CY GASB 75 RHCP Activity

901-180-104 DEFERRED OUTFLOWS - HEALTHCARE  
 901-231-104 NET OPEB LIABILITY - HEALTHCARE  
 901-240-004 DEFERRED INFLOWS - HEALTHCARE  
 901-400-998 OPEB ADJUSTMENT GEN GOV

15,985.00	
137,021.00	
	85,774.00
	67,232.00

**Total**

	<u>153,006.00</u>	<u>153,006.00</u>
--	-------------------	-------------------

**GASB 34 JE # 1008**  
 To record CY governmental capital asset activity

4600.05

801-162-000	CONSTRUCTION IN PROGRESS	314,354.00	
801-163-000	BUILDINGS	854,569.00	
801-163-000	BUILDINGS	1,047,438.00	
801-164-000	IMPROVEMENTS	467,818.00	
801-164-000	IMPROVEMENTS	865,174.00	
801-165-000	EQUIPMENT	569,982.00	
801-175-000	ACC DEPR - EUQIPMENT	1,028,593.00	
801-175-000	ACC DEPR - EUQIPMENT	19,414.00	
801-400-995	DEPRECIATION GEN GOV	287,643.00	
801-412-995	DEPRECIATION ECONC	90,444.00	
801-420-995	DEPRECIATION SERVCENTER	20,346.00	
801-525-995	DEPRECIATION PUBSAF	760,265.00	
801-575-995	DEPRECIATION STREETS	777,634.00	
801-578-995	DEPRECIATION CULREC	513,638.00	
801-999-999	LOSS ON DISPOSAL	84,839.00	
801-162-000	CONSTRUCTION IN PROGRESS		865,174.00
801-165-000	EQUIPMENT		1,047,438.00
801-165-000	EQUIPMENT		104,253.00
801-173-000	ACC DEPR - BUILDINGS		1,028,593.00
801-173-000	ACC DEPR - BUILDINGS		330,064.00
801-174-000	ACC DEPR - IMPROVEMENTS		878,774.00
801-175-000	ACC DEPR - EUQIPMENT		1,241,132.00
801-400-996	CAPITAL OUTLAY CONTRA GEN GOV		307,757.00
801-420-996	CAPITAL OUTLAY CONTRA SERVCENTER		11,108.00
801-525-996	CAPITAL OUTLAY CONTRA PUBSAF		418,398.00
801-575-996	CAPITAL OUTLAY CONTRA STREETS		829,489.00
801-578-996	CAPITAL OUTLAY CONTRA CULREC		639,971.00
801-161-001	LAND		
<b>Total</b>			
		<b><u>7,702,151.00</u></b>	<b><u>7,702,151.00</u></b>

**GASB 34 JE # 1009**  
 To record CY Bond Activity

5300.05

901-266-000	GENERAL OBLIGATION BONDS	520,000.00	
901-266-000	GENERAL OBLIGATION BONDS	415,000.00	
901-615-710	INTEREST & AMORTIZATION EXPENSE	43,519.00	
901-202-000	ACCRUED INTEREST PAYABLE		43,519.00
901-266-001	BONDS PAYABLE ST		415,000.00
901-615-700	PRINCIPAL RETIREMENT		520,000.00
<b>Total</b>			
		<b><u>978,519.00</u></b>	<b><u>978,519.00</u></b>

**GASB 34 JE # 1010**

5300.05

To record CY Bond Issuance

901-300-710	DEBT ISSUANCE	7,735,000.00	
901-300712	DEBT ISSUANCE - PREMIUMS	442,775.00	
901-266-000	GENERAL OBLIGATION BONDS		7,735,000.00
901-266-002	PREMIUM ON BOND ISSUANCE		442,775.00
<b>Total</b>		<b><u>8,177,775.00</u></b>	<b><u>8,177,775.00</u></b>

GASB 34 JE # 1011  
 To Record GT Compensated Absences

5200.05 (KeG)

901-250-000	COMPENSATED ABSENSES		
901-400-999	COMP ABS ADJUSTMENT GEN GOV	38,033.00	
901-412-999	COMP ABS ADJUSTMENT ECONO		5,439.00
901-420-999	COMP ABS ADJUSTMENT SERVCENTER		304.00
901-525-999	COMP ABS ADJUSTMENT PUBSAF		570.00
901-575-999	COMP ABS ADJUSTMENT STREETS		21,793.00
901-578-999	COMP ABS ADJUSTMENT CULREC		3,575.00
<b>Total</b>		<b><u>38,033.00</u></b>	<b><u>38,033.00</u></b>



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

In planning and performing our audit of the basic financial statements of the City of Freeport, Texas, (the "City") as of and for the year ended September 30, 2020, in accordance with auditing standards generally accepted in the United States of America we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be *significant deficiencies*.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible*. The chance of the future event or events occurring is more than remote but less than likely.
- *Probable*. The future event or events are likely to occur.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. See the attached Schedule of Findings and Responses for the deficiencies in the City's internal control that are considered to be significant deficiencies.

None of the identified significant deficiencies are considered to be material weaknesses.

The purpose of this communication, which is an integral part of our audit, is to describe, for management and those charged with governance, the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

Houston, Texas  
April 6, 2021

## **I. Financial Statement Findings**

### **Significant Deficiencies**

#### **Finding 2018-011 Cash Collection – Reconciliation Cash from Off-site Locations**

Previously communicated in the audit results for the year ended September 30, 2018 during the July 1, 2019 City Council Meeting

## **II. Status of Prior Year Findings and Questioned Costs**

### **Finding:**

**Finding 2018-011 – Cash Collection from  
Off-site location**

### **Corrective Action Taken:**

**Partially Resolved:** City staff has been in the process of developing new procedures to reconcile cash from the off-site locations on a monthly basis and Management is designing a formal cash collection policy. City is in process transitioning to a new permit software that will interface directly with the City's financial system.

**Estimated Completion Date:** Management expects to have this remediated by September 30, 2021.

April 13, 2021

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

The following represents our understanding of the services we will provide City of Freeport Texas (the "City").

You have requested that we audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2021, and for the year then ended and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on each opinion unit.

Accounting principles generally accepted in the United States of America require that required supplementary information (RSI) 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. As part of our engagement, we will apply certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by accounting principles generally accepted in the United States of America. This RSI will be subjected to certain limited procedures but will not be audited:

- 1) Management's discussion and analysis
- 2) Budgetary comparison information
- 3) Required pension supplementary information
- 4) Required other post-employment benefit supplementary information

Supplementary information other than RSI will accompany the City's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and perform certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on the following supplementary information in relation to the financial statements as a whole:

- 1) Combining and individual fund statements and schedules

Also, the document we submit to you will include the following other additional information that will not be subjected to the auditing procedures applied in our audit of the financial statements:

- 1) Introductory section
- 2) Statistical section

### **The Objective of an Audit**

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in accordance with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

### **General Audit Procedures**

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

### **Internal Control Audit Procedures**

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS.

In making our risk assessments, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

### **Compliance with Laws and Regulations**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

### Management Responsibilities

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
- b. 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 error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements; and
- c. To provide us with:
  - i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
  - ii. Additional information that we may request from management for the purpose of the audit; and
  - iii. Unrestricted access to persons within the City from whom we determine it necessary to obtain audit evidence.
- d. For including the auditor's report in any document containing financial statements that indicates that such financial statements have been audited by the City's auditor;
- e. For identifying and ensuring that the City complies with the laws and regulations applicable to its activities; and
- f. For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period(s) under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility: (a) for the preparation of the supplementary information in accordance with the applicable criteria; (b) to provide us with the appropriate written representations regarding supplementary information; (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and (d) to present the supplementary information with the audited financial statements, or if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

We understand that your employees will prepare all confirmations we request and will locate any documents or support for any other transactions we select for testing.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

### **Reporting**

We will issue a written report upon completion of our audit of the City's basic financial statements. Our report will be addressed to the governing body of the City. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

### **Timing and Fees**

The timing of our audit will be scheduled for performance and completion as follows:

Document internal control and preliminary tests	July 2021
Perform year-end internal control testing and substantive audit procedures	January 2021
Issue audit report	March 2021

Christopher Breaux, CPA is the engagement partner for the audit services specified in this letter. His responsibilities include supervising Whitley Penn, LLP's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

Our fee for the audit services will be based on the amount of time required and the difficulty of the work involved which we estimate to be \$45,000.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation and payment is due in Brazoria County. You agree to pay reasonable attorney fees and collection costs incurred relating to collection of fees for services performed under the terms of this engagement. In accordance with Whitley Penn, LLP policy, work may be suspended if your account becomes 30 days or more past due and will not resume until your account is paid in full. In addition, invoices not paid in full by the last day of the month will be assessed interest at a rate of one percent per month. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been complete even if we have not issued our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination. Our final auditors' report will be released upon final payment of any outstanding invoices.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you concerning the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

We would like to make the following comments regarding the fee estimates:

- 1) Our fee estimates have not considered the effects of any changes to auditing standards and accounting principles, which may be promulgated by the AICPA, Congress, or any other regulatory body in the future and are unknown to us at this time. If significant additional time is necessary resulting in increased fees, we will endeavor to notify you of any such circumstances as they are assessed.
- 2) The City's personnel is responsible for the preparation of all items requested in the Prepared by Client ("PBC") listing and received by the date requested. Any delays caused by not preparing the items when requested may result in additional fees, as well as the possibility of postponing our fieldwork. The PBC listing will be provided to you during the planning process of the engagement.
- 3) Time incurred for audit adjustments identified during our audit and the related additional testing required has not been considered in our fee estimates. Prior to performing any additional testing, we will notify you of the exceptions and obtain approval for any additional fees which may be incurred.
- 4) Our fee estimates are based on all general ledger sub ledgers being reconciled to the general ledger balance and any adjustment necessary should be recorded to the general ledger prior to our fieldwork start date.

The ethics of our profession prohibit the rendering of professional services where the fee for such services is contingent, or has the appearance of being contingent, upon the results of such services. Accordingly, it is important that our bills be paid promptly when received. If a situation arises in which it may appear that our independence would be questioned because of significant unpaid bills, we may be prohibited from issuing our auditors' report.

In the unlikely event that differences concerning our services or fees should arise that are not resolved by mutual agreement, to facilitate judicial resolution and save time and expense of both parties, the City and Whitley Penn, LLP agree not to demand a trial by jury in any action, proceeding or counterclaim arising out of or relating to our services and fees for this engagement. Any controversy, dispute, or questions arising out of or in connection with this agreement or our engagement shall be determined by arbitration conducted in accordance with the rules of the American Arbitration Association, and any decision rendered by the American Arbitration Association shall be binding on both parties to this agreement. The costs of any arbitration shall be borne equally by the parties. Any and all claims in arbitration relating to or arising out of this contract/agreement shall be governed by the laws of the State of Texas and to the extent any issue regarding the arbitration is submitted to a court, including the appointment of arbitrators or confirmation of an award, the District courts in Brazoria County shall have exclusive jurisdiction. Any action arising out of this agreement or the services provided shall be initiated within two years of the service provided.

This letter replaces and supersedes any previous proposals, correspondence and understanding, whether written or oral. The agreements contained in this engagement letter shall survive the completion or termination of this engagement.

To ensure that Whitley Penn, LLP's independence is not impaired under the AICPA Code of Professional Conduct, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

#### **Other Matters**

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

The audit documentation for this engagement is the property of Whitley Penn, LLP and constitutes confidential information. However, we may be requested to make certain audit documentation available to various regulators pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision Whitley Penn, LLP's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the applicable regulator. The regulator may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

With respect to any nonattest services we perform, the City's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities. Nonattest services include the preparation of the financial statements based on the City-provided trial balance and assistance with government-wide journal entries based on City-provided documentation.

During the course of the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

You agree to inform us of facts that may affect the financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

At the conclusion of our audit engagement, we will communicate to those charged with governance the following significant findings from the audit:

- Our view about the qualitative aspects of the City's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.



To the Honorable Mayor, Members of  
City Council and City Administrator  
Page 7

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Respectfully,

*Whitley Penn LLP*

\*\*\*\*\*

RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of City of Freeport, Texas by:

Management Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Governance Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

To the Honorable Mayor, Members of  
City Council and City Administrator  
Page 8



## Report on the Firm's System of Quality Control

July 19, 2018

To the Partners of Whitley Penn LLP and  
the National Peer Review Committee.

We have reviewed the system of quality control for the accounting and auditing practice of Whitley Penn LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended April 30, 2018. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

### Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act, audits of employee benefit plans, audits performed under FDICIA, an audit of a broker-dealer, and examination of service organization (SOC 1 engagement).

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Whitley Penn LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended April 30, 2018, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Whitley Penn LLP has received a peer review rating of *pass*.

Olsen Thielen & Co., Ltd.

*Olsen Thielen & Co., Ltd.*



## City Council Agenda Item # 4

**Title:** Presentation of the Investment Report for the Quarter Ending March 31, 2021

**Date:** April 19, 2021

**From:** Cathy Ezell, Finance Director

---

**Staff Recommendation:**

This report is presented for informational purposes. No Council Action is required.

**Item Summary:**

This report reflects that on March 31, 2021, the City's total portfolio of \$18.86 million was managed in compliance with the PFIA and the City's investment policies.

**Background Information:**

The Public Funds Investment Act (PFIA), Texas Government Code, Chapter 2256 states that no less than quarterly, the Investment Officer(s) shall prepare and submit to the governing body a written report of investment transactions for all funds covered by the Act for the preceding reporting period. Presentation of this report fulfills that requirement.

**Special Considerations:** N/A

**Financial Impact:** N/A

**Board or 3<sup>rd</sup> Party recommendation:** N/A

**Supporting Documentation:**

Quarterly Investment Report



## City of Freeport

FY2020-2021  
Quarterly Investment Report  
Period Ending March 31, 2021



Quarterly Investment Report  
January 1, 2021 - March 31, 2021

G/L Account	Description	Book Value	Current Interest Rate	Yield to Maturity	Maturity Date	Days to Maturity	Beginning Market Value for Period	Changes to Market Value	Ending Market Value for Period	Interest Paid YTD
<b>Cash In Demand Accounts</b>										
99-101-000	Operating Account	\$ 13,457,010	0.50%	0.50%	Demand	1	\$ 11,420,382	\$ 2,036,628	\$ 13,457,010	\$ 27,757
87-101-000	Clearing Fund 87	\$ 8,829	0.50%	0.50%	Demand	1	\$ 9,249	\$ (421)	\$ 8,829	\$ 23
65-101-044	Debt Service	\$ 3,389	0.50%	0.50%	Demand	2	\$ 3,428	\$ (39)	\$ 3,389	\$ 9
<b>Total Cash in Demand Accounts</b>		<b>\$ 13,469,228</b>					<b>\$ 11,433,059</b>	<b>\$ 2,036,169</b>	<b>\$ 13,469,228</b>	<b>\$ 27,789</b>
<b>Invested in Government Pools</b>										
10-103-101	TexPool	\$ 5,391,748	0.13%	0.05%	Demand	1	\$ -	\$ 5,391,748	\$ 5,391,748	\$ 2,331
<b>Total Invested in Pools</b>		<b>\$ 5,391,748</b>					<b>\$ -</b>	<b>\$ 5,391,748</b>	<b>\$ 5,391,748</b>	<b>\$ 2,331</b>
<b>TOTAL ALL INVESTMENTS</b>		<b>\$ 18,860,976</b>					<b>\$ 11,433,059</b>	<b>\$ 7,427,917</b>	<b>\$ 18,860,976</b>	<b>\$ 30,120</b>

Investment Category	Book Value	Percentage	Weighted Average Maturity (Days)
Cash in Demand Accounts	\$ 13,469,228	71.41%	1.00
Government Pools	\$ 5,391,748	28.59%	1.00
Certificates of Deposit	\$ -	0.00%	0.00
<b>TOTAL</b>	<b>\$ 18,860,976</b>	<b>100.00%</b>	<b>1.00</b>

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

The City requires its depository banks to provide collateral for all deposits in excess of Federal Deposit Insurance. At the end of the quarter, the market value of collateral pledged by Baker Bond Accounting to the City was \$12.16M, 90% of deposits.

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

Prepared By: Cathy Ezell  
Cathy Ezell, Investment Officer  
Date: 4/12/21

Verified By: Giselle Hernandez  
Giselle Hernandez, Investment Officer  
Date: 4/12/21



## City Council Agenda Item # 5

**Title:** Freeport Police Department Annual Traffic Contact Report for 2021

**Date:** April 19, 2021

**From:** Ray Garivey, Police Chief

---

**Staff Recommendation:** No action required.

**Item Summary:** Annual Tier 1 report which must be presented to the Mayor and Council.

**Background Information:** Racial profiling has been regarded as one of the most pressing themes currently affecting law enforcement agencies in the United States. In 2001, the Texas Legislature, in an attempt to address the issue of racial profiling in policing, enacted the Texas Racial Profiling Law. Since 2001, the Freeport Police Department in accordance with the law, has collected and reported traffic related contact data for the purpose of identifying and addressing (if necessary) areas of concern regarding racial profiling practices.

**Special Considerations:** N/A

**Financial Impact:** N/A

**Board or 3<sup>rd</sup> Party recommendation:** N/A

**Supporting Documentation:** A full copy of the Tier 1 report will be distributed to each member of city council at the meeting.



## City Council Agenda Item # 6

**Title:** Code Enforcement Junk Vehicle Report

**Date:** April 19, 2021

**From:** Billywayne Shoemaker

---

**Item Summary:** Presentation of Code Enforcement Junk Vehicle Report from cases over the past year. This report will show number of cases, number of cases complied, number of cases still in progress. Billywayne will present the finding of case review to council.

**Background Information:**

A few months back a citizen reported a lack of enforcement on junk vehicle. Council tasked staff with reviewing the cases and provide a report.

**Supporting Documentation:** Power Point presentation by Billywayne Shoemaker

INOPERABLE/  
UNLICENSED VEHICLE  
REPORT

THE CITY OF  
FREEPORT  
CODE DEPARTMENT



# TOTAL CODE CASES



Total of  
Inoperable/unlicensed  
motor vehicles



January 2020-March 2021



193

# STREET CODE VIOLATIONS

**TOTAL NUMBER OF VEHICLES TAGGED  
FOR ILLEGALLY PARKING ON THE STREET**

104

**Number of Vehicles Compliant**

87

**Number of Vehicles in Progress**

10

**Number of Vehicles Towed**

7

# CURRENT STATUS OF CODE CASES

87 vehicles  
compliant

13 cases  
pending in  
court

71 cases in  
progress

22 new  
cases

State of Texas

County of Brazoria

City of Freeport

BE IT REMEMBERED, that the City Council of Freeport, Texas met on Monday, April 5, 2021, at 6:00 p.m. 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 Brooks Bass:  
Councilman Jeff Pena  
Councilman Jerry Cain  
Councilman Mario Muraira  
Councilman Roy E. Yates

Staff:

Tim Kelty, City Manager  
Betty Wells, City Secretary  
Chris Duncan, City Attorney  
Cathy Ezell, Finance Director  
Lance Petty, Public Works Director  
Chris Motley, Freeport Fire Chief  
Ray Garivey, Freeport Police Chief  
Courtland Holman, EDC Director  
Clarisa Molina, Administrative Assistant, Via Teleconference  
Laura Tolar, Special Events Coordinator  
LeAnn Strahan, Destinations Director

Visitors:

David McGinty	Tommy Pearson
Kenny Hayes	Melanie Oldham
Sam Reyna	Nick Irene (Facts)
Ruben Renobato	Troy Brimage
Sabrina Brimage	Mike Darlow (Perdue, Brandon)
Nicole Mireles	Dub Taylor (PACE)
Sandra Barnett	James Barnett
John Jasso	Ruben Jasso
Ed Garcia	Jessie Parker
Brent Bowles (IAD)	

Visitors, Via Teleconference:

Amanda Petty	Lila Diehl
Melissa Ashington (GLO)	Pam Tilley
Paul Crow	

**Call to order.**

Mayor called the meeting to order at 6:00 p.m.

**INVOCATION AND PLEDGE OF ALLEGIANCE:**

Invocation was led by City Attorney Chris Duncan and the Pledge to the American flag was led by Councilman Muraira, Pledge to the Texas flag was led by Mayor Brooks Bass.

**CITIZENS' COMMENTS:**

Members of the public are allowed to address the City Council at this time, and must include name and address. Note, specific factual information or a recitation of existing policy may be furnished in response to an inquiry made, but any deliberation, discussion, or decision with respect to any subject about which the inquiry was made shall be limited to a proposal to place such subject on the agenda for a subsequent meeting for which notice is provided in compliance with the Texas Open meetings Act unless said notice appears herein. The public is reminded that there is a (4) minute time limit as approved by City Council on June 21, 2010.

**PRESENTATIONS/ANNOUNCEMENTS:** Announcements by Mayor, City Council and/or Staff.

Presentation of the collection of delinquent taxes and court fine and fees from Mike Darlow with Perdue, Brandon, Fielder, Collins & Mott, LLP.

Mike Darlow with Perdue, Brandon, Fielder, Collins & Mott, LLP presented to council the annual report on collection of delinquent taxes and the court fine and fees.

Presentation by John Jasso for the Veteran's Day Parade.

John Jasso, Steering Committee Chairman spoke to council about the 2021 Veteran's Day Parade being hosted by the City of Freeport. He said that he wants Council's blessing for the city to host this year's parade.

Mayor Bass said that the City of Freeport will be honored to host the 2021 Veteran's Day Parade.

Proclamation of the City of Freeport designating April 2021 Fair Housing Month.

Mayor Brooks Bass read the proclamation of the City of Freeport proclaiming that April 2021 as Fair Housing Month

**CONSENT AGENDA**

Consideration and possible action on the approval of City Council meeting minutes from March 15, 2021.

Consideration and possible action to approve a contingent fee contract with Perdue Brandon Fielder Collins and Mott, LLP pursuant to Section 6.30 of the Tax Code, said contract being for the collection of delinquent government receivables owed to City of Freeport and notice of said contract is posted with the agenda in accordance with Section 2254 of the Government Code.

Councilman Muraira asked how long the contract is with Perdue, Brandon, Fielder, Collins and Mott, LLP. He also asked how much they are paid?

City Manager, Tim Kelty said that it is a two-year contract.

Finance Director, Cathy Ezell said that the fee is paid from each case, the city does not pay anything.

On a motion by Councilman Cain, seconded by Councilman Muraira, with all present voting "Aye" 5-0 Council unanimously approved the Consent Agenda items number 4 and 5.

Consideration and possible action on the GRIP Resolution No. 2021-2679 from Centerpoint Energy.

City Manager said that this resolution is recommended by the Texas Coast Utility Coalition (TCUC) of which the City is a member. He said it will result in no cost to the City. Mr. Kelty said that this resolution would suspend the Rate increase proposed by Centerpoint for 45 days to allow for evaluation of the rate increase by the Coalition.

On a motion by Councilman Pena, seconded by Councilman Cain, with all present voting "Aye" 5-0 Council unanimously approved the Consent Agenda number 6.

### **COUNCIL REGULAR AGENDA:**

**Public Hearing: Public Hearing and Consideration and possible action for adoption of Resolution No. 2021-2680 for establishing PACE.**

Mayor Bass opened the Public Hearing at 6:22 PM.

Freeport EDC Director, Courtland Holman presented to council the possible action of approving the PACE Resolution No. 2021-2680 for establishing the PACE Program. Mr. Holman said that the Freeport EDC Board recommended approval of participation in this program. He said that he recommends council approve of this Resolution to establish the PACE program.

Dub Taylor, with Texas Property Assessed Clean Energy (PACE) spoke to council about the PACE Program, he explained how the program can extend longer term financing. He said that there are two resolutions that must be approved by council to initiate the program. The first, a resolution of intent, was approved on March 15, 2021. He said that the report needed to be posted and this has been done, and tonight council will need to approve the Resolution to establish the program.

Mayor Bass asked if there is any obligation to the city, and how will the city know what is happening with the program? Mr. Taylor said there is no obligation to the city, and he said that there is an annual report that will be sent with all that is happening with the program.

Councilman Muraira asked how will the public know of this program? Mr. Taylor said that there will be webinars, and they work with contractors, lenders and the EDC to get the word out.

Councilman Pena said that April is Fair Housing Month. Mr. Taylor said that this is not for individual single-family homes, it will have to be five units or more such as an apartment building.

Councilman Yates asked what is the advantage of this program. Mr. Taylor said that this provides for longer term and more secure financing than otherwise would be available to a business owner/developer.

Mayor Bass closed the Public Hearing at 6:37 PM.

On a motion by Councilman Yates, seconded by Councilman Pena, with all present voting "Aye" 5-0 Council unanimously approved Resolution No. 2021-2680 for establishing PACE.

Consideration and possible action on Resolution No. 2021-2681: A Resolution by The City Council of The City of Freeport, Texas, Authorizing Publication of Notice of Intention to Issue Certificates of Obligation; Authorizing the Preparation of a Preliminary Official Statement and Notice of Sale; And Providing for Other Matters Incidental Thereto.

Finance Director, Cathy Ezell presented to council Resolution No. 2021-2681: A Resolution by the City Council of the City of Freeport, Texas, Authorizing Publication of Notice of Intention to Issue Certificates of Obligation; Authorizing the Preparation of a Preliminary Official Statement and Notice of Sale; and Providing for Other Matters Incidental Thereto. She said that this is for sanitary sewer and water improvements only. Ms. Ezell said that the city has applied for two \$6 million grants. The city has received one of these grants, and expects to know on the second one in the next two weeks. She said that in this notice of intent, the city is asking to issue up to \$10 million for these projects, she said that we want to ask for more and reduce to the actual amount needed prior to the issue. It cannot go the other way. We cannot increase it after the notice of intent. She said that she does not believe that we will need to issue this much. She said that in April we would publish the notice of intent, in the month of May the review of the official statement will come out, and in June Council would consider the vote on the actual bond.

Council had a lengthy discussion on the financial impact of the of the intent to issue \$10 million, and the concern of what this would do to the budget.

Mayor Bass tabled this item until the April 19, 2021 meeting, he said that he would like to know what the impact to the budget will be.

Consideration and possible action approving the agreement for the Sister City Altamira, Tamaulipas Mexico.

City Manager Tim Kelty asked that this item be tabled until the next meeting on April 19, 2021.

Mayor Bass tabled this item.

Consideration of a Resolution No. 2021-2682 appointing a Member to the Freeport Historical Commission and Mainstreet Board

City Manager Tim Kelty presented to council Resolution No. 2021-2682 appointing a Member to the Freeport Historical Commission and Mainstreet Board. He said that there is a vacancy that has come open with the resignation of Cliff Vandergriff moving from the City. There is one applicant, James McDonald that has said he would like to serve on this board. There were two other applicants that withdrew their interest in serving on this board.

Councilman Muraira said that he has met Mr. McDonald and he thinks that he will be a great individual to serve on this board.

On a motion by Councilman Muraira, seconded by Councilman Cain, with all present voting "Aye" 5-0 Council unanimously approved Resolution No. 2021-2682 appointing a James McDonald to the Freeport Historical Commission and Main Street Board.

Discussion and possible action regarding direction for expenditures of 2020 Bond Funds for iAD Architect for City Hall renovations.

City Manager, Tim Kelty said that iAD has provided a proposal for the architect design for the renovations to City Hall. He said that this does include the second elevator, and moderate landscaping.

Councilman Pena asked what the rental rate was for Olin on the 3<sup>rd</sup> floor of City Hall? City Manager Tim Kelty said he believes it was \$9000.00 a month. Councilman Pena asked how many square feet the 3<sup>rd</sup> is? Mr. Bowles, with iAD said that it is about 13,000 square feet.

Mayor Bass asked if this is part of the money from the Certificate of Obligations, and is this something that we still want to do? City Manager Tim Kelty said this is something that needs to be done. He said that it is not as important as streets and drainage and water and sewer improvements but it is important, and needs to get done.

Mr. Bowles said that \$108,600.00 is the design and engineer cost only through Bidding the project. The proposal includes no Contract development and Construction oversight.

On a motion by Councilman Cain, seconded by Councilman Muraira, with all present voting "Aye" 5-0 Council unanimously approved the proposal from iAD Architects for architectural design and bidding of City Hall renovations in the amount of \$108,600 using 2020 certificate of obligation Bond Funds.

Consideration and possible action to authorize use of 2020 Certificate of Obligation for reconstruction of the River Place Fishing Pier.

Public Works Director, Lance Petty presented to council action to authorize use of 2020 Certificate of Obligation for reconstruction of the River Place Fishing Pier. He said that he has three bids, JC Customs Builders, Docks, Decks and Bulkheads, LLC., and SWS Marines and Industrial Services. Mr. Petty said that staff recommends going with Docks, Decks and Bulkheads, LLC he said that they came in with the lowest bid at \$48,956.00.

Councilman Muraira asked if the work would be the same as the other bidders? Mr. Petty said that it is the same work.

Councilman Pena said that he has concern about the money that was budgeted for the Heritage House repair, not being used for Heritage House. He said that he hopes that we don't use all the money that was set for this, and not be able to make the needed repairs. He asked if this money was not budgeted for Heritage House, where would we get the funds to make the repairs to the pier? City Manager Tim Kelty said that if these funds were not available, the City would ask the EDC to help with this repair.

Mayor Bass asked about the EDC paying for the fishing pier and the ballfield lights with the money that is owed to the City by the EDC. In November 2019, the city and Freeport EDC approved a 380 Agreement with each other to pay off an EDC bank loan, with the agreement that EDC would pay for \$300,000.00 in eligible projects for the city over the next two years. Mayor Bass asked that this go before the EDC Board for approval to repair the fishing pier and the lights at the ballfields, and this will keep available the Bond funds budgeted for Heritage House repairs.

Nicole Mireles spoke of her concerns on The Landing Theatre, she said that this needs to be roped off and protected, she said that this is very dangerous and needs to be taken care of.



Councilman Muraira asked why the EDC cannot use these funds from EDC to repair the Pixie House?

On a motion by Mayor Bass, seconded by Councilman Pena, to leave 2020 Certificate of Obligations for the Heritage house alone, and authorize fishing pier repair with the bid from Docks, Decks, and Bulkheads, LLC for \$48,956.00 and pay for this project using funds owed by the EDC to the City, with a 4-1 vote Council approved reconstruction of the River Place Fishing Pier. Councilman Muraira voted "Ney".

Consideration and possible action to authorize use of 2020 Certificate of Obligation for Youth Ball Field Lights (SFA, Riverside).

Public Works Director Lance Petty presented to council action to authorize use of 2020 Certificate of Obligation for Youth Ball Field Lights (SFA, Riverside). He said that this is all the fields minus the Senior Field. He said that we have quotes on the electrical from Coulumb Electric Inc., Penny's Electric, and Instrumentation, Inc. He said that they will remove the old hangers and lights that are there now, and do the electrical wiring to the new lights, and install the new hangers as well as make the adjustments to them. Mr. petty said that it is cheaper for the city to purchase the lights and the brackets. Mr. Petty said this will cover the \$22,500.00 electrical contractors, \$32,980.00 is for the lighting with the total being \$65,480.00. He said that the cheapest contractor was Coulumb Electric, Inc. he said that this is who he recommends.

Councilman Cain asked if we would be using the same poles? Mr. Petty said yes, they have about fifteen more years of use.

Mayor Bass asked why are you recommending Coulumb? Mr. Petty said the price.

Ed Garcia said that the EDC is to promote businesses in the city, he said that he thinks the award should be given to Penny's Electric.

On a motion by Councilman Yates, and Mayor Bass, seconded by Councilman Muraira, with all present voting "Aye" 5-0 Council unanimously approved leaving the 2020 Certificate of Obligations for the Heritage house alone, and approving the bid from Penny's Electric to replace the hangers, brackets and lights at the youth ball fields, and pay for this project using funds owed by the EDC to the

Consideration and Possible action of authorizing EDC request for Exclusive use of former VIC building for EDC operations.

EDC Director Courtland Holman, presented to council action of authorizing EDC request for Exclusive use of former VIC building for EDC operations. Mr. Holman said that the EDC is wanting to use the VIC building exclusive for EDC purposes, and the EDC wants the city to do all repairs to the building.

Ed Garcia said that he is a member of the EDC Board and that is the opinion of the EDC Board that council give exclusive use of the VIC building at no charge.

Mayor Bass said that he wants citizen input on this item. He thought that the city wanted both EDC and VIC to be in this building.

Councilman Pena said that he understood that the citizens do not want the VIC in downtown, he said that the remedy to this problem by council is for EDC and VIC share the old VIC building. He said that EDC

discussed this, and they do not want to be responsible for VIC staffing or the responsibility of the VIC. He also said that they do not want to be responsible for the renovations of the building.

Ruben Renobato stated that he believes the VIC needs to be moved back to its original location.

Sandra Barnett stated that it was not a good move on moving the VIC, she said that she firmly believes it needs to be moved back to the original location.

Councilman Cain said that he thinks once downtown is developed the VIC will do great down there, but for now he thinks it should be in the original location, on the main street. He said when this was discussed a month ago, he said that the citizens want it moved back to the original location.

Kenny Hayes asked how many employees are there for the VIC? Mr. Kelty said there will be two employees. And for the EDC there is currently Courtland Holman and they plan on hiring one more.

Councilman Muraira said that he thinks the EDC and VIC should be in the old VIC building.

Councilman Pena said that he wants to clarify that the VIC had no staffing, and he doesn't feel that the VIC has proper staff to manage this.

Councilman Muraira suggested that we get training for the current staff.

Mayor Bass said that he will look at the proposal, he feels that we need more information on what the EDC is wanting on repairs for the building.

Mayor Bass tabled this item.

#### **WORK SESSION:**

Councilman Cain spoke of his concern of the school zone by Velasco Elementary on Gulf Blvd. Chris Duncan said that the zones have been changed to the times of the school hours. Councilman Cain said that he wants to make sure the lights are coming on when they are supposed to. He said that the lights have not been on at times that they should, he said that the lights are not flashing when there are cars lined up at the school.

Councilman Muraira asked for an update on the library repair. Lance Petty said that the contractors are working on this, sheet rock is done, he said about fifty percent of the floor is done. He said that it will be ready for the election. Councilman Muraira asked about the work that is happening on Dixie. Mr. Petty said that they are replacing some sewer lines. Mr. Petty said that the alleys will begin on Wednesday. Councilman Muraira asked about the popup boxes, he asked what they are. Tim Kelty said that these are owned by the EDC, he said that vendors can lease these. Councilman Muraira asked if this has been advertised. Councilman Pena said that the EDC is waiting on Code to approve these. Chris Duncan said that the inspection occurred in January, and he believes that Mr. Shoemaker is waiting on an electrical question. Mr. Muraira said that he met with the youth association and there is a list of issues that need to be taken care of.

Councilman Yates said that he has seen Freeport go downhill, he said that we need more people living here.

Councilman Pena said that he wants to talk about the cleanliness and safety of the City of Freeport, he said that we need to make it an attractive place to live. He said that he wants to talk about the safety and lighting and the painting on Velasco and 2<sup>nd</sup> Street and Velasco and Ave A with the Diamond paint, and he said that he would like to try and get some additional lighting. He spoke about the Cherry Street lighting, from Oak to Park Ave. He thanked Mr. Petty for the lighting in the Police Department. He spoke of the sidewalks in downtown, he said that they need repair, he said we need to make sure they are safe. He said shrubs need trimming on the corner of 2<sup>nd</sup> to Broad on Cherry. Councilman Pena said that we are looking to renovate City Hall, he said that the sidewalk to Sweet T's need to be repaired.

Mayor Bass said that today he and Mr. Kelty prepared a letter of support joining forces with the City of Lake Jackson and other surrounding cities, requesting a grant to bring as many vaccines as they can to this area, due to certain criteria and low social economic areas. He said that this letter was signed and submitted.

Update on reports / concerns from Department heads

Open session was closed at 8:13 pm and Council entered into Executive Session.

**CLOSED SESSION:**

Executive Session regarding a.) (Potential Litigation) consultation with city attorney b.) (Deliberations about Real Property), open space program, in accordance with Government Code Annotated, Chapter 551, Sections 551.071, 551.072.

**REGULAR SESSION**

Mayor Bass reconvened regular session at 8:48 P.M.

There was no action taken from executive session.

Adjourn

On a motion by Councilman Muraira, seconded by Councilman Yates, with all present voting "Aye", Mayor Bass adjourned the meeting at 8:48 P.M.

---

Mayor, Brooks Bass  
City of Freeport, Texas

---

City Secretary, Betty Wells  
City of Freeport, Texas



## City Council Agenda Item # 8

**Title:** Trust Resale Offer – 200 Block of South Avenue I, Velasco, Block 71, Lot 1

**Date:** April 19, 2021

**From:** Laura Tolar, Special Projects Coordinator

---

**Staff Recommendation:**

Staff recommends the rejection of the sale of this property. The City and other taxing entities will not receive any payout for a sale at the amount bid.

**Item Summary:**

This property is located in the 200 block of South Avenue I. The total annual taxes are approximately \$70.00 per year. The Brazoria County Tax Office values the property at the minimum due at the Sheriff's sale which was \$2,530.00. The current offer of \$1,275.00, which is approximately half of the value, was made by NZJ-ABBASALY. This is a DBA for Mr. Naved Aly from the Houston area. This is a 25' lot with no mowing or demolition liens.

**Background Information:**

The property went into trust status in April of 2019 by deed number 2019-019386. Tax collections began in 1996.

**Special Considerations:**

N/A

**Financial Impact:**

The city will receive no funds for the sale of this property due to court costs. If Council approves the bid amount the property will go back on the tax roll and all taxing entities will receive a total of approximately \$70.00 per year. The City will receive approximately \$15-20 annually.

**Board or 3<sup>rd</sup> Party recommendation:**

N/A

**Supporting Documentation:**

- Tax Resale Property Information (Brazoria County Tax Office)
- Bid Analysis (Brazoria County Tax Office)
- Property Location Maps
- Taxes Due Detail by Year (Brazoria County Tax Office)

**Tax Resale Property Information**

RESALE MEETING OF:

March 23, 2021

**Legal Description:** VELASCO (FREEPORT), BLOCK 71, LOT 1  
ACRES .0775

**Physical Address:** S AVE I

**Account Number:** 8110-0703-000

**In Trust To:** CITY OF FREEPORT

**Adjudged Value:** \$2,780.50

**Minimum Bid at Sale:** \$2,530.00

**Offer:** \$1,275.00

**Offer made by:** NZJ-ABBASALY

**Sheriff's Deed Filed:** 4/26/2019

**Redemption Expiration:** 10/26/2019

**Post Judgment Taxes:** \$114.56

**Post Judgment Years:** 2018-2019

**City weed/demo liens:** UNKNOWN

**Land Value: (Current)** \$2,530.00

**Improvement Value:(Current)** \$0.00

**Previous Owner:** TED DYE, ET AL

**Precinct:** 1

**School District:** BRAZOSPORT ISD

<b>Vote:</b>	<b>AYE</b>	<b>NAY</b>
K. Bulanek	X	
K. Stewart	X	
Judge Sebesta	X	
D. Payne	X	
Civil Div. Rep.	X	

**Notes:** PBFCM representative present

**BID ANALYSIS**

<b>Cause Number:</b>	88300-T	<b>Account Number:</b>	8110-0703-000
<b>Offer Amount:</b>	\$1,275.00	<b>Value \$:</b>	\$2,530.00
<b>Person Offering:</b>	NZJ-ASSASALY	<b>Adjudged Value\$:</b>	\$2,780.50

**Judgement Information**

Taxing Entity	Tax Years	Amount Due
BC	1996-2017.	\$414.17
BCED	1996-2017	\$0.00
Brazosport ISD	1996-2017	\$1,232.53
BRHND	1996-2017	\$51.00
Brazosport College	1996-2017	\$182.42
Velasco Drainage	1996-2017	\$82.54
Road Dist 34	1996-2017	\$0.00
City of Freeport	1996-2017	\$659.32
		<b>\$2,621.98</b>

**Costs**

Court Costs	\$1,393.90	Sheriff Fee's	\$151.25
Publication Fee's	\$175.50	Research Fee's	\$255.00
Ad Litem		Recording Fee's	\$50.00
Liens		Certified Mail	\$13.46
Cost of Deed			
	<b>Total</b>		<b>\$2,039.11</b>

**Post Judgement Information**

Taxing Entity	Tax Year's	
BC	2018-2019	\$17.94
BCED	2018-2019	\$0.00
Brazosport ISD	2018-2019	\$52.60
BRHND	2018-2019	\$1.67
Brazosport College	2018-2019	\$12.50
Velasco Drainage	2018-2019	\$3.53
Road Dist 34	2018-2019	\$0.00
City of Freeport	2018-2019	\$26.32
	<b>Post Judgment Total</b>	<b>\$114.56</b>

**Proposed Distribution**

<b>Offer Amount</b>	\$1,275.00	<b>Costs</b>	\$2,039.11
<b>Net to Distribute \$</b>			<b>-\$764.11</b>

BC	15.80%	0.00
BCED	0.00%	0.00
Brazosport ISD	47.01%	0.00
BRHND	1.95%	0.00
Brazosport College	6.96%	0.00
Velasco Drainage	3.15%	0.00
Road Dist 34	0.00%	0.00
City of Freeport	25.15%	0.00

8110-0703-000 PCT. 1



11/12/2020



© All Pictometry

11/12/2020



Monday, April 12, 2021

Shopping Cart **Taxes Due Detail by Year**[Begin a New Search](#)   [Go to Your Portfolio](#)[Return to the Previous Page](#)   [Taxes Due by Jurisdiction](#)**Taxes Due as of** Mon Apr 12 15:11:27 CDT 2021**Account No.:** 81100703000**Active Lawsuits** None

\* Additional Collection Costs

Year	Base Tax Due	IF PAID BY April 30, 2021		IF PAID BY May 31, 2021		IF PAID BY June 30, 2021	
		Penalty, Interest, and ACC* Due	Total Due	Penalty, Interest, and ACC* Due	Total Due	Penalty, Interest, and ACC* Due	Total Due
2001	\$21.50	\$63.31	\$84.81	\$63.57	\$85.07	\$63.81	\$85.31
2002	\$21.54	\$61.43	\$82.97	\$61.66	\$83.20	\$61.91	\$83.45
2003	\$21.96	\$62.11	\$84.07	\$62.37	\$84.33	\$62.62	\$84.58
2004	\$22.19	\$59.55	\$81.74	\$59.84	\$82.03	\$60.10	\$82.29
2005	\$64.75	\$164.46	\$229.21	\$165.27	\$230.02	\$166.03	\$230.78
2006	\$60.87	\$145.85	\$206.72	\$146.55	\$207.42	\$147.30	\$208.17
2007	\$54.19	\$122.05	\$176.24	\$122.70	\$176.89	\$123.34	\$177.53
2008	\$56.38	\$118.84	\$175.22	\$119.54	\$175.92	\$120.19	\$176.57
2009	\$67.79	\$133.13	\$200.92	\$133.97	\$201.76	\$134.77	\$202.56
2010	\$69.51	\$126.48	\$195.99	\$127.36	\$196.87	\$128.16	\$197.67
2011	\$70.36	\$117.92	\$188.28	\$118.76	\$189.12	\$119.60	\$189.96
2012	\$72.13	\$110.49	\$182.62	\$111.37	\$183.50	\$112.22	\$184.35
2013	\$71.74	\$99.55	\$171.29	\$100.44	\$172.18	\$101.31	\$173.05
2014	\$72.19	\$89.82	\$162.01	\$90.67	\$162.86	\$91.54	\$163.73
2015	\$70.83	\$77.93	\$148.76	\$78.78	\$149.61	\$79.62	\$150.45
2016	\$69.75	\$66.69	\$136.44	\$67.52	\$137.27	\$68.35	\$138.10
2017	\$69.62	\$56.56	\$126.18	\$57.37	\$126.99	\$58.22	\$127.84
2018	\$69.17	\$46.20	\$115.37	\$47.03	\$116.20	\$47.86	\$117.03
<b>Total Amount Due:</b>	<b>\$1,026.47</b>	<b>\$1,722.37</b>	<b>\$2,748.84</b>	<b>\$1,734.77</b>	<b>\$2,761.24</b>	<b>\$1,746.95</b>	<b>\$2,773.42</b>



## City Council Agenda Item # 9

**Title:** Consider the adoption of a Resolution by the City Council of the City of Freeport, Texas, Authorizing Publication of Notice of Intention to Issue Certificates of Obligation; Authorizing the Preparation of a Preliminary Official Statement and Notice of Sale; and Providing for Other Matters Incidental Thereto

**Date:** April 19, 2021

**From:** Cathy Ezell, Finance Director

**Staff Recommendation:**

Staff recommends approval of the Resolution.

**Item Summary:**

The proposed Resolution is the first step to move forward in issuing certificate of obligation bonds. If approved, the Notice of Intent will be published twice in The Facts newspaper and posted on the City’s website notifying the public of the proposed issuance and meeting date to consider authorization. The proposed meeting date following the notification period is Monday, June 7, 2021. Council will have an opportunity to review the Official Statement and Notice of Sale in July.



The proposed bond includes the construction of improvements and equipment of the following:

- Water and Sanitary Sewer system; and
- the costs of related professional services.

The notice includes a maximum aggregate principal amount not to exceed \$8,500,000 over a period not to exceed forty (40) years from the date of issuance. The actual sale amount and term may be less than the thresholds included in the notice but not more.

The proposed issuance is based payable from ad valorem taxes and from a limited pledge of a subordinate lien on the surplus revenues of the City’s water and sewer system. The rate study that was done last year considers the issuance of up the \$8,500,000 in the rate structure presented.

**Background Information:**

Local governments pay for public infrastructure projects by issuing long-term debt, either through Certificate of Obligation (CO) bonds, General Obligation (GO) bonds, or through revenue bonds that must be backed by a specific revenue stream, such as Water and Sewer revenue.

GO Bonds are paid by the City's ad valorem (property) taxes and are issued after voter approval at a bond election. COs may be paid from ad valorem (property) taxes, pledged revenue or a combination thereof. Unlike GO Bonds that always require an election, the COs do not require an election unless at least 5% of the registered voters submit a valid petition protesting the issuance. COs can be used to fund public works as part of standard local government operations.

This Bond is being issued as a CO only because it will pledge a Property Tax back-up in order to get the very best interest rate possible. The Bond issue however, will be designed as a Revenue Bond with pay back of the bond coming strictly from revenues coming from the utility company.

General Obligation Bonds	Certificates of Obligation (CO) Bonds	Revenue Bonds
Require Bond Election	Do Not Require Bond Election	Do Not Require Bond Election
Paid By Ad Valorem (Property) Taxes	Paid By Property Taxes and/or Other Revenue	Paid by Other Revenue (e.g. Water Bills)

**Special Considerations:** The City has applied for two water and sewer grants both in the amount of \$6,000,000. The City has been awarded one of the grants for \$6,000,000 for Inflow and Infiltration issues. We should hear within the next two weeks if the City will be awarded the second \$6,000,000 grant for sewer. We have placed the amount to be issued at \$8,500,000, which is the full cost of the sewer plant renovation project with funds built in for contingencies. If the second grant is awarded the actual issue will be reduced to around 5,000,000

**Financial Impact:** The City completed a water and sewer rate analysis that includes a rate structure that will repay the issuance of this debt over the term.

Below is analysis of the estimated revenue generated from the rate increases per the rate study and the estimated debt service schedule.

**City of Freeport**  
**Estimated Debt with Estimated Revenue**  
**Fiscal Years 2022-2030**

	<b>Estimated Revenue based on rate study</b>	<b>Estimated Debt Service</b>	<b>Estimated Revenue over Debt Service*</b>
2022	\$ 950,059	\$ 520,713	\$ 429,346
2023	972,475	522,320	450,155
2024	987,566	521,760	465,806
2025	994,974	520,870	474,104
2026	1,002,436	524,650	477,786
2027	1,033,874	522,935	510,939
2028	1,066,056	520,890	545,166
2029	1,090,719	523,515	567,204
2030	1,115,833	524,545	591,288

\*All revenue over debt service will be needed for Annual CIP, development of required 120 day reserve requirement, and elimination of reliance on General Fund (property tax) subsidies.

**Board or 3<sup>rd</sup> Party recommendation:** N/A

**Supporting Documentation:**  
 Resolution

RESOLUTION NO. 2021-2681

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS, AUTHORIZING PUBLICATION OF NOTICE OF INTENTION TO ISSUE CERTIFICATES OF OBLIGATION; AUTHORIZING THE PREPARATION OF A PRELIMINARY OFFICIAL STATEMENT AND NOTICE OF SALE; AND PROVIDING FOR OTHER MATTERS INCIDENTAL THERETO

THE STATE OF TEXAS                   §  
COUNTY OF BRAZORIA               §  
CITY OF FREEPORT                   §

WHEREAS, the City Council of the City of Freeport, Texas (the "City") deems it advisable to issue certificates of obligation (the "Certificates") of the City in accordance with the notice hereinafter set forth; and

WHEREAS, the City desires to authorize the preparation of a preliminary official statement (the "Preliminary Official Statement") and notice of sale (the "Notice of Sale") in anticipation of its issuance of the Certificates; NOW, THEREFORE

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

Section 1. The findings, determinations, definitions and recitations set out in the preamble to this resolution are found to be true and correct and are hereby adopted by City Council and made a part hereof for all purposes.

Section 2. The City Secretary is hereby authorized and directed to cause to be published in the manner required by law and in substantially the form attached hereto as Exhibit A, a notice of the City's intention to issue the Certificates (the "Notice").

Section 3. The Notice shall be published once a week for two (2) consecutive weeks in a newspaper that is of general circulation in the City, the date of the first publication to be at least forty-six (46) days before the date tentatively set in the Notice for the passage of the ordinance authorizing the issuance of the Certificates. In addition, the Notice shall be posted continuously on the City's website for at least forty-five (45) days before the date tentatively set in the Notice for the passage of the ordinance authorizing the issuance of the Certificates.

Section 4. The City hereby authorizes the preparation and distribution of a Notice of Sale and Preliminary Official Statement relating to the Certificates and authorizes the City Manager or the Assistant City Manager/Finance Director to approve the contents of and deem final such Preliminary Official Statement within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934.

Section 5. For purposes of section 1.150-2(d) of the Treasury Regulations, this Notice serves as the City's official declaration of intent to reimburse itself from proceeds of the Certificates in the maximum principal amount and for expenditures paid in connection with the

projects, each as set forth in Exhibit A hereof. Any such reimbursement will only be made (i) for an original expenditure paid no earlier than 60 days prior to the date hereof and (ii) not later than 18 months after the later of (A) the date the original expenditure is paid or (B) the date the project to which such expenditure relates is placed in service or abandoned, but in no event more than three years after the original expenditure is paid.

Section 6. The City's financial advisor, Masterson Advisors LLC, and bond counsel, Bracewell LLP, are authorized and directed to proceed with the necessary arrangements for the sale of the Certificates in accordance with the aforesaid Notice of Sale and Preliminary Official Statement.

Section 7. The Mayor, City Manager, Finance Director, City Secretary, and other officers and agents of the City are hereby authorized and directed to do any and all things necessary or desirable to carry out the provisions of this resolution.

Section 8. This resolution shall take effect immediately upon its passage.

*[Execution Page to Follow]*

PASSED AND APPROVED on this the 19th day of April, 2021 by the City Council of the City of Freeport, Texas.

---

City Secretary  
City of Freeport, Texas

---

Mayor  
City of Freeport, Texas

[SEAL]

EXHIBIT A

NOTICE OF INTENTION TO ISSUE CERTIFICATES OF OBLIGATION

NOTICE IS HEREBY GIVEN that the City Council of the City of Freeport, Texas (the "City"), will meet at Freeport Police Department, Municipal Court Room, 430 North Brazosport Boulevard, Freeport, Texas, 77541, at 6:00 p.m., on the 21st day of June, 2021 (unless alternative meeting arrangements are required to address public health concerns, which meeting arrangements will be specified in the notice of such meeting posted in accordance with applicable law), which is the time and place tentatively set for the passage of an ordinance and such other action as may be deemed necessary to authorize the issuance of the City's Combination Tax & Revenue Certificates of Obligation, Series 2021, in the maximum aggregate principal amount not to exceed \$8,500,000, payable from ad valorem taxes and from a limited pledge of a subordinate lien on the surplus revenues of the City's water and sewer system, bearing interest at any rate or rates not to exceed the maximum interest rate now or hereafter authorized by law, as shall be determined within the discretion of the City Council of the City at the time of issuance of the certificates of obligation, and maturing over a period not to exceed forty (40) years from the date of issuance, for the purposes of evidencing the indebtedness of the City for all or any part of the costs associated with (i) repair and rehabilitation of, the construction of improvements to and the equipment of the City's water and sewer system, and (ii) cost of professional services incurred in connection therewith. The estimated combined principal and interest required to pay the Certificates on time and in full is \$10,435,373. Such estimate is provided for illustrative purposes only, and is based on an assumed interest rate of approximately 2.08%. Market conditions affecting interest rates vary based on a number of factors beyond the control of the City, and the City cannot and does not guarantee a particular interest rate associated with the Certificates. As of the date of this notice, the aggregate principal amount outstanding of tax-supported debt obligations of the City is \$7,880,000. Based on the City's expectations, as of the date of this notice, the combined principal and interest required to pay all of the outstanding tax-supported debt obligations of the City on time and in full is \$9,450,288.

WITNESS MY HAND AND THE OFFICIAL SEAL OF THE CITY, this 19th day of April, 2021.

Betty Wells  
City Secretary  
City of Freeport, Texas



CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS  
COUNTY OF BRAZORIA

§  
§

I, the undersigned officer of the City Council of the City of Freeport, Texas, hereby certify as follows:

1. The City Council of the City of Freeport, Texas, convened in a regular meeting on the 19th day of April, 2021, at the regular meeting place thereof, within said City and the roll was called of the duly constituted officers and members of said City Council, to wit:

Brooks Bass  
Jeff Pena  
Jerry Cain  
Mario Muraira  
Roy Yates

Mayor  
Council Member, Ward A  
Council Member, Ward B  
Council Member, Ward C  
Council Member, Ward D

and all of said persons were present, except the following absentee(s): \_\_\_\_\_, thus constituting a quorum. Whereupon, among other business, the following was transacted at said meeting: a written

RESOLUTION NO. 2021-\_\_\_\_\_

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS, AUTHORIZING PUBLICATION OF NOTICE OF INTENTION TO ISSUE CERTIFICATES OF OBLIGATION; AUTHORIZING THE PREPARATION OF A PRELIMINARY OFFICIAL STATEMENT AND NOTICE OF SALE; AND PROVIDING FOR OTHER MATTERS INCIDENTAL THERETO

was duly introduced for the consideration of said City Council. It was then duly moved and seconded that said resolution be adopted; and, after due discussion, said motion, carrying with it the adoption of said resolution, prevailed and carried by the following vote:

\_\_\_\_\_ Member(s) of City Council shown present voted "Aye."

\_\_\_\_\_ Member(s) of City Council shown present voted "No."

2. A true, full and correct copy of the aforesaid resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that said resolution has been duly recorded in said City Council's minutes of said meeting; that the above

and foregoing paragraph is a true, full and correct excerpt from said City Council's minutes of said meeting pertaining to the adoption of said resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said City Council as indicated therein; that each of the officers and members of said City Council was duly and sufficiently notified officially and personally, in advance, of the date, hour, place and purpose of the aforesaid meeting, and that said resolution would be introduced and considered for adoption at said meeting, and each of said officers and members consented, in advance, to the holding of said meeting for such purpose; that said meeting was open to the public as required by law; and that public notice of the date, hour, place and subject of said meeting was given as required by Chapter 551, Texas Government Code.

SIGNED AND SEALED this 19th day of April, 2021.

---

Betty Wells, City Secretary  
City of Freeport, Texas

[SEAL]



## City Council Agenda Item # 10

**Title:** Consideration of approving Resolution No. 2021-2683 appointing qualified persons to fill the remaining term for two vacancies on the Freeport Economic Development Corporation Board.

**Date:** April 19, 2021

**From:** Tim Kelty, City Manager

**Staff Recommendation:**

Staff recommends selection of individuals and approval of the proposed resolution to appoint a qualified people to the Freeport Economic Development Corporation Board.

**Item Summary:**

The Economic Development Corporation has two vacancies due to the resignation of Marinell Music whose term is due to expire on May 31, 2021. And Trey Sullivan whose term is due to expire in May 31, 2022. These appointments would be to fill out the remainder of these terms and would be up for consideration of reappointment to a new 2-year term at that time. At the time this memo was prepared the city had received applications from, David McGinty, Melanie Oldham, Margaret McMahan, Joshua Mitchell.

**Background Information:**

The EDC is the most active board in Freeport appointed by the City Council. Current membership on the board includes Jeff Pena, Ed Garcia, Mingo Marquez, Ruben Renobato and Nichol Mireles.

**Special Considerations:**

Appointments to the EDC are not required to be residents of the city of Freeport.

**Financial Impact:**

N/A

**Board or 3<sup>rd</sup> Party recommendation:**

N/A

**Supporting Documentation:** Resolution

RESOLUTION NO. 2021-2683

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS, NOMINATING, CONSTITUTING AND APPOINTING A QUALIFIED PERSON TO THE FREEPORT ECONOMIC DEVELOPMENT CORPORATION 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 MARINELL MUSIC and TREY SULLIVAN board directors of The Freeport Economic Development Corporation of the City of Freeport, Texas ("the City") has not expired, but said board members have resigned before completion of the appointed term;

WHEREAS, the term of appointment of the above director MARINELL MUSIC terminates on May 31, 2021, and the term of appointment of the above director TREY SULLIVAN on May 31, 2022;

WHEREAS, the above director Marinell Music holds the position of an "A" director, of which the term of "A" directors expires in odd numbered years; and the above director TREY SULLIVAN holds the position of an "B" director of which the term of "B" directors expires in even numbered years;

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

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 the following named qualified person to the Freeport Economic Development Corporation of the City for the remaining portion of a term of two (2) years which expires on May 31, 2021, and May 31, 2022 and until a successor for such person shall have been appointed and qualified, to-wit.

---

---

SECTION TWO (2): DUTIES

The above named appointee shall perform all of the duties imposed on members of the Freeport Economic Development Corporation 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 \_\_\_\_\_, 2021.

\_\_\_\_\_  
Brooks Bass, Mayor  
City of Freeport, Texas

ATTEST:

\_\_\_\_\_  
Betty Wells, City Secretary  
City of Freeport, Texas



# City Council Agenda Item # 11

**Title:** Consideration and possible action authorizing the continued participation in the Cooperation Agreement between the City of Freeport and Brazoria County in regard to HUD funding, and authorizing amendment to the current agreement.

**Date:** April 19, 2021

**From:** Tim Kelty, City Manager

**Staff Recommendation:** Staff recommends that council authorize continued participation in the program through 2024, and execution of the proposed amendment of the existing agreement.

**Item Summary:** Under the terms of the agreement the city’s population and vital statistics are added to the County and other participating jurisdictions in the County. In so doing the County qualifies as an entitlement County and automatically receives an annual allocation of Community Development Block Grant (CDBG) Funding and HOME grant funding from the Department of Housing and Urban Development (HUD).

City Homeowners that meet the Federal income standards are eligible to receive HOME Grant funding for housing rehabilitation and reconstruction, and the City is able to apply for those County CDBG funding for eligible projects. The city currently is working on a \$275,000 grant for a sewer replacement project.

**Background Information**

Brazoria County is in the process of requalifying as an entitlement county with HUD. for continuation of funding past September of 2021. Previously all communities in the County participated with the exception of Hillcrest Village, Liverpool, Pearland (qualified all by itself) and Quintana.

The original agreement was approved in 2009 and amended in 2015. Like the 2015 amendment, the current proposed amendment adds required federal language.

**Special Considerations:** None.

**Financial Impact:** None

**Board or 3<sup>rd</sup> Party recommendation:** None

**Supporting Documentation:**

- Letter from Brazoria County inviting continued participation.
- List of current participating Jurisdictions,
- Proposed amendment, and 2009 agreement
- Notice to withdraw or remain as a participating Jurisdiction.

**NANCY FRIUDENBERG**  
DIRECTOR

**JENNIFER CRAINER**  
ASSISTANT DIRECTOR



**MARI REYES**  
PROJECT COORDINATOR

**TAMMY HUGHES**  
FINANCIAL COORDINATOR

## **BRAZORIA COUNTY COMMUNITY DEVELOPMENT DEPARTMENT**

April 5, 2021

Dear Mayor:

This year Brazoria County will be re-qualifying for Community Development Block Grant (CDBG), HOME, and Emergency Solutions Grant (ESG) Program funds from the U. S. Department of Housing and Urban Development for FYS 2022-2024. The County has to re-qualify for these funds every three years. Currently, twenty Cities in the County participate in the Brazoria County CDBG, HOME, and ESG Programs. A list of these Cities is attached hereto.

If your City no longer wishes to participate in the Brazoria County CDBG, HOME, and ESG Program, you will need to notify this office that your City elects to be excluded as a participating jurisdiction in the Brazoria County CDBG, HOME, and ESG Program. We must receive this notification in our office no later than 5:00 p.m. on May 6, 2021. However, I must also point out to you that by continuing to be included in the County's program; your City will not be eligible to apply for grants under the Texas Community Development Program (TX-CDBG) or the Texas HOME Investment Partnership Program through the Texas Department of Agriculture (TDA) during this same period. This will not however affect any other grant program you wish to apply for (e.g., Texas Parks and Wildlife Department, Federal Aviation Administration/Texas Aeronautical Commission, Texas State Library, Criminal Justice Council, etc.)

If we do not receive notification from your City indicating that your City no longer wishes to participate in the County program, then according to the previously executed agreement your City will be automatically included in our County program through September 30, 2021. We do hope that your City will continue to be a partner with the County and we look forward to continuing housing and community development efforts within your City.

Please send the signed attached notice, or any notices, to Nancy Friudenberg, Brazoria County Community Development, 1524 E, Mulberry, Suite 162, Angleton, Texas, 77515.

If you have any questions about the program, please feel free to call me at (979) 864-1860.

Sincerely,

Nancy Friudenberg  
Director

**1524 EAST MULBERRY SUITE 162, ANGLETON, TEXAS 77515**

Angleton Area  
(979) 864-1710

Brazosport Area  
(979) 388-1710

Houston Area  
(281) 756-1710

Fax Number  
(979) 864-1089



**Participating Cities in Brazoria County  
CDBG, HOME & ESG Programs**

Alvin  
Angleton  
Bailey's Prairie  
Bonney  
Brazoria  
Brookside Village  
Clute  
Danbury  
Freeport  
Holiday Lakes  
Iowa Colony  
Jones Creek Village  
Lake Jackson  
Manvel  
Oyster Creek Village  
Richwood  
Sandy Point  
Surfside Beach  
Sweeny  
West Columbia

**Non-Participating Cities**

Hillcrest Village  
Liverpool  
Pearland  
Quintana

## AMENDMENT/ADDENDUM TO COOPERATION AGREEMENT

This Agreement Amendment/Addendum covers the CDBG Entitlement program and, where applicable, the HOME Investment Partnership (HOME) and Emergency Solutions Grants (ESG) Programs.

Per requirement of the CPD Notice 20-03: Instructions for Urban County Qualification for Participation in the Community Development Block Grant (CDBG) Program to read:

**Paragraph II has been amended to read as follows:**

The City and County acknowledge that this Cooperation Agreement covers the Community Development Block Grant (CDBG) Entitlement Program, the HOME Investment Partnership Program (HOME) and the Emergency Solutions Grants (ESG) Program. Furthermore, the City understands that it may not apply for grants from appropriations under the small cities or State CDBG Programs, nor participate in HOME, HOME consortium, or ESG Programs with other local governments except through the County during the period in which it is participating in the County's Entitlement Program.

**Paragraph IX has been amended to read as follows:**

In the performance of this Agreement, the County and all cooperating units of general local government executing this Agreement agree to take all actions necessary to assure compliance with County's certification required by Section 104(b) of Title I of the Housing and Community Development Act of 1974, as amended, including Title VI of the Civil Rights Act of 1964, the Fair Housing Act and will affirmatively further fair housing. The County and City also agree to comply with Section 109 of Title I of the Housing and Community Development Act of 1974, Section 504 of the Rehabilitation Act of 1973, Title II of the Americans with Disabilities Act, the Age Discrimination Act of 1975, and Section 3 of the Housing and Urban Development Act of 1968, as well as other applicable laws.

**Paragraph XIII has been added to read as follows:**

A unit of general local government may not sell, trade, or otherwise transfer all or any portion of such funds to a metropolitan city, urban county, unit of general local government, Indian tribe, or insular area that directly or indirectly receives CDBG funds in exchange for any other funds, credits or non-Federal considerations, but must use such funds for activities eligible under Title I of the Housing and Community Development Act of 1974, as amended.

**Paragraph XIV now reads as follows:**

This Agreement shall be of no force and effect unless and until it is executed by both parties hereto and as set forth below.

**IN WITNESS WHEREOF** this instrument in duplicate originals has been executed by the parties hereto as follows:

- a. It has been executed on behalf of Brazoria County on the \_\_\_\_\_ day of \_\_\_\_\_, 2021, by the County Judge of Brazoria County and attested by the County Clerk of Brazoria County pursuant to an order authorizing such execution.
- b. It has been executed on behalf of the City on the \_\_\_\_\_ day of \_\_\_\_\_, 2021, by its Mayor and attested by its City Secretary, pursuant to action of the City Council of the City authorizing such execution.

BRAZORIA COUNTY

\_\_\_\_\_  
Matt Sebesta, County Judge

ATTEST

By: \_\_\_\_\_  
County Clerk

CITY OF \_\_\_\_\_

\_\_\_\_\_  
Mayor

ATTEST

By: \_\_\_\_\_  
City Secretary

**CERTIFICATE OF CITY ATTORNEY**

**CITY OF \_\_\_\_\_, TEXAS**

I have examined the foregoing Agreement, and as City Attorney for the City named therein, I hereby certify that the terms and provisions of this Agreement are fully authorized under State and local law applicable to the City (including but not limited to the City's Charter and ordinances).

\_\_\_\_\_  
Date

\_\_\_\_\_  
City Attorney

**ORDER**

THE STATE OF TEXAS §

COUNTY OF BRAZORIA §

On this the \_\_\_\_\_ day of \_\_\_\_\_, 2021, the Commissioners' Court, sitting as the governing body of Brazoria County, Texas, at a regular meeting, upon motion of Commissioner \_\_\_\_\_ seconded by Commissioner \_\_\_\_\_, duly put and carried,

**IT IS ORDERED** that the County Judge be, and he is hereby authorized to execute, and the County Clerk is hereby authorized to attest for and on behalf of Brazoria County, an agreement between Brazoria County and the City of \_\_\_\_\_ for the purpose of cooperating in the County's Community Development Block Grant (CDBG), HOME, and Emergency Shelter Grant (ESG) Programs for Federal FY 2021-2023, which agreement is hereby referred to and made a part hereof for all purposes as though fully set out herein.

Signed by:

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

Commissioner "Dude" Payne, Pct. 1

Commissioner Ryan Cade, Pct. 2

Commissioner Stacy Adams, Pct. 3

Commissioner David Linder, Pct. 4

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

THE STATE OF TEXAS    §  
                                  §  
COUNTY OF BRAZORIA   §

**COOPERATION AGREEMENT**

This agreement, made and entered into by Brazoria County, a body corporate and politic under the laws of the State of Texas, hereinafter sometimes referred to as "County", and the City of Freeport, a municipal corporation under the laws of the State of Texas, hereinafter sometimes referred to as "City".

**WITNESSETH:**

**WHEREAS**, on May 14, 2009 the City elected to have its population included as a portion of that population to the County in the County's "urban county" application(s) to the U.S. Department of Housing and Urban Development for funding for the Community Development Block Grant Program; and  
*(insert date city elects to join)*

**WHEREAS**, the City's area and population are within the boundaries of Brazoria County; and

**WHEREAS**, the County is willing to cooperate with the City in assisting in undertaking community renewal and housing activities; and

**WHEREAS**, the Texas Legislature has enacted the "Texas Community Development Act of 1975," codified as V.T.C.A., Local Government Code, Chapter 373, which provides, in part, for the authorization of cities to implement a community development program; and

**WHEREAS**, the governing bodies of the County and City duly authorizes this Agreement and authorizes their Chief Executive Officers to execute this Agreement on behalf of their entity and that any and all previous agreements in conflict herewith are hereby made void; and

**WHEREAS**, the Texas legislature has further enacted "The Interlocal Cooperation Act," and codified as V.T.C.A., Government Code, Chapter 791, which provides, in part, that the County may contract with the City to perform governmental functions and services for the City.

**NOW, THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS:** That the County and the City, in consideration of the mutual covenants and agreements herein contained, do mutually agree as follows:

I.

The City and the County agree to allow the U.S. Department of Housing and Urban Development to use the City's population and other necessary demographic characteristics in the determination of whether the County will qualify as an "urban county" as defined in the Housing and Community Development Act of 1974, as amended, and the rules and regulations promulgated pursuant thereto and in determining the County's annual funding allocations.

II.

The City and the County acknowledge that this Cooperation Agreement covers both the Community Development Block Grant (CDBG) Entitlement Program and the HOME Investment Partnership Program. Furthermore, the City understands that it may not apply for grants under the small cities or State Community Development Block Grant Programs from appropriations during the period in which it is participating in the County's CDBG Program. The City further understands that it may not participate in a HOME Program or HOME consortium with other local governments except through the County.

III.

The City and the County acknowledge that no determination has been made at the time of execution of this Agreement as to where and for what purposes funding, if any, for the applicable Community Development Block Grant Programs will be sought or expended. In this regard, it is agreed that County shall not be obligated to seek or commit funds for expenditure in the City or for assistance to residents of the City. The City is aware that the execution of this Agreement does not constitute any guarantee on the part of the County that funds received pursuant to the CDBG and HOME Program, if any, will be expended for projects within the city limits of the City or for assistance to the residents of the City, and the City has received no assurance, written or oral, from the County to the contrary.

IV.

This Agreement shall remain in full force and effect for the period October 1, 2009 through September 30, 2012. The Agreement will be automatically renewed at the end of this period for consecutive three-year periods unless the Agreement is specifically terminated in writing by either party before the end of the County's three-year qualification period. The County agrees to notify the City by the date specified in HUD's Urban County Qualification Notice for each successive qualification period of the City's right to not participate and to send a copy of such notice to the HUD Field Office. The City and the County acknowledge that they are aware that Federal Regulations do not permit the County to allow the City to withdraw from this Agreement or otherwise terminate this Agreement at any time during the period covered by the Agreement.

The City and the County also acknowledge that it will adopt any amendment to this Agreement to incorporate any changes necessary to meet the requirements for cooperation agreements set forth in any Urban County Qualification Notice which may be applicable for any subsequent three-year period and to submit such amendment to HUD as provided in the Urban County Qualification Notice, and that failure by either party to adopt such amendments will void the automatic renewal of such qualification period.

Furthermore, the City and the County acknowledge that this Agreement remains in effect until the CDBG and HOME funds and program income received with respect to the initial *three*-year qualification period and any successive qualification periods are expended and the funded activities completed and that the County and City shall not terminate or withdraw from the Agreement while the Agreement remains in effect.

V.

The City agrees to inform Brazoria County of any income generated by the expenditure of CDBG and HOME funds received by the City and that any such income shall be paid to Brazoria County. Brazoria County may, in its sole discretion, allow the City to retain program income provided that any and all such income may only be used for eligible activities in accordance with all CDBG and HOME Program requirements as may then apply. The City understands that Brazoria County has the responsibility for monitoring income and reporting to HUD on the use of any such program income, and the City, therefore, agrees to meet such record keeping and reporting requirements as may be required by the County for this purpose. In the event of close-out or change in status of the City, any program income that is on hand or received subsequent to the close-out or change in status will be paid to Brazoria County.

VI.

The City agrees and understands that the following terms and conditions will apply with regard to real property acquired to improve in whole or in part using CDBG funds that is within the control of the City during the term of the Agreement.

- a) The City shall timely notify Brazoria County of any modification or change in the use of property from that planned at the time of acquisition or improvement, including disposition.
- b) The City shall reimburse Brazoria County in an amount equal to the current fair market value (less any portion thereof attributable to expenditures of non-CDBG funds) of property acquired or improved with CDBG funds that is sold or transferred for a use which does not qualify under CDBG regulations.



VII.

The City agrees that program income generated from the disposition or transfer of real property prior to or subsequent to the grant close-out, change of status, or termination of this Agreement shall be treated according to 24 CFR 570.504.

VIII.

The County and the City agree to cooperate to undertake, or assist in undertaking, community renewal and lower income housing assistance activities, specifically urban renewal and publicly assisted housing.

The County and the City acknowledge that the County shall not fund activities in or in support of any cooperating units of general local government, including the City, which does not affirmatively further fair housing within its jurisdiction or that impedes the County's actions to comply with *its* fair housing certification.

IX.

In the performance of this Agreement, the County and all cooperating units of general local government executing this Agreement agree to take all actions necessary to assure compliance with County's certification required by Section 104(b) of Title I of the Housing and Community Development Act of 1974, as amended, including Title VI of the Civil Rights Act of 1964, the Fair Housing Act, Section 109 of Title I of the Housing and Community Development Act of 1974, and other applicable laws.

X.

The County and the City acknowledge that the City has adopted and is enforcing a policy prohibiting the use of excessive force by law enforcement agencies against any individuals within its jurisdiction engaged in non-violent civil rights demonstrations. Furthermore, the City has adopted a policy and is enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within the jurisdiction.

XI.

The City agrees and understands that pursuant to 24 CFR 570.501(b), it is subject to the same requirements applicable to subrecipients, including the requirement of a written agreement as set forth in 24 CFR 570.503.

XII.

Should the U.S. Department of Housing and Urban Development reject or refuse to accept the Agreement for any reason, the County may terminate this Agreement by giving written notice of the same to the City.

XIII.

This Agreement shall be of no force and effect unless and until it is executed by both parties hereto and as set forth below.

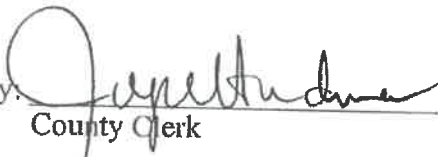
**IN WITNESS WHEREOF** this instrument in duplicate originals has been executed by the parties hereto as follows:

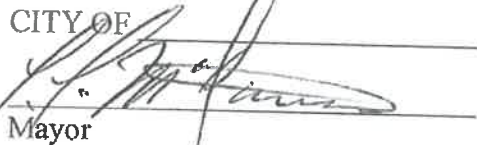
- a. It has been executed on behalf of Brazoria County on the 26<sup>TH</sup> day of May, 2009, by the County Judge of Brazoria County and attested by the County Clerk of Brazoria County pursuant to an order authorizing such execution.
- b. It has been executed on behalf of the City on the 14<sup>th</sup> day of May, 2009, by its Mayor and attested by its City Secretary, pursuant to action of the City Council of the City authorizing such execution.

BRAZORIA COUNTY

  
\_\_\_\_\_  
EJ King, County Judge

ATTEST

By:   
\_\_\_\_\_  
County Clerk

CITY OF  
  
\_\_\_\_\_  
Mayor

ATTEST

By:   
\_\_\_\_\_  
City Secretary

**CERTIFICATE OF CITY ATTORNEY**

CITY OF FREEMONT, TEXAS

I have examined the foregoing Agreement, and as City Attorney for the City named therein, I hereby certify that the terms and provisions of this Agreement are fully authorized under State and local law applicable to the City (including but not limited to the City's Charter and ordinances).

Date 5/14/09

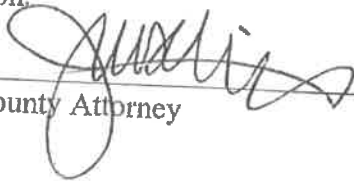
Wallace Shaw  
City Attorney

**CERTIFICATE OF COUNTY ATTORNEY**

**BRAZORIA COUNTY, TEXAS**

I have examined the foregoing Agreement, and as statutory civil counsel to the County named therein, I hereby certify that the terms and provisions of the Agreement are fully authorized under State and local law, and that this agreement provides full legal authority for the County to undertake or to assist the City in undertaking essential community development and housing assistance activities, specifically urban renewal and publicly assisted housing. To the extent that this certificate relates the State and local law applicable to the City (including but not limited to the City's Charter and ordinances), this certificate is given in total reliance upon the Certificate of City Attorney and the undersigned disclaims any responsibility or liability for the City's Attorney and the errors or omissions, if any, in making such certification.

05/27/09  
Date

  
County Attorney

**NOTICE TO WITHDRAW OR REMAIN AS A  
PARTICIPATING JURISDICTION**

Nancy Friudenberg  
Brazoria County Community Development  
1524 E. Mulberry, Suite 162  
Angleton, TX 77515

The City of \_\_\_\_\_ elects to:

- Remain as a participating jurisdiction in the Brazoria County CDBG and HOME Program for Federal FY 2022-2024. I understand that requesting to remain as a Participating Jurisdiction, I agree to renew and extend the Cooperation Agreement between the County and the City of \_\_\_\_\_.
  
- Withdraw as a participating jurisdiction in the Brazoria County CDBG and HOME Program for Federal FY 2022-2024. I understand that by withdrawing as a participating jurisdiction, our city will no longer be entitled to receive CDBG and HOME funding from Brazoria County. I also understand that I must notify Brazoria County Community Development and the local HUD Field Office that the City of \_\_\_\_\_ intends to withdraw as a participating jurisdiction. This request must be in writing, sent to both entities, and be received by May 6, 2021.

Signed by:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

**Please mail original form to Nancy Friudenberg  
by May 6, 2021.**



## City Council Agenda Item # 12

**Title:** Resolution Amending Master Fee Schedule to Modify Recreation Center Fees

**Date:** April 19, 2021

**From:** LeAnn Strahan

---

**Staff Recommendation:**

Staff recommends approval of the Resolution amending the Master Fee Schedule to modify Recreation Center membership fees.

**Item Summary:**

Following a survey of Recreation Center membership fees and amenities in our surrounding cities, we discovered that while our rates are competitive, we offer fewer amenities. Our goal in lowering rates is to increase overall membership and keep our residents from leaving Freeport to utilize other facilities. Freeport residents will receive a \$10 reduction on all memberships and non-residents would see a slight decrease as well.

**Background Information:**

The local fitness industry has become much more competitive with several new commercial gyms in the area that offer low-priced memberships. This had us revisit our fee schedule and compare to other local recreation centers, which brought us to the conclusion that we need to lower our fees to be comparable overall. We plan a membership drive this summer and need to secure our rates before beginning the promotion.

**Special Considerations**

The proposed rates are the maximum fees to be charged for monthly memberships. Throughout the year, additional discounts will be offered for annual and semi-annual memberships as we plan to offer promotional membership drives.

**Financial Impact:**

We hope to increase memberships with the modified fee schedule, so we do not anticipate a reduction in revenue.

**Board or 3<sup>rd</sup> Party recommendation:**

N/A

**Supporting Documentation:**

Resolution

Recreation Center Survey/Proposed Fee Schedule

**RESOLUTION NO. 2021-2684**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS AMENDING THE MASTER FEE SCHEDULE FOR ASSESSING RATES AND FEES AND CHARGES FOR SERVICES PROVIDED BY CITY DEPARTMENTS, USE OF CITY PROPERTY, AND PURCHASE OF CERTAIN GOODS PROVIDED BY THE CITY; PROVIDING FOR SEVERABILITY; PROVIDING AN EFFECTIVE DATE; AND PROVIDING FOR A FINDING OF PROPER MEETING AND NOTICE.**

**WHEREAS**, the City Council of the City of Freeport, Texas ("City") seeks to provide for reasonable fees and charges for services provided by City departments, use of City property, and purchase of certain goods provided by the City in order to recoup the cost of conducting municipal business on the public's behalf without unduly relying on taxes; and

**WHEREAS**, on October 21, 2019, the Freeport City Council authorized by ordinance 2019-2587 the adoption of a Master fee schedule, and at the same meeting, by resolution 2019-2611, established the city of Freeport Master Fee Schedule, identifying all fees and charges levied by the City for services, use of city property, and purchase of certain goods provided by the city.

**WHEREAS**, from time to time the Master Fee Schedule shall be amended as deemed necessary by the city council by resolution.

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

**SECTION 1. FEES.** Pursuant to the provisions of its Code of Ordinances, as amended by Ordinance No. 2019-2587, the City Council of the City hereby amends the Master Fee Schedule with the rates and fees attached hereto as Exhibit "A".

**SECTION 2. EFFECTIVE DATE.** This resolution and the rules, regulations, provisions, requirements, orders, and matters established and adopted hereby shall take effect and be in full force and effect on the date of passage and upon execution by the mayor and city secretary as set forth below.

**SECTION 3. PROPER NOTICE AND MEETING.** It is hereby found and determined that the meeting at which this resolution was passed was attended by a quorum of the City Council, 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 the \_\_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
Brooks Bass, Mayor  
City of Freeport, Texas

ATTEST:

\_\_\_\_\_  
Betty Wells, City Secretary  
City of Freeport, Texas

APPROVED AS TO FORM ONLY:

\_\_\_\_\_  
Christopher Duncan, City Attorney  
City of Freeport, Texas

# Exhibit A

## Recreation Center Comparison

Amenities	Freeport	Angleton	Lake Jackson
Full Size Basketball Court		X	X (2)
Mini Basketball Court	X	X (2)	X
Weight Room	X	X	X
Racquetball	X		X (2)
Outdoor Pool (Seasonal)	X		X
Indoor Pool (All Year)		X	X
Indoor Lap Swim Pool (All Year)		X	X
Hot Tub		X	
Sauna	X		X
Multipurpose Room (Fitness)		X	X
Pickleball		X	X
Kid Zone			X
Locker Room		X	X

Membership Fees	Freeport Rec Center Current		Angleton Rec Center	Lake Jackson Rec Center	Freeport Rec Center Proposed	
	Resident	Non-Resident			Resident	Non-Resident
*Family	\$ 40.00	\$ 50.00	\$ 44.00	\$ 40.00	\$ 30.00	\$ 40.00
Individual	\$ 25.00	\$ 35.00	\$ 32.00	\$ 30.00	\$ 20.00	\$ 30.00
Senior	\$ 15.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 10.00	\$ 20.00
Active Military	\$ 15.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 10.00	\$ 20.00
**Senior Family	N/A	N/A	\$ 35.00	\$ 30.00	\$ 20.00	\$ 30.00
*Active Military Family	N/A	N/A	\$ 35.00	\$ 30.00	\$ 20.00	\$ 30.00
Youth	N/A	N/A	\$ 25.00	\$ 25.00	\$ 10.00	\$ 20.00

\*Family memberships include up to 6 immediate family members as claimed as dependents on IRS tax return.  
 \*\*Senior Family Memberships include grandchildren up to 18 or college with valid student ID



# Human Resources Monthly Report

Date: March 31, 2021

HR TEAM: Brenda Miler-Ferguson, Cathy Ezell and Donna Fisher

## HR Services Team Priorities and Results for March 2021:

- **Welcomes and Well-wishes:**
  - On March 8<sup>th</sup> we bid a fond farewell to Stephanie Russell, Assistant City Manager/Finance Director. We wish her much happiness in her new adventures in California.
  - We are thrilled to welcome Cathy Ezell to the Freeport family. She stepped into the Finance Director role on March 8<sup>th</sup> and has hit the ground running.
  - We are also excited to welcome:
    - Devin Shoemaker, Firefighter/EMT
    - Mark Bedford, Golf Course Coordinator
    - James Davis, Golf Mechanic
  - Human Resources Director, Brenda Miller-Ferguson's resignation is effective March 26, 2021. City Management decided that Human Resources will be under the direction of Cathy Ezell, Finance Director and a Human Resources Specialist II position will be created.
- **COVID Response:** This month COVID absences in our employee population trended upward after the Spring Break holiday, after starting with zero COVID-related absences in the first week of March. COVID activity this month included:
  - **COVID-Related Absence Tracking:** In March we had a high of five (5) absences related to COVID quarantines, with one (1) positive employee case. This is a decrease from a high of ten (10) absences with five (5) positive cases in February. The one (1) positive COVID case in March was at the Recreation Center.
- **Salary Survey:** Salary survey results and analysis for the Police and Fire Departments were presented to Council in February. Approved increases were implemented effective March 1<sup>st</sup> and entered in payroll checks issued on March 12<sup>th</sup>. The Pay Scale Matrix was updated to reflect these increases to the minimum salary, and maximum salaries by position were updated accordingly. These changes were also entered into the old Police Step Plan for analysis purposes in the upcoming budget year. Additional increases related to salary survey results for other departments will be considered as part of the annual budget process for fiscal year 2021-2022.
- **Policy Updates/Process Improvements:**
  - **COVID-Related Policies:** City Management and Council will need to revisit internal COVID-leave policy extensions beginning in April. In January 2021 City Council approved extension of COVID-related leave policies to March 31<sup>st</sup>. This date is consistent with Federal employment tax credits extended to employers who voluntarily extended leave benefits. No additional Federal extensions have been communicated to date.

- **Training/Coaching/Performance Improvement:**
  - **Performance Issues Addressed:** We had zero (0) employee terminations for performance this month.
  - **Training:** HR Specialist, Donna Fisher, cross-trained for several HR functions related to recruiting, unemployment claims processing, retirement contribution processes, workers compensation claims correspondence, and vehicle and property liability and damage claims filings.
- **Performance Evaluations/Merit-based Pay Increases:** The annual performance appraisal process was initiated, with performance reviews due by March 31<sup>st</sup>. This process will be the basis for merit-based pay distributions, which will be included in the budget for October 2021.
- **Employee Turnover/Recruiting/Hiring Progress:**
  - **Employee Turnover:** We had eight (8) employee separations in March. Seven (7) were voluntary separations, including three (3) in Police, two (2) in Golf, one (1) in Human Resources and one (1) ACM/Finance Director. One (1) in Code Enforcement was a termination. We also received one (1) additional resignation notice pending for April (in Police).
  - **Internal Transfers:** Jailer Jose Tamayo voluntarily transferred to Animal Control Officer. Accounting Specialist Giselle Hernandez transferred to Financial Analyst.
  - **Recruiting:** Active recruiting searches include:
    - Police Officers
    - Firefighter/EMT
    - Economic Development Assistant
    - Financial Analyst
    - Public Works Maintenance Technician
    - Police Crossing Guards
    - Jailer
    - Seasonal Lifeguards
  - **Recruiting Sources** include: City website, The Facts Online, Texas Municipal League, Strategic Government Resources, LinkedIn, Workforce Solutions, Industry-specific organizations, Between Jobs Ministries, Community College programs for maintenance and Police, and networking.
- **Risk Management and Insurance Updates:**
  - **Unemployment Claims:** We appealed and won two additional unemployment claims in March. One for an employee who voluntarily quit without notice to avoid a drug test in 2020. And another was for an employee who was terminated with cause for blatant policy violations. We have won five (5) unemployment appeal cases this calendar year (Jan.-March). The City's account will not be charged for these unemployment claims.
  - **Workers Compensation Claims:** We had two (2) active Workers Comp. claims in March, including one (1) in Police and one (1) in Fire. This is down from five (5) in February.
  - **Family & Medical Leave Cases (FMLA)-** We had three (3) active FMLA cases in March (1 Police, 1 Fire, 1 Public Works). Two (2) of these cases were active in February as well.
  - **Property/Liability/Accident Claims-** We had three (3) new vehicle damage claims in March, all in the Police Department. Three vehicles were involved in two different accidents which occurred in the Police Station parking lot. Claims are up from one (1) in February. We also continued to process claims for damage resulting from the ice storm, specifically at the Museum and Service Center.
  - **Record Retention:** Donna Fisher continued to purge old HR files in an effort to reduce exposure from storing sensitive data, and to save storage space.
  - **Asset Management Updates:** Donna assisted Administration with locating asset titles were.

- **Miscellaneous Updates:**

- **Strategic Plan:** Edits were completed to update the Human Resource Services Strategic Plan. The HR Strategic Plan will likely be incorporated into the Finance/Administration Plan based on transition in the HR Director position.

### Priorities for April through June:

- **Human Resource Department Transition:** Finalize plan for reorganization of HR functions. Recruit for the vacant position, either an HR management position or an HR specialist position.
- **HR Strategic Plan:** Edit based on HR function reorganization as determined by Finance Director and City Manager.
- **Salary Survey Project** – Review remaining proposed salary adjustments for the upcoming budget process.
- **Performance Evaluation Process** – Review 2021 performance appraisals after due date at the end of March. Evaluate ratings and determine percentages for merit increase.
- **Value of City Employment [“Hidden Paycheck”] Statements** – Complete summary documents for each employee to demonstrate the value of their City employment beyond salary (value of benefits, taxes, time off, etc.). Our HR Specialist, Donna Fisher, has provided nearly all of the data to our vendor well in advance of their deadlines. We hope to have these completed and distributed in April, to coincide with performance appraisal discussions.
- **Training/Development** – Create a New Supervisor Training Program and assign required trainings (ethics and cyber-security) to meet requirements due in June 2021. Infrastructure for this training is already in place using TML/Lexipol’s LocalGovU platform established by HR in 2020.



## Finance, Court & Water Departments

**Title:** Monthly Report for January 2021

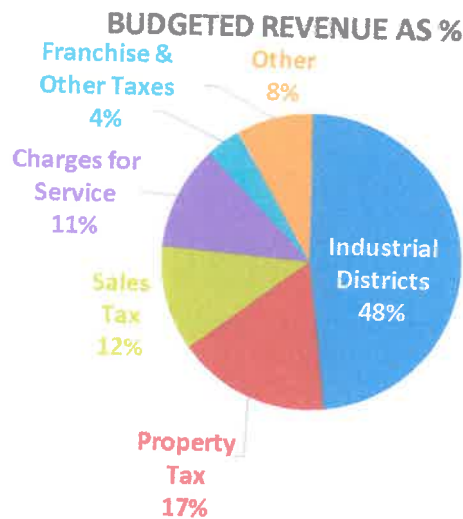
**Date:** February 16, 2021

**From:** Stephanie Russell, Assistant City Manager/Finance Director

### Budget vs. Actuals for January

#### Major Revenue

	Current Budget	Actual FYTD	% Budget Received
Industrial Districts	7,967,460	5,309,128	67%
Property Tax	2,764,154	2,448,721	89%
Sales Tax	1,900,000	902,172	47%
Charges for Service	1,886,394	959,615	51%
Franchise & Other Taxes	635,826	220,845	35%
Miscellaneous Income	328,700	181,800	55%
Fines & Forfeits	301,800	85,994	28%
Lease Income	282,574	58,573	21%
Intergovernmental	280,505	595,919	212%
License and Permits	104,591	76,939	74%
Investment Earnings	90,000	12,073	13%
<b>Grand Total</b>	<b>16,542,004</b>	<b>10,851,779</b>	<b>66%</b>



Industrial District Revenue

Brazosport IDA and Freeport IDA payments are due in December and July. The Freeport LNG IDA payment is due in March.

Industrial Districts	Current Budget	YTD Received	% Budget Received
Brazosport IDA	4,442,037	2,222,988	50%
Freeport IDA	1,525,423	1,086,140	71%
Freeport LNG IDA	2,000,000	2,000,000	100%
<b>Grand Total</b>	<b>7,967,460</b>	<b>5,309,128</b>	<b>67%</b>

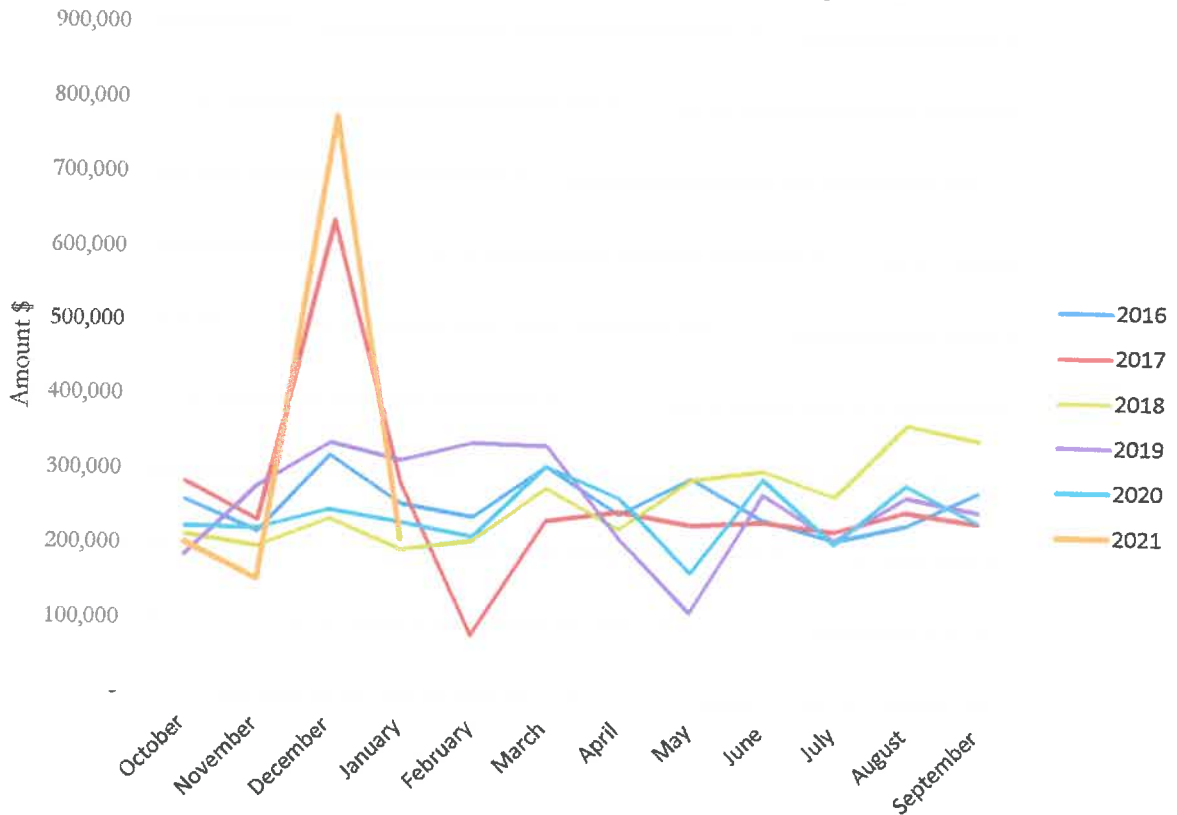
Property Tax Revenue

Property Tax	Current Budget	YTD Received	% Budget Received
Current Year	2,764,154	2,411,714	87%
P & I CURRENT YEAR	0	12,826	
P & I PRIOR YEARS	0	7,253	
PRIOR YEARS	0	16,929	
<b>Grand Total</b>	<b>2,764,154</b>	<b>2,448,721</b>	<b>89%</b>

Sales Tax

Month	City Budget	City Actual	City % Over/(Under)	City FYTD
October	145,924	135,892	-6.9%	135,892
November	164,652	104,226	-36.7%	104,226
December	155,911	519,835	233.4%	519,835
January	132,518	142,219	7.3%	142,219
February	191,659	0		
March	148,076	0		
April	141,464	0		
May	183,550	0		
June	156,170	0		
July	142,322	0		
August	181,191	0		
September	156,561	0		
<b>Total</b>	<b>1,900,000</b>	<b>902,172</b>		

### Comparison of Sales Tax Revenue by Year



### Summary of Budget vs. Actuals by Fund

Fund	Current Budget	Actuals FYTD	Budget-Actual
<b>General Fund</b>			
Revenue	(16,542,004)	(10,851,779)	(5,690,225)
Administration	1,952,980	900,603	1,052,377
Beach Maintenance	10,000	5,751	4,249
Building	334,982	134,711	200,270
Code Enforcement	378,836	172,515	206,320
EMS	907,998	348,796	559,201
Fire/Emergency Management	1,369,014	706,131	662,883
Garbage	992,453	471,476	520,978
Golf Course	1,128,041	456,828	671,213
Historical Museum	378,302	135,676	242,627
Library	55,700	95,135	(39,435)
Municipal Court	179,246	93,692	85,555
Parks	1,360,426	481,170	879,256
Police/Animal Control	4,837,671	2,206,679	2,630,992
Recreation	583,200	167,502	415,698
Service Center	222,087	102,076	120,011



Monthly Report  
Finance, Court & Water Departments

January 2021

Sr. Citizen's Commission	10,250	489	9,761
Street	1,325,978	623,738	702,240
Emergency Management	-	226,123	(226,123)
Transfer	1,050,676	-	1,050,676
<b>General Fund Total</b>	<b>535,835</b>	<b>(3,522,688)</b>	<b>4,058,523</b>
<b>Water &amp; Sewer</b>			
Revenue	(6,655,842)	(2,708,753)	(3,947,089)
Debt Service	-	-	-
Water/Sewer	6,171,396	2,296,050	3,875,346
Transfer	150,000	-	150,000
<b>Water &amp; Sewer Total</b>	<b>(334,446)</b>	<b>(412,703)</b>	<b>78,257</b>
<b>Capital Debt Service</b>			
Revenue	(568,300)	(466,963)	(101,337)
Debt Service	551,924	522,877	29,047
Transfer	-	-	-
<b>Capital Debt Service Total</b>	<b>(16,376)</b>	<b>55,915</b>	<b>(72,291)</b>
<b>COO 2008 Construction</b>			
Revenue	-	-	-
Administration	-	47,040	(47,040)
<b>COO 2008 Construction Total</b>		<b>47,040</b>	<b>(47,040)</b>
<b>2020 CO Bond</b>			
Revenue	(38,500)	(9,522)	(28,978)
Administration	675,000	-	675,000
Historical Museum	375,000	-	375,000
Street	2,752,000	-	2,752,000
<b>2020 CO Bond Total</b>	<b>3,763,500</b>	<b>(9,522)</b>	<b>3,773,022</b>
<b>Special Revenue</b>			
Revenue	(55,600)	(22,842)	(32,758)
Beach Maintenance	-	-	-
Hotel/Motel	30,250	5,000	25,250
Municipal Court	34,800	7,956	26,844
Police/Animal Control	15,000	24,210	(9,210)
Transfer	-	-	-
<b>Special Revenue Total</b>	<b>24,450</b>	<b>14,324</b>	<b>10,126</b>
<b>Street &amp; Drainage</b>			
Revenue	-	(1,519)	1,519
Street	593,253	215,924	377,330
Transfer	(250,000)	-	(250,000)
<b>Street &amp; Drainage Total</b>	<b>343,253</b>	<b>214,405</b>	<b>128,849</b>
<b>Facilities &amp; Grounds CIP</b>			
Revenue	-	(44)	44
Administration	-	-	-
Fire/Emergency Management	25,000	-	25,000
Golf Course	55,000	33,200	21,800
Historical Museum	17,000	-	17,000

Monthly Report  
Finance, Court & Water Departments

January 2021

Library	-	-	-
Parks	38,000	-	38,000
Police/Animal Control	45,300	96,762	(51,462)
Recreation	3,475	-	3,475
Service Center	22,000	2,702	19,298
Transfer	(205,775)	-	(205,775)
<b>Facilities &amp; Grounds CIP Total</b>	-	<b>132,620</b>	<b>(132,620)</b>
<b>Vehicle &amp; Equipment</b>			
Revenue	-	(51,912)	51,912
Administration	-	-	-
Fire/Emergency Management	93,142	22,032	71,110
Golf Course	47,000	-	47,000
Parks	-	-	-
Police/Animal Control	122,000	30,699	91,301
Street	7,500	-	7,500
Transfer	(269,642)	-	(269,642)
<b>Vehicle &amp; Equipment Total</b>	-	<b>819</b>	<b>(819)</b>

General Fund Balance Sheet

Assets		Liabilities	
Cash	9,274,221	Deferred Revenue	-
Due From Other Funds	73,888	Due to Other Funds	(121,126)
Receivables	1,094,461	Payables	(386,367)
<b>Total Assets</b>	<b>0</b>	<b>Total Liabilities</b>	<b>(507,493)</b>
		Revenue Less Expenditures	(3,522,688)
		Beginning Fund Balance	(6,412,389)
		<b>Total Liabilities &amp; Fund Balance/Equity</b>	<b>(10,442,570)</b>

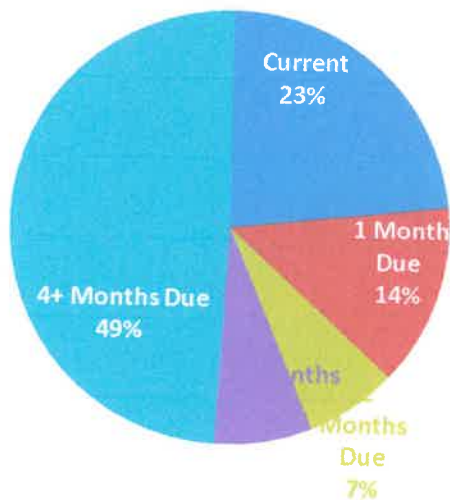
Utilities

All past due accounts and finaled accounts still using water are due on April 20, 2021. On April 21, 2021 any account without an agreement in place will disconnected.

Billed	Water	Sewer	Total FYTD
Residential	\$429,275	\$364,327	\$793,602
Commercial	756,286	727,349	1,483,635
Outside CL	214,034	2,923	216,957
Irrigation	1,847		1,847
Water Only	80,728		80,728
Sr. Discount	(4,604)	(4,180)	(8,784)
<b>Total Billed</b>	<b>\$1,477,566</b>	<b>\$1,090,419</b>	<b>\$2,567,985</b>
<b>Last FYTD</b>	<b>\$1,407,787</b>	<b>\$964,490</b>	<b>\$2,372,277</b>
% Change	5.0%	13.1%	8.2%

Consumption	Water	Sewer	Total FYD
Billed	150,730,600	129,547,423	280,278,023
Unbilled	6,616,000	0	6,616,000
<b>Total Gallons</b>	<b>157,346,600</b>	<b>129,547,423</b>	<b>286,894,023</b>
<b>Last FYTD</b>	<b>172,904,000</b>	<b>131,681,170</b>	<b>304,585,170</b>
% Change	-9.0%	-1.6%	-5.8%

AGING REPORT FOR WATER  
 ACCOUNTS



## Municipal Court

Fiscal Year Total Through	Mar-18	Mar-19	Mar-20	Mar-21	% Change
<b>Violations</b>					
Filed	1,754	1,754	1,283	701	-4.5%
Completed	1,286	1,226	997	504	-5.0%
<b>Net Difference Filed/Complete</b>	<b>486</b>	<b>528</b>	<b>286</b>	<b>197</b>	<b>-3.1%</b>
<b>Warrants</b>					
Issued	573	323	207	377	8.2%
Warrants Cleared	764	440	349	328	-6.1%
<b>Change in Total Warrants</b>	<b>-191</b>	<b>-117</b>	<b>-142</b>	<b>78</b>	<b>155%</b>
Total Fees/Fines Paid*	\$293,941	\$266,455	\$202,918	\$148,600	-26.8%

\* Includes Regulatory, State & Other Agency Fees

## Ongoing Initiatives

### Audit

The annual audit for Fiscal Year 2020-2021 has been completed and will be presented at the April 19, 2021 meeting.

### Budget, CIP and Long-Range Financial Plan

Council approved the first budget amendment for Fiscal Year 2020-2021 Budget the first meeting in February. The next budget related initiatives will be to develop a five-year Capital Improvement Plan and Long-Range Financial Plan.

### 2020 Bond Program

Council approved issuance of certificate of obligation bonds August 3, 2020. Since then, the City has received the \$8 million in bond proceeds and closed out the issuance in September. Below is the status if each project included in the bond program:

1. Street & Drainage projects: There are no new updates for November. A Council workshop was held in October to review the streets and drainage projects proposed to be included in the bond program.
2. Velasco Pump Station Improvements: Engineering is complete and the project was bid in November. Council awarded the construction contract on December 21<sup>st</sup>.
3. Heritage House Renovation: This project is on hold until a workshop with Council is held to determine if and how the project will move forward.
4. City Hall Renovation: Integrated Architecture & Design, LLC presented their report regarding the City Hall Facility Program in January. In July 2020, Council approved a proposal from Integrated Architecture & Design for Architectural Programming of City Hall. The scope of these services included development of conceptual site layouts and

workflow patterns to best illustrate the facility goals for the current City Hall facility and preliminary construction costs for each option.

### Financial Software

In March, staff continued to coordinate with Tyler regarding preparations to migrate the City's financial and court data. The first phase of the migration is the financial information. This phase is scheduled to begin in April and be complete in early July. Council approved the upgrade to Incode 10 with Tyler Technologies June 2020.

### Grant Administration

- Texas Coronavirus Relief Fund (CRF): In March, the City began receiving the funds from this grant.
- CDBG-MIT Applications: In March, the City received notice that the City had been awarded a \$6 million grant for Inflow and Infiltration improvement. The City is still waiting her here about the \$6 million grant for the renovations of the wastewater treatment plant. The applications for the Harvey and 2016 Floods were resubmitted by the October deadline.
- CDBG-DR, (Contract No. 20-065-050-C158) WWTP Bar Screen: This grant project is currently under final design and bid documents were completed in January. Bids were received on this project in March. The City was awarded a \$193,271.00 grant from the Community Development Block Grant program in February 2020.
- JAG – Radio Console Grant: Council approved the proposal to upgrade the dispatch radio console and staff submitted the quarterly financial report in January. The City received notification it was formally awarded this Public Safety (PD) grant in October.
- GLO Beach Maintenance Program: The quarterly report for the months of September through November was submitted in March.
- FEMA-Harvey Reimbursement: Staff is still working to complete with all projects. Staff is working to submit a change in scope and amount for the river bank at the Golf Course. Reimbursement for Category B (Emergency Measure Expenses) is currently being audited.
- CDBG-Brazoria County: In March, the City submitted an application for this CDBG grant in the amount of \$260,000 for the repairs of a sewer line between Avenue G and Avenue H.

### Purchasing

No new bids were solicited in March.



**CITY OF FREEPORT  
FREEPORT FIRE & EMS DEPARTMENT**

131 East 4<sup>th</sup> Street  
Freeport, Texas 77541  
Phone (979) 233-2111  
Fax (979) 233-4103

Christopher Motley  
Chief / EMC

Mike Praslicka  
Deputy Chief

Micheal Dumas  
Fire Marshal

**Office of the Fire Marshal**

March 2021 Monthly Report.

**Fire/Safety Inspections:**

Address	Inspection Type	Pass/Fail
1103 N Avenue H	Re-inspection of Fire Sprinkler	Passed
209 Park Ave	Above Ceiling & Hydro (sprinkler)	Failed- Had Leak
209 Park Ave	Fire Alarm & Re-inspection Sprinkler	Both Passed
100 E 7 <sup>th</sup> Street	Walk-through of Building proposed new business.	N/A
<b>Total Inspections: 4</b>		

**Plans Review:**

Name or Address	Type of Plan	COMMENTS Y/N
1601 E Hwy 332	Cooking Hood System	No
<b>Total Plans Reviewed:</b>		

**Fire Investigations:**

Address	Type of Fire	Disposition
Port Freeport	Vehicle Fire (Crane)	Accidental
<b>Total: Investigations: 1</b>		



**CITY OF FREEPORT  
FREEPORT FIRE & EMS DEPARTMENT**

131 East 4<sup>th</sup> Street  
Freeport, Texas 77541  
Phone (979) 233-2111  
Fax (979) 233-4103

Christopher Motley  
Chief / EMC

Mike Praslicka  
Deputy Chief

Micheal Dumas  
Fire Marshal

**Fire Safety Consultation/ Consultation:**

Whom	In Reference to:
Billy Shoemaker	BISD new restroom
Meet with Lance, Billy, Chief	Soft ball fields concession stands (Not meeting codes)
A gentleman w/Freeport Dialysis	Knox Box
Billy, property owner, possible tenant (on-site)	Possibility of new business on Park Ave next to museum
<b>Total: 4</b>	

**Incident Response:**

Location	Type of Incident	Disposition
Under Bridge over ICW Hwy 332 & 288	Possible Oil Leak	Pumping water line busted no oil
Port Freeport	MVA w/Radiological Source.	Minor damage the source was secured. No leak.
<b>Total Calls: 3</b>	Crain Fire	Accidental

**Public Education Events:**

Location	Name of Event	Appx # people
<b>Total: 0 COVID-19</b>		

**Stop Work Order's/ NOV's/ Fire Marshal's Orders:**

Address	Description	Disposition
<b>Total: 0</b>		

**Training:**

Course Name	Hours
Texas IAAI Arson & Fire Investigation Conference	32



**CITY OF FREEPORT**  
**FREEPORT FIRE & EMS DEPARTMENT**

*131 East 4<sup>th</sup> Street  
Freeport, Texas 77541  
Phone (979) 233-2111  
Fax (979) 233-4103*

Christopher Motley  
Chief / EMC

Mike Praslicka  
Deputy Chief

Micheal Dumas  
Fire Marshal

**Miscellaneous:**

- Worked on Crisis Track winter storm recovery – updating info and updating information dissemination. About 18 hrs.
- FD Staff meetings.





**CITY OF FREEPORT**  
**FREEPORT FIRE & EMS DEPARTMENT**

131 East 4<sup>th</sup> Street  
Freeport, Texas 77541  
Phone (979) 233-2111  
Fax (979) 233-4103

Christopher Motley  
Chief / EMC

Mike Praslicka  
Deputy Chief  
EMS Coordinator

To: Mr. Kelty, City Manager  
From: Christopher D. Motley, Fire Chief  
Date: April 19, 2021  
Re: March 2021

Response alarms: February: Fire - 29  
EMS - 172  
Total - 201

Significant Events:

Air Ambulance transport: 1  
Request mutual aid into the city to cover EMS response: 3 FIRE 2  
Mutual aid given to other cities to cover EMS response: 1 FIRE 0  
Two EMS units working calls at the same time: 26  
Three working EMS alarms: 3  
Four working EMS alarms: 0  
Five working EMS alarms: 1  
Transport rate: 60%

Audit: Texas Department of Insurance audit: In review process (4/5/2021).

Assignments/Projects:

Salary survey review present to Council. Council approved public safety salaries proposal which has been implemented into payroll.

Equipment/Infrastructure:

Ordered new gas monitoring equipment to replace existing equipment that has exceeded its service life.

Hydrant Maintenance:

Viola Water maintains the water supply and hydrant maintenance. The department checks fire hydrants for operation/function as a part of preplanning operations and training.



**CITY OF FREEPORT**  
**FREEPORT FIRE & EMS DEPARTMENT**

131 East 4<sup>th</sup> Street  
Freeport, Texas 77541  
Phone (979) 233-2111  
Fax (979) 233-4103

Christopher Motley  
Chief / EMC

Mike Praslicka  
Deputy Chief  
EMS Coordinator

Emergency Management:

COVID-19 EM report provided at each city council meeting.  
Review daily COVID-19 Brazoria County Health reports. Providing this data to Freeport Police Department for first responder notification under Freeport OEM Dispatch protocol.  
Preparation of COVID-19 vaccine distribution to Brazoria County under BCOEM.  
PPE: we are still receiving PPE from the state distribution program for COVID-19.  
Winter Storm Declaration the City of Freeport is in recovery phase. We are working with the community in reporting damage assessments to support federal disaster declaration for public assistance. Federal declaration Category B: Protective Measures has been approved.  
Participated in the finally closeout of Hurricane Ike.  
Finance Director Cathy Ezell has met with Directors in addressing outstanding FEMA projects from Hurricane Harvey

Declared Disaster: COVID-19  
Texas Winter Storm FEMA-4586

Personnel: Fire Fighter Vacancy: None.

Internal Posting: Driver/Operator assignment. Closes May 1, 2021.

Injuries: Report #1: Ankle injury during EMS response to medical emergency. Transported to emergency room. Off duty and returned to work on April 1, 2021.  
Report #2: One firefighter injured on a working apartment complex fire (902 N Ave J). Firefighters were extinguishing the fire in attic crawl space. The firefighter advancing to the fire in the attic fire fell through the ceiling. Transport for evaluation. Return to full duty April 16, 2021.

Training: Preparing FEMA SAFER grant application for hiring three firefighters.  
Six firefighters scheduled in May for Industrial Firefighting.  
Sending five firefighters to swift water rescue training.  
Pending review for approval, two firefighters for Driver/Operator training.  
College Degree Fire Science program two firefighters

Public Relations:

Damage assessment Reporting for Texas winter Storm DR-4586  
Freeport Little League Game Opening day  
Easter Baskets with Sparky  
Limited on public relations due to COVID-19.

Monthly Golf Course Report March  
2021

For the month of March we continue to have a strong revenue month. We saw growth in most categories and our revenue was the highest for any given March in the last 20+ years. Our membership has is now at 184 members which this time last year was at 150. Also our rounds of golf have increased over last year at this time as well.

Halfway through our fiscal year we are \$118,000 above our revenue goal. We have had for the most part favorable weather conditions so our rounds of golf have been above average and on track to do 25,000 rounds for the year.

As we go into the spring we are starting to get more tournaments booked as Covid restrictions are being lifted. We also have more vendor events on the schedule. Our new practice green should be ready for play by May 1<sup>st</sup>. With all that said if weather continues to stay favorable we should continue to see well above average rounds and revenue.

I have attached some of our numbers to track progress

Thank you.

Brian

Rounds of Golf

Month	FY 2019	FY 2020
OCT	1668	2396
NOV	1731	2407
DEC	1947	2022
JAN	931	1860
FEB	1649	1364
MAR	2179	2252
APR	1125	
MAY	1718	
JUN	2304	
JUL	2249	
AUG	2497	
SEP	2443	
	22441	12301

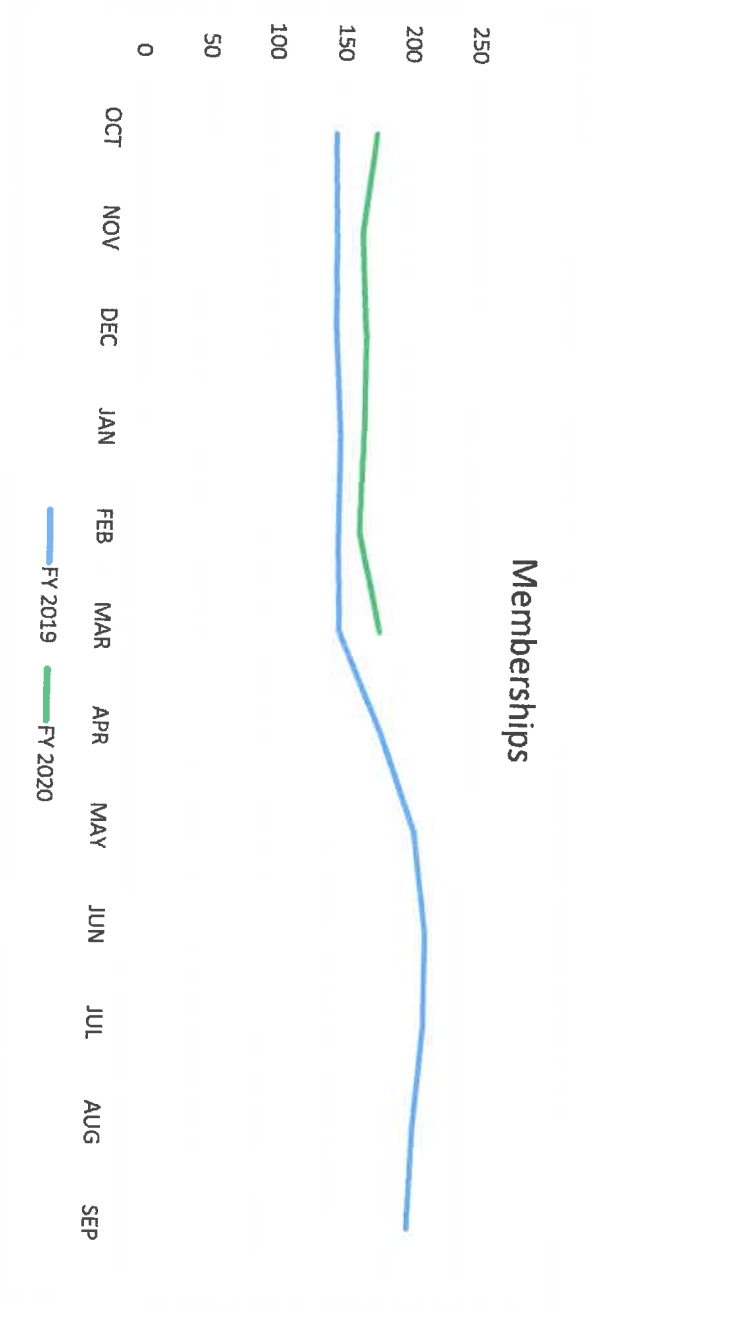




Category	Prior Year	Goal	Actual	Difference
Green Fee	16,032	15,000	17,516	2,516
Rec(taxable)	0	0	0	0
Golf Cart	5,830	6,000	9,860	3,860
Merchandise	16,999	10,000	17,488	7,488
Prep Food	1,994.00	1,000	845	-155
Beer Sales	5,492	6,000	6,309	309
Drinks/Chips	2,097	3,000	2,527	-473
Memberships	7,860	7,000	13,145	6,145
<b>Total</b>	<b>56,304</b>	<b>48,000</b>	<b>67,690</b>	<b>19,690</b>

Memberships

Month	FY 2019	FY 2020
OCT	145	175
NOV	147	166
DEC	148	170
JAN	152	170
FEB	152	168
MAR	154	184
APR	186	150
MAY	213	100
JUN	222	50
JUL	222	50
AUG	216	0
SEP	213	0



Revenue for the fiscal years

	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
October	\$ 47,009.00	\$ 38,020.00	\$ 44,541.00	\$ 42,949.00	\$ 40,175.00
November	\$ 27,799.00	\$ 33,807.00	\$ 33,020.00	\$ 44,707.00	\$ 39,303.00
December	\$ 34,148.00	\$ 25,466.00	\$ 37,308.00	\$ 36,530.00	\$ 20,950.00
January	\$ 38,163.00	\$ 19,599.00	\$ 23,783.00	\$ 40,207.00	\$ 21,224.00
February	\$ 29,092.00	\$ 31,360.00	\$ 29,207.00	\$ 40,299.00	\$ 16,893.00
March	\$ 44,484.00	\$ 50,244.00	\$ 45,181.00	\$ 51,193.00	\$ 52,873.00
April	\$ 52,898.00	\$ 44,170.00	\$ 54,841.00	\$ 60,003.00	\$ 58,698.00
May	\$ 49,583.00	\$ 50,784.00	\$ 59,984.00	\$ 65,535.00	\$ 46,083.00
June	\$ 38,039.00	\$ 52,831.00	\$ 65,674.00	\$ 62,065.00	\$ 59,492.00
July	\$ 40,396.00	\$ 35,250.00	\$ 58,329.00	\$ 62,141.00	\$ 40,405.00
August	\$ 40,352.00	\$ 41,420.00	\$ 38,504.00	\$ 63,134.00	\$ 48,395.00
September	\$ 35,529.00	\$ 37,527.00	\$ 23,756.00	\$ 49,098.00	\$ 41,066.00
<b>Total</b>	<b>\$ 477,492.00</b>	<b>\$ 460,478.00</b>	<b>\$ 514,128.00</b>	<b>\$ 617,861.00</b>	<b>\$ 485,557.00</b>



2010-2011	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
\$ 50,996.00	\$ 41,662.00	\$ 40,670.00	\$ 34,325.00	\$ 35,953.00	\$ 33,172.00	\$ 40,639.00
\$ 36,034.00	\$ 42,510.00	\$ 44,313.00	\$ 28,636.00	\$ 26,980.00	\$ 19,944.00	\$ 31,995.00
\$ 35,136.00	\$ 31,312.00	\$ 32,256.00	\$ 29,786.00	\$ 29,645.00	\$ 26,178.00	\$ 24,651.00
\$ 27,521.00	\$ 49,248.00	\$ 25,563.00	\$ 37,898.00	\$ 20,982.00	\$ 36,242.00	\$ 57,636.00
\$ 32,118.00	\$ 27,440.00	\$ 36,248.00	\$ 32,762.00	\$ 31,605.00	\$ 30,448.00	\$ 30,449.00
\$ 64,305.00	\$ 39,994.00	\$ 58,128.00	\$ 44,011.00	\$ 29,929.00	\$ 34,261.00	\$ 39,413.00
\$ 57,655.00	\$ 57,937.00	\$ 46,802.00	\$ 51,866.00	\$ 33,553.00	\$ 28,234.00	\$ 58,911.00
\$ 53,246.00	\$ 57,607.00	\$ 51,940.00	\$ 56,256.00	\$ 48,499.00	\$ 30,164.00	\$ 50,065.00
\$ 59,357.00	\$ 61,151.00	\$ 55,923.00	\$ 48,913.00	\$ 26,082.00	\$ 8,162.00	\$ 37,417.00
\$ 52,427.00	\$ 50,465.00	\$ 50,193.00	\$ 44,700.00	\$ 43,387.00	\$ 36,186.00	\$ 37,656.00
\$ 44,385.00	\$ 45,158.00	\$ 48,075.00	\$ 46,545.00	\$ 43,727.00	\$ 30,306.00	\$ 23,868.00
\$ 44,276.00	\$ 42,282.00	\$ 34,895.00	\$ 25,984.00	\$ 21,813.00	\$ 26,082.00	\$ 2,160.00
\$ 557,456.00	\$ 546,766.00	\$ 525,006.00	\$ 481,682.00	\$ 392,155.00	\$ 339,379.00	\$ 434,860.00

2017-18	2018-19	2019-20	2020-2021
\$ 27,027.00	\$ 34,039.00	\$ 42,407.50	\$ 62,202.91
\$ 30,448.00	\$ 23,229.00	\$ 43,338.77	\$ 64,634.00
\$ 20,856.00	\$ 40,933.00	\$ 48,990.47	\$ 56,927.48
\$ 30,342.00	\$ 30,229.00	\$ 23,365.55	\$ 56,651.51
\$ 21,772.00	\$ 26,749.00	\$ 37,454.31	\$41,451.22
\$ 52,056.00	\$ 52,147.00	\$ 56,303.83	\$ 67,691.37
\$ 60,713.00	\$ 82,079.00	\$ 13,723.75	
\$ 57,692.00	\$ 62,730.00	\$ 28,942.99	
\$ 53,075.00	\$ 58,322.00	\$ 62,154.13	
\$ 52,448.00	\$ 69,071.00	\$ 50,746.13	
\$ 58,221.00	\$ 67,005.00	\$ 58,155.52	
\$ 15,674.00	\$ 38,567.00	\$ 57,786.23	
\$ 480,324.00	\$ 585,100.00	\$ 523,369.18	\$ 349,558.49

**City of Freeport  
Culture, Recreation & Tourism Department  
Monthly Summary Report  
March 2021**

**FREEPORT HISTORICAL MUSEUM & VISITOR CENTER**

**Exhibits**

Museum staff assembled our new museum quality tower display case for the original 1830s silk taffeta dress in our collection. The dress, on a preservation mannequin, was installed in the front half of the museum to help illustrate early Texas history. Pedestal signs were ordered, assembled, and placed on display beside the 1830s dress and original gears to the old Brazos River bridge. Wade designed English-Spanish language reading signs to go with both displays.

Wade acquired an original 1836 newspaper that discusses the Treaty of Velasco which he will loan to the museum for the upcoming Fort Velasco exhibit. As work was well underway for that exhibit, Wade participated in the Goliad Massacre Event at Presidio La Bahia to drum up interest amongst reenactors in the Fort Velasco Day Living History Event on Saturday, June 26<sup>th</sup>.

Wade designed rack cards to promote both of our upcoming exhibits, Mexico: Splendors of Thirty Centuries and Fort Velasco.

LeAnn and Wade were interviewed about WILMA for an upcoming article in the May issue of Brazos Monthly. LeAnn and Wade continue to work with Amanda Danning to produce an outstanding museum display.

**Rental Venues**

With the opening of rental facilities scheduled for April, Tammy worked to confirm or cancel all tentative rentals beginning in April. Facilities and pavilions quickly booked up for the majority of weekends for the remainder of the year.

**Staff Updates**

After discovery of a pipe that burst in the old fire station that is used for Museum storage, CRT staff worked diligently together in cleaning and salvaging the storage space.

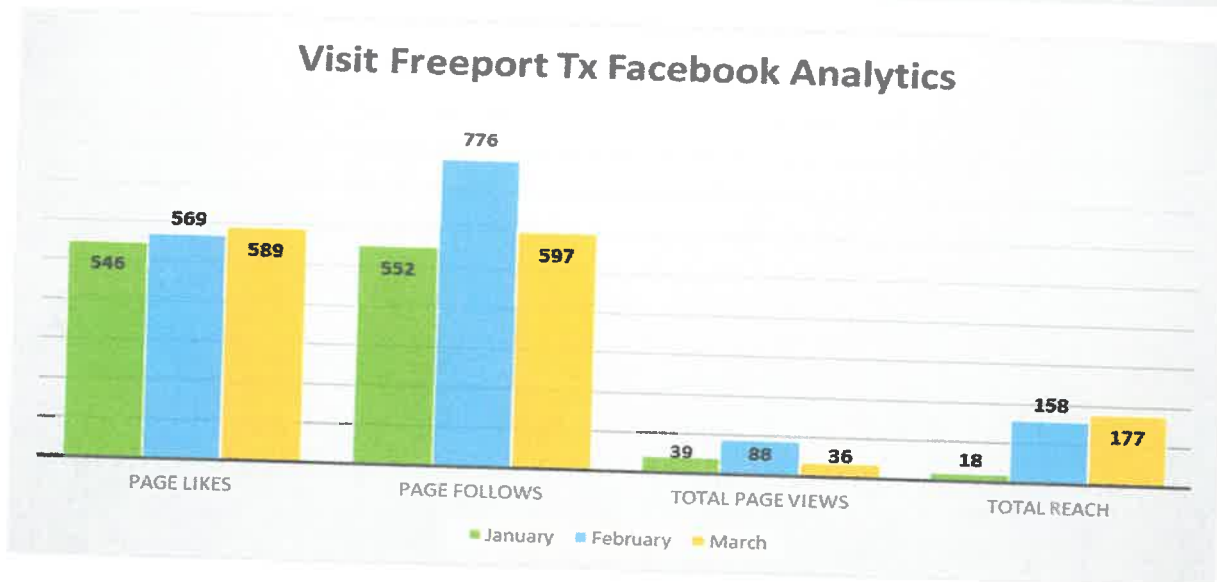
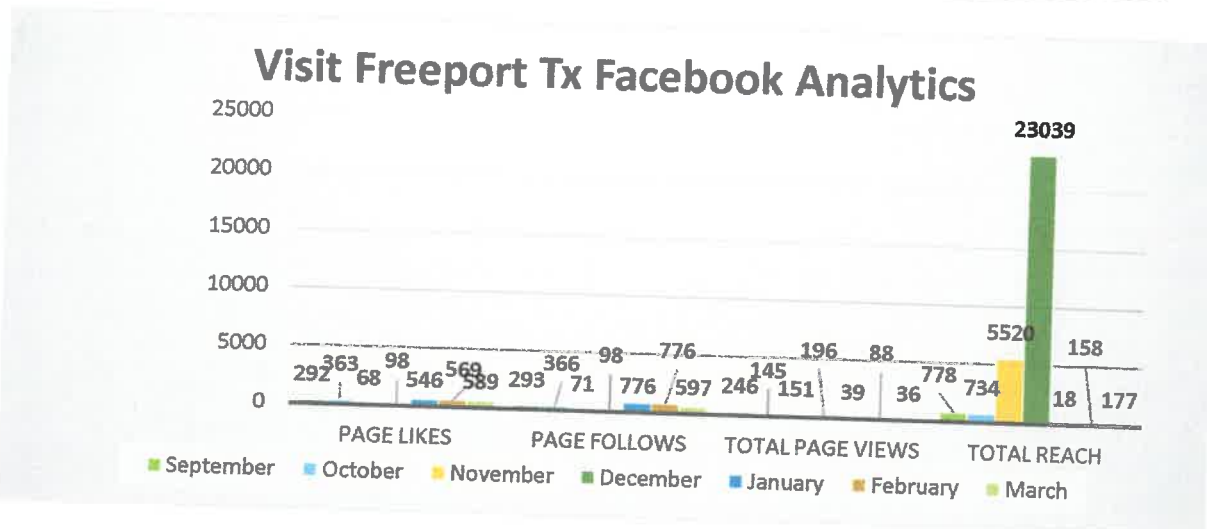
In addition to her regular duties at the Museum/VIC, our Administrative Secretary, Tammy Bell along with Jonathan Phillips have been in contact with the CivicRec project manager, Richard, via email to ask questions and keep us on track to launch on our projected date. Tammy and Johnathan participated in 4 training sessions for CivicRec over the month, including specific training about

facility rentals. Tammy has entered all the data about each facility with regards to pricing, amenities and capacity. Tammy and Johnathan will be joining Richard on a Zoom call next month to discuss final touches before we launch the new webpage to the public.

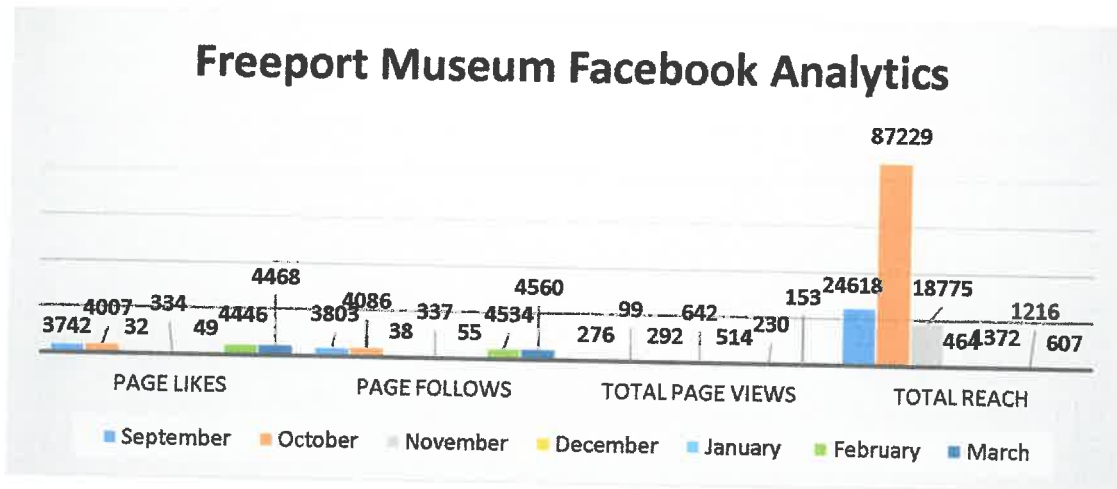
### Statistical Data

ADMISSIONS	MAR 2021	FEB 2021	YTD
Adult	21	18	39
Child	22	9	38
Senior Citizen	24	7	97
<b>TOTAL ADMISSION</b>	<b>67</b>	<b>34</b>	<b>227</b>

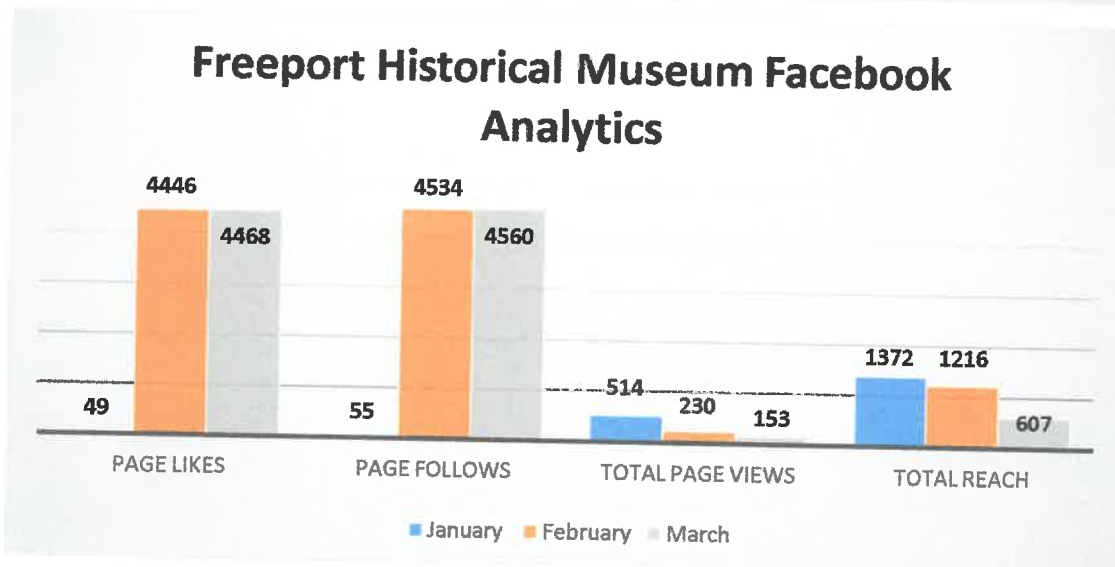
REVENUES	MAR 2021	FEB 2020	YTD
Facility Rentals	8,604.00	0	8,604.00
Admission fees	207.27	135.00	631.27
Gift Shop	45.84	0	102.33
Vendor/Booth	0	0	
Donations	19.02	296.08	315.10
<b>TOTAL REVENUE</b>	<b>\$8,876.13</b>	<b>431.08</b>	<b>\$9,652.70</b>



## Freeport Museum Facebook Analytics



## Freeport Historical Museum Facebook Analytics



## SPECIAL EVENTS

The drive-thru Easter Eggstravaganza turned out to be a worthy event with over 100 cars participating. CRT staff decorated the park and passed out approximately 400 party bags that each included dozens of candy/toy filled eggs and Easter crafts, and the first 50 cars received an Easter basket which is typically received by finding a prize egg during the hunt. A huge thanks goes out to Sparky and our Freeport Fire/EMS folks who joined us for the fun.

We continue to meet with members of the Brazoria County Hispanic Lions Club to plan the Riverfest Caliente Crawfish Cookoff and the Freeport Fire Department BBQ Cookoff. While there will be no vendors or fireworks, the Lions Club will have a DJ performing and bracelets will be on sale to the public on Saturday, May 1<sup>st</sup> for 'All You Can Sample' crawfish from 11:00am-2:00pm. Tickets can be purchased in advance at the Brazoria County Hispanic Chamber of Commerce.

Plans are coming together for a Bryan Beach Sandcastle & Sculpture Challenge the first Saturday in June. LeAnn has coordinated with Lance to determine an ideal spot to hold the contest that will be least affected by the tide. Categories

will include recreational and competitive, and we are working on suitable prize ideas for the winners. We plan to have food and sno-cone or ice cream trucks on site to attract spectators. We will begin advertising and accepting registration in May.

### **SENIOR CITIZENS COMMISSION**

The month of March the seniors were not allowed to meet due to an increased COVID risk.

### **FREEPORT BRANCH LIBRARY**

Freeport Library is still being renovated. Lance Petty says all of it should be done by April 19 when the election officials use our building for voting. Freeport Branch staff is working on color schemes for the wall paintings, then painting and new carpeting should be completed soon after. We are still waiting on the adjusters for approval for new furniture and having old items replaced. If they do not cover the expense of the furniture, the branch manager will complete the Tocker Grant application for up to \$50,000 towards building/furnishing improvements. The application is due in June, awarded in August and available by Thanksgiving if awarded. Virtual programming is still being provided for the community while branch is closed.

### **Statistics**

	<b>2021</b>
<b>Door Count</b>	<b>N/A due to closure</b>
<b>Number of Children's Programs   Number of attendees</b>	<b>5 / 12</b>
<b>Number of Teen Programs   Number of attendees</b>	<b>2/7</b>
<b>Study Room Reservations During Covid-19</b>	<b>N/A due to closure</b>
<b>Number of Adult programs   Number of attendees</b>	<b>2/5</b>
<b>Circulation Transactions</b>	<b>N/A due to closure</b>
<b>Wifi Usage (From Feb 1-13)</b>	<b>N/A due to closure</b>

## **FREEPORT RECREATION CENTER**

### **Capital/Maintenance Projects**

The new ceiling mounted basketball goals are scheduled for installation in May, just in time for summer. New speakers have been ordered with delivery expected in April.

A/C improvements were completed in the weight room and it has been cooling much more efficiently. The offices upstairs have been cleaned out, rearranged, and painted. Parks is currently working on landscaping around the pool to enhance the atmosphere.



### **New Programming**

The **Summer by the Brazos** Youth Camp proposal has been completed and we will start advertising at the end of April. The program will allow for four groups of twenty children ages 5-12 to participate two days a week over a six-week period. For \$20/week, our local youth will be able to participate in a variety of athletic activities, arts & crafts, STEM projects, pool/movie days and guest entertainers. This program is contingent on the COVID limitations.

Jonathan has applied for the Recreation Center to become a SilverSneakers facility but is still waiting on the application status.

**Current Programming**

Fitness classes will resume in April. We are currently seeking a certified water aerobics instructor.

**Meetings, Training, Networking**

No TRAPS meeting was scheduled for March. We are hosting a Lifeguard Certification training course to be held April 9<sup>th</sup> and 10<sup>th</sup>.

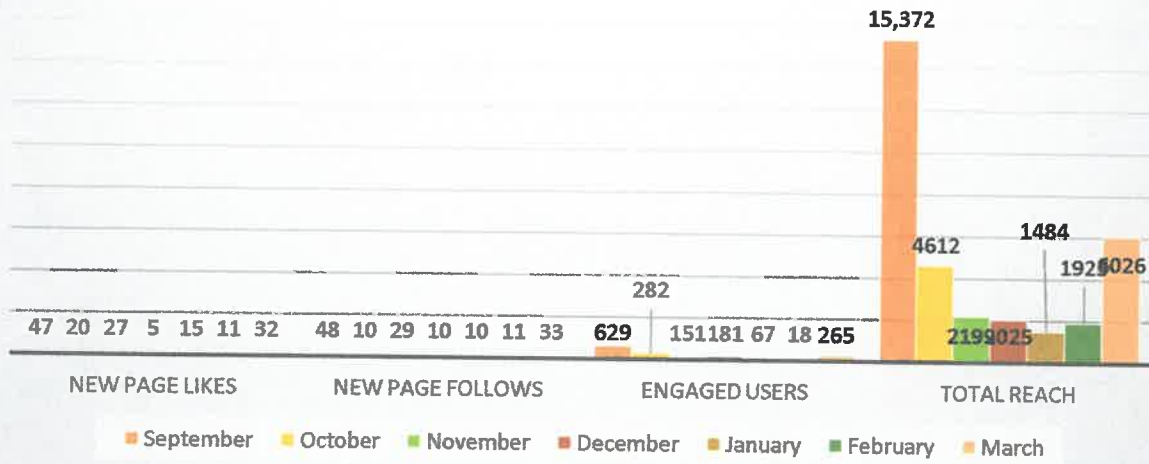
**Statistical Data**

<b>ADMISSIONS</b>	<b>March 2021</b>	<b>Last Month</b>	<b>YTD</b>
<b>Employee Member</b>	19	19	64
<b>Individual Member</b>	123	52	293
<b>Senior Member</b>	79	57	187
<b>Family Member</b>	5	0	5
<b>Active Military</b>	7	0	17
<b>Day Pass</b>	45	23	124
<b>TOTAL ADMISSION</b>	<b>278</b>	<b>151</b>	<b>690</b>

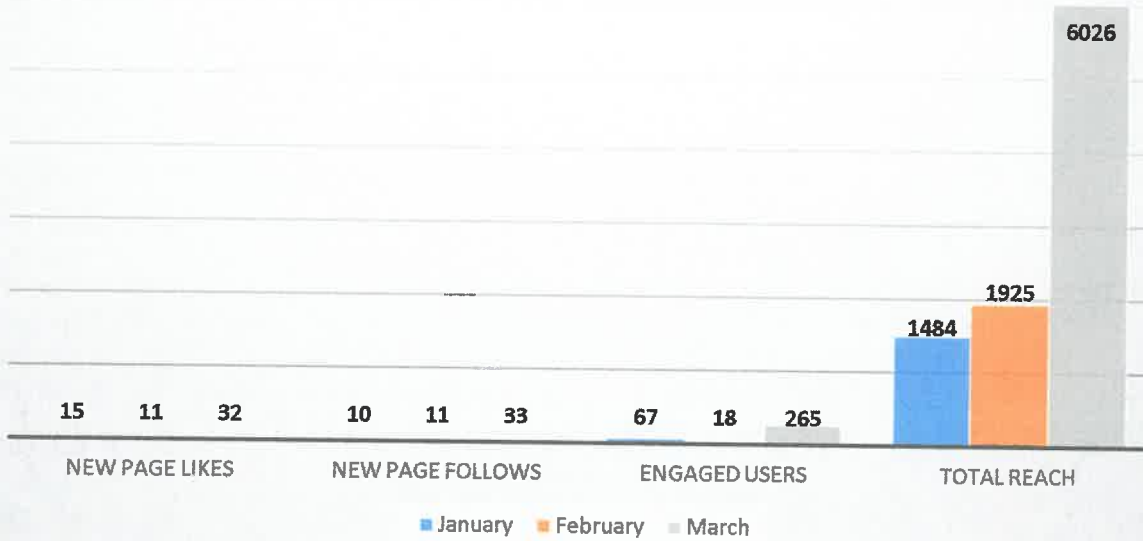
<b>REVENUE</b>	<b>March 2021</b>	<b>Last Month</b>	<b>YTD</b>
<b>Individual Member</b>	\$610.00	325.00	1,435.00
<b>Senior Member</b>	210.00	90.00	450.00
<b>Family Member</b>	80.00	0	80.00
<b>Active Military</b>	240.00	40.00	320.00
<b>Adult Day Pass</b>	95.00	50.00	270.00
<b>Child Day Pass</b>	1.00	2.00	8.00
<b>Student Day Pass</b>	39.00	33.00	102.00
<b>Senior Day Pass</b>	36.00	0.00	84.00
<b>Shower Day Pass</b>	0	0.00	0
<b>TOTAL REVENUE</b>	<b>1,311.00</b>	<b>540.00</b>	<b>\$2,749.00</b>



## Rec Facebook Analytics



## Rec Facebook Analytics





## **FREEPORT POLICE DEPARTMENT**

430 N. Brazosport Blvd • Freeport, TX 77541 • 979.239.1211 • Fax 979.239.2075

*Lt. Corey Brinkman*  
*CID Commander*

*Raymond Garvey*  
*Chief of Police*

*Capt. Danny Gillchriest*  
*Patrol Division Commander*

### **To: Mayor and Council**

During the Month of March, my officers responded to 1864 calls for service. Those calls include all crime related calls, calls for citizen assistance, Animal Control calls, citizen contact and traffic stops. Anytime an officer calls out on the radio, a call type is generated.

As confirmed COVID cases continue, we are still taking precautions by requiring mask when entering our building. We also have hand sanitizer at both entrance doors for visitors to sanitize their hands before entering the building as well.

The police department also continues wearing masks if within 6 feet of another person and each employee is still required to check their temperature daily as they arrive for work. Logs were maintained and forwarded over to Human Resources.

### **Significant Incidents:**

We had several employees who missed a few days of work after receiving the Covid vaccine shots, but all returned to work after a couple of days. We made the entire month without any of our employees testing positive for the Corona virus. That officer has since returned to work.

We had several car burglaries during the month of March. During an investigation and good police work by Officer Mosley, we were able to locate a suspect and charge him with several counts of burglary of a motor vehicle. Most of the stolen property was also recovered.

We also had a 43 year old man die of suicide by hanging. He had some personal issues going on his life.



*To Protect, Serve, Model Integrity and Demonstrate Professionalism*

**Community Events:**

The police department sponsored a "Back the Blue" softball game in which the Exporters High School team proudly wore law enforcement jerseys as they battled the girls from Sweeny High School. Proud to have the support from our student athletes. This will now be an annual event.

We also held a bone marrow swab drive at the police department. We had 27 wonderful people participate in the program hoping to one day be a match and save a life.

The police department was also invited out to pray with the boys little league Angels baseball team on their opening day ceremonies. We were honored to be part of their event.

**Employee of the Month:**

Officer Detrick Mosley is the Employee of the Month for March. On March 4<sup>th</sup>, Officer Mosley arrested a subject on theft charges. While booking the suspect, Officer Mosley recognized the suspect as being a possible suspect that was seen on surveillance video burglarizing vehicles. Through an investigation, it was confirmed that this was indeed the same suspect who had burglarized several vehicles. Because Officer Mosley recognized the suspect, these vehicle burglary cases were cleared and the suspect was subsequently charged in each of those cases. Most of the stolen property was also recovered. Great job Officer Mosley!

**Open Positions:**

We currently have three Police Officer positions and one Jailer position open and currently accepting applications. We have candidates for all 4 positions and backgrounds are currently being conducted.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Garivey', written over a large, loopy oval shape.

**Chief Raymond Garivey**

**Freeport Police Department**

**(979) 415-4187**

# Property/Information Technology/Geographic Information Systems Monthly Report March 2021

## Property:

- Lien Calculations/Payoff Preparations/Releases – Collected: \$851.71

## Information Technology:

- Update website
- Setup of new users on network, email and Incode
- Update social media
- Attended 6 Boards/Commissions meetings for setup and broadcast
- Working with Judge Girouard to find solutions for online jail releases

## GIS:

- Street Maintenance Maps
- 911 Address Range Verifications

## Projects:

- Annual Street illumination Lighting 75%
  - Need to meet with Centerpoint regarding light locations
- Incode Upgrade 85%
  - Should be complete per Incode in the next 3 months (Finance/Court)
- Water/Sewer Map Updates: 13%
  - Sending Weekly Maps to Veolia
- Zoning Map 97%
  - Wait for Code Overhaul
- Surplus Auction 70%
  - Checking data for accuracy then go live
- Veterans Day Parade and Activities 5%
  - Met to consider the safety of moving forward with activities

## Acquisition Overview

All Users  
100.00% Users

Mar 1, 2021 - Mar 31, 2021

Primary Dimension:

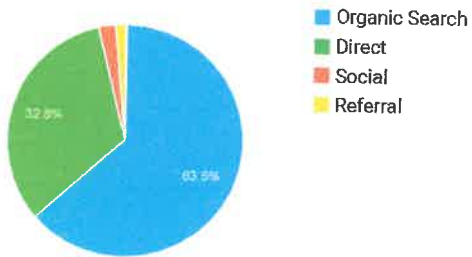
Conversion:

Top Channels

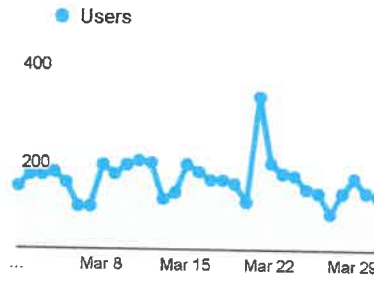
All Goals

[Edit Channel Grouping](#)

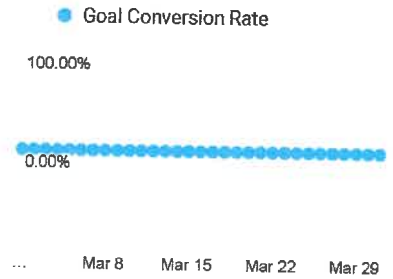
### Top Channels



### Users



### Conversions



### Acquisition

	Users	New Users	Sessions	Bounce Rate	Pages / Session	Avg. Session Duration
1 Organic Search	2,484		4,792	79.61%	1.27	00:00:46
2 Direct	1,284			81.24%		
3 Social	91			75.79%		
4 Referral	55			85.42%		
	3,876	3,552		84.75%		

### Conversions



#### Set up a goal.

To see outcome metrics, define one or more goals.

[GET HELP](#)

To see all 4 Channels [click here](#).

## Audience Overview

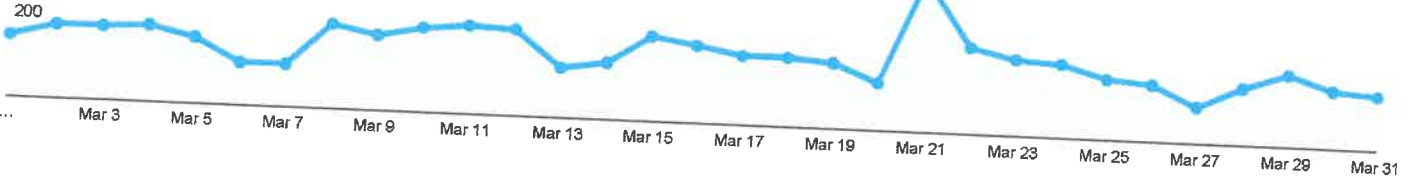
All Users  
100.00% Users

Mar 1, 2021 - Mar 31, 2021

### Overview

Users

400



Users  
**3,876**

New Users  
**3,552**

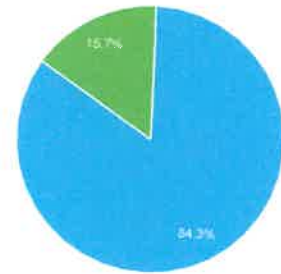
Sessions  
**4,792**

Number of Sessions per User  
**1.24**

Pageviews  
**6,066**

Pages / Session  
**1.27**

New Visitor Returning Visitor



Avg. Session Duration  
**00:00:46**

Bounce Rate  
**79.61%**

### Language

Language	Users	% Users
1. en-us	3,509	90.53%
2. en-gb	70	1.81%
3. en	65	1.68%
4. es-us	53	1.37%
5. es-419	23	0.59%
6. zh-cn	21	0.54%
7. es-es	10	0.26%
8. en-ca	9	0.23%
9. ko-kr	9	0.23%
10. en-au	8	0.21%



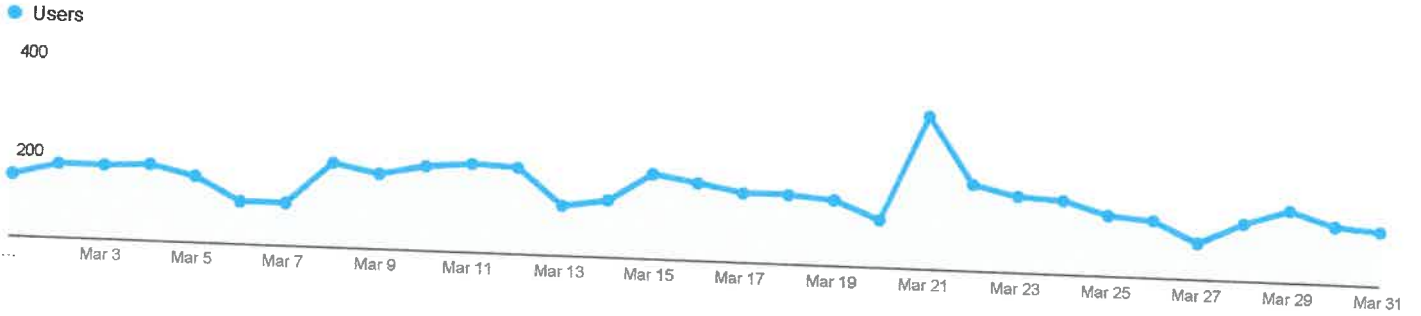
### Browser & OS

All Users  
100.00% Users

Mar 1, 2021 - Mar 31, 2021

#### Explorer

##### Summary



#### Browser

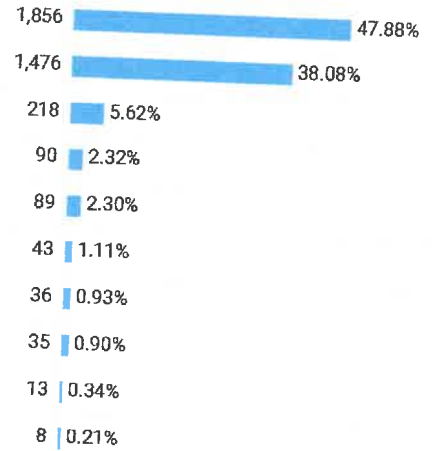
Users

Users

3,876  
% of Total: 100.00% (3,876)

3,876  
% of Total: 100.00% (3,876)

1. Chrome
2. Safari
3. Edge
4. Firefox
5. Samsung Internet
6. Internet Explorer
7. Android Webview
8. Safari (in-app)
9. Amazon Silk
10. Opera



Rows 1 - 10 of 15



### Demographics: Overview

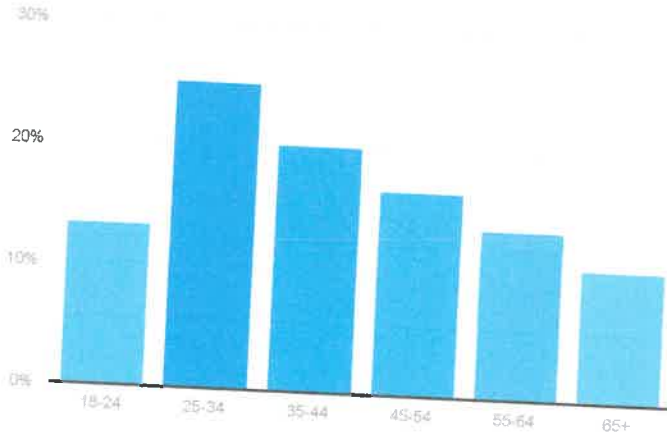
All Users  
100.00% Users

Mar 1, 2021 - Mar 31, 2021

Key Metric:

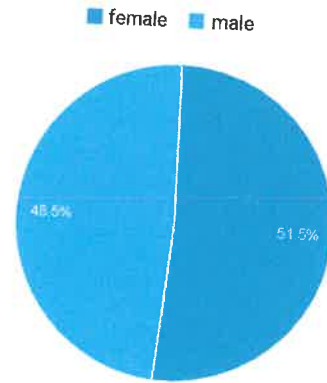
#### Age

29.54% of total users



#### Gender

30.52% of total users





**Device Overview**

All Users  
 100.00% Users

Mar 1, 2021 - Mar 31, 2021

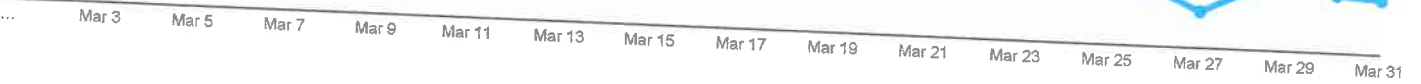
**Explorer**

Summary

Users

400

200



**Device Category**

- 1. mobile
- 2. desktop
- 3. tablet

Users

**3,876**  
 % of Total: 100.00% (3,876)

**2,133**

**1,644**

**99**

Users

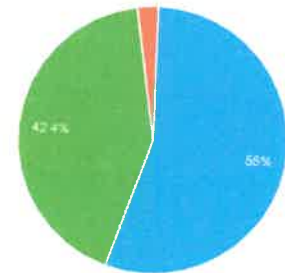
**3,876**  
 % of Total: 100.00% (3,876)

55.03%

42.41%

2.55%

Contribution to total: Users



Rows 1 - 3 of 3



Location

All Users  
100.00% Users

Mar 1, 2021 - Mar 31, 2021

Map Overlay

Summary



Country	Acquisition			Behavior			Conversions		
	Users	New Users	Sessions	Bounce Rate	Pages / Session	Avg. Session Duration	Goal Conversion Rate	Goal Completions	Goal Value
	<b>3,876</b> % of Total: 100.00% (3,876)	<b>3,553</b> % of Total: 100.03% (3,552)	<b>4,792</b> % of Total: 100.00% (4,792)	<b>79.61%</b> Avg for View: 79.61% (0.00%)	<b>1.27</b> Avg for View: 1.27 (0.00%)	<b>00:00:46</b> Avg for View: 00:00:46 (0.00%)	<b>0.00%</b> Avg for View: 0.00% (0.00%)	<b>0</b> % of Total: 0.00% (0)	<b>\$0.00</b> % of Total: 0.00% (\$0.00)
1. United States	3,476 (89.68%)	3,156 (88.83%)	4,374 (91.28%)	82.81%	1.24	00:00:49	0.00%	0 (0.00%)	\$0.00 (0.00%)
2. China	62 (1.60%)	62 (1.75%)	63 (1.31%)	82.54%	1.17	00:00:02	0.00%	0 (0.00%)	\$0.00 (0.00%)
3. India	25 (0.64%)	22 (0.62%)	29 (0.61%)	58.62%	1.41	00:00:09	0.00%	0 (0.00%)	\$0.00 (0.00%)
4. Canada	23 (0.59%)	23 (0.65%)	23 (0.48%)	56.52%	1.65	00:02:38	0.00%	0 (0.00%)	\$0.00 (0.00%)
5. Mexico	16 (0.41%)	16 (0.45%)	16 (0.33%)	68.75%	1.31	00:00:39	0.00%	0 (0.00%)	\$0.00 (0.00%)
6. United Kingdom	14 (0.36%)	14 (0.39%)	14 (0.29%)	78.57%	1.21	00:00:02	0.00%	0 (0.00%)	\$0.00 (0.00%)
7. Japan	14 (0.36%)	14 (0.39%)	15 (0.31%)	20.00%	1.80	00:00:07	0.00%	0 (0.00%)	\$0.00 (0.00%)
8. Bangladesh	11 (0.28%)	11 (0.31%)	11 (0.23%)	18.18%	1.82	00:00:08	0.00%	0 (0.00%)	\$0.00 (0.00%)
9. Philippines	11 (0.28%)	11 (0.31%)	12 (0.25%)	66.67%	1.33	00:00:03	0.00%	0 (0.00%)	\$0.00 (0.00%)
10. Turkey	10 (0.26%)	10 (0.28%)	12 (0.25%)	25.00%	1.75	00:00:07	0.00%	0 (0.00%)	\$0.00 (0.00%)

Rows 1 - 10 of 92

Passwords get stolen. Turn on multi-factor authentication to keep your account safe.

Turn on More info

# Endpoint Protection Summary

Logs & Reports

Help • Laura Tolar -  
City of Fresno • Super Admin

Mar 6 - Apr 5

## Overview

Highlights

**2**  
Total threats blocked

**23**  
Total assets protected

**843**  
Websites blocked and warned

Protected Devices

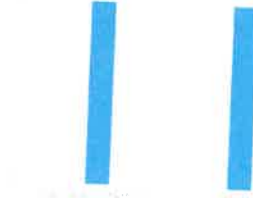
**24**  
Users protected

**21**  
Computers protected

**2**  
Servers protected

## Threats

Total threats blocked



## Trends

Threats blocked



## Licensing and Usage

User Licenses

Intercept X Advanced with EDR - expiring on Oct 28, 2021 7:00 PM

21/29

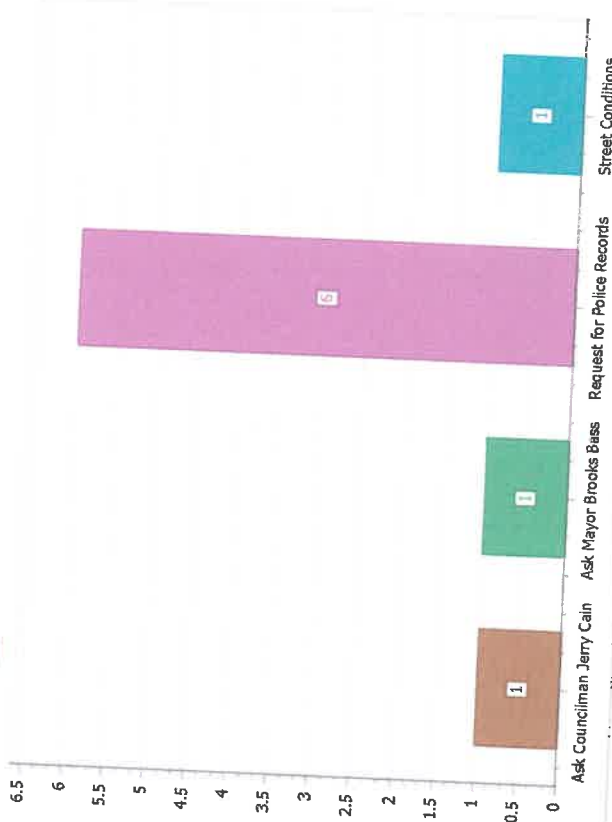
Intercept X Advanced for Server - expiring on Nov 11, 2021 6:00 PM

2/4

More usage metrics are included in a daily email report. View more details related to your licensing information.

# Requests Overview

## Request Type



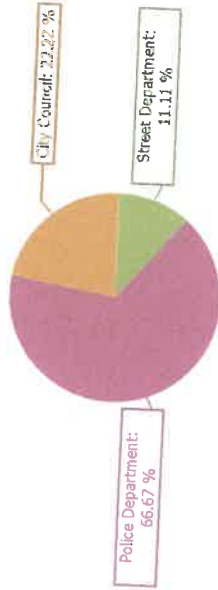
## Open/Closed

Total Requests



## Departments

Total Requests



Request Type	Assigned Department	Assigned Staff	Reference No	Status	Days Open	SLA Date
Ask Councilman Jerry Cain	City Council	Jerry Cain	<a target='_blank' class='dashboardGridLink' href='.../ServiceRequests/Details.aspx?noreturn=1&id=734'>W000734-081121</a>	Completed	3.88	3/22/2021
Ask Mayor Brooks Bass	City Council	Brooks Bass	<a target='_blank' class='dashboardGridLink' href='.../ServiceRequests/Details.aspx?noreturn=1&id=733'>W000733-031121</a>	New Request	25.00	3/22/2021
Request for Police Records	Police Department	Pam Morris	<a target='_blank' class='dashboardGridLink' href='.../ServiceRequests/Details.aspx?noreturn=1&id=727'>W000727-022221</a>	Completed	0.33	3/3/2021
Request for Police Records	Police Department	Pam Morris	<a target='_blank' class='dashboardGridLink' href='.../ServiceRequests/Details.aspx?noreturn=1&id=728'>W000728-022221</a>	Completed	0.33	3/3/2021
Request for Police Records	Police Department	Pam Morris	<a target='_blank' class='dashboardGridLink' href='.../ServiceRequests/Details.aspx?noreturn=1&id=729'>W000729-022221</a>	Completed	0.33	3/3/2021
Request for Police Records	Police Department	Pam Morris	<a target='_blank' class='dashboardGridLink' href='.../ServiceRequests/Details.aspx?noreturn=1&id=730'>W000730-022221</a>	Completed	0.33	3/3/2021
Request for Police Records	Police Department	Pam Morris	<a target='_blank' class='dashboardGridLink' href='.../ServiceRequests/Details.aspx?noreturn=1&id=731'>W000731-022221</a>	Completed	0.33	3/3/2021
Street Conditions	Street Department	Lance Petty	<a target='_blank' class='dashboardGridLink' href='.../ServiceRequests/Details.aspx?noreturn=1&id=732'>W000732-022221</a>	Completed	0.33	3/3/2021
			<a target='_blank' class='dashboardGridLink' href='.../ServiceRequests/Details.aspx?noreturn=1&id=726'>W000726-011921</a>	In Progress	76.67	1/28/2021



## PUBLIC WORKS MONTHLY REPORT

**Date:** April 13, 2021

**From:** Lance Petty, Director of Public Works

### Parks Maintenance Activities

Location	Work Performed
Stephen F. Austin Park	Weekly Mowing of Park/Ball Fields
Lincoln Park	Weekly Mowing of Park
Arrington Park	Weekly Mowing of Park
Pocket Park	Weekly Mowing of Park
Velasco Community House	Weekly Mowing of Park
Velasco Bridge Levee	Mow
Freeport Community House	Weekly Mowing of Park
Fire Station #2	Weekly Mowing of Grounds
Riverside Park	Weekly Mowing of Park
Library	Weekly Mowing of Grounds
FMP	Weekly Mowing of Park
Police Department	Weekly Mowing of Grounds
City Hall	Weekly Mowing Grounds
Peppermint Park	Weekly Mowing of Park
City Wide	Clean Inlets
Stephen F. Austin / Riverside	Drag ball fields daily
Stephen F. Austin / Riverside	Fertilize ball fields

All City Grounds	Fire ant control
FS #1	Weekly Mowing of Grounds
Pocket Park	Remove dead shrubs and trees

### Building Maintenance Activities

Location	Work Performed
FS #1	Locate and repair water leak
PD	Repair clogged kitchen line
OA Fleming	Repair women's RR lighting on soccer field
Recreation Center	Install vents and caps in men's RR
Recreation Center	Install door sweeps
Antonellis	Repair spigot
Recreation Center	Install ceiling tiles
Riverside	Repair water leak
PD	Install Parking lot light
OPD	Repair leak
Service Center	Repair Ice Machine
FMP	Repair water leak
FMP	Install new 200 amp service
Library	Repair toilet
Recreation Center	Install new LED lighting
PD	Trouble shoot Chiller
College	Repair leak
Memorial Park	Clean fountain

Golf Course	Repair outside lighting
Museum	Repair Door
River Place	Change out ceiling tiles
City Hall	Install LED lighting

### Beach/Facilities Activities

Location	Work Performed
Bryan Beach	Daily Litter Control
City Hall	Daily Sanitize
Police Department	Daily Sanitize
City Parks	Daily Litter Control
Freeport Community House	Clean and Sanitize Restrooms
FMP	Clean and Sanitize Restrooms
Surfside Beach	Daily Litter Control
River Place	Daily Litter Control
Velasco/36	Litter Control
VIC	Clean Out Building
Museum	Daily Sanitize
Memorial Park	Landscape Maintenance
City Wide Parks	Paint all benches
City Hall	Pressure Wash Weekly
River Place	Pressure Wash Weekly
Service Center	Sanitize
Pocket Park	Remove Lattice
Flower Beds	Landscape Maintenance
2 <sup>nd</sup> Street	Litter Control
Flood Gate	Litter Control

### Streets/Drainage Activities

Location	Work Performed
1202,1203,1510 AVE M	Sidewalk repair
Broad/Mulberry	Saw Cut Road
Skinner	Deliver Fencing for development
W 1 <sup>st</sup> / Hickory	Pour Concrete
Bryan Beach	Repair beach entrance
Bryan Beach	Install new trash cans
Zapata	Repair Pot Holes
PD	Saw cut and pour base for lighting
City owned lots	Mowing
Ward A/C	Vacuum 48 inlets
City Wide	Slope Mow Ditches
288 @ Red Top	Set forms for apron pour
City Wide	Trimming Tree Limbs off Roadway
Quadrant A,B,C,D	Street Sweep
City wide	c/o 18 Faded signs
1202 W. 11 <sup>th</sup>	Set up sidewalk for pour
Bridge Harbor	Saw cut and patch road on Marlin
City Wide	Clean Outlets
Dixie/7th	Set up sidewalk for pour
1200 Blk 6 <sup>th</sup>	Backfill from concrete pour
Bryan Beach	Rake x (4)
De Zavala	Repair Patch in Road
City Wide	Repair school zone lights
Ward A	Blade alleys



### Vehicle Maintenance

Location	Work Performed
Service Center	Replace 4 seals on clutch cylinder on Beach tractor
Service Center	Repair exhaust leak on unit 575-09
Service Center	Replace rear brakes on PD unit 920
Service Center	Service street sweeper
Service Center	Repair bled door on Unit 575-12
Service Center	Replace water pump on unity 575-12
Service Center	Replace 4 tires on bobcat
Service Center	Replace covers on saw cut machine
Service Center	Service transmission on unity 575-74
Service Center	Tire repair on units 655-45, 525-47 and 525-26
Service Center	Replace brake line on unit 525-57
Service Center	Replace coils on unit 575-03
Service Center	Replace motor mount on unit 575-14
Service Center	Service A/C on unit 655-78
Service Center	Tear down and replace coils on FD908
Service Center	Replace caliper on unit 575-24
Service Center	Build skid plate for beach tractor
Service Center	Replace O2 sensor on unit 655-45
Service Center	Install fuel tank on unit 575-07
Service Center	Replace fuel filter and service Gator

**Projects:**

Library Remodel – 75% complete

River Place Roof – complete

Ball Field lights – In Planning

Police Department (Parking Lot Lights) – complete

River Place Fishing Pier – In Planning

The Landing (Damage) – In Planning

Karankawa Waterline – complete

Dixie to Yaupon – Sewer line replacement in alleys – in progress